

DIVERSITY AT A GLANCE***Overview, Critiques and Observations*****Authors: Keli Wilson, M.A. and Jon Geier, J.D.****Supporting Author: Jasmine Beecham, M.S.**

This is the final installment of the **Diversity at a Glance series** in which DCI explored the diversity representation in several sectors.¹ To recap, the initial release in the series focused on the representation of women and employees of color, including intersectional representation, in the general labor force across all twenty NAICS sectors.² The subsequent installments compared diversity participation rates in selected sectors against the all-sector average. In addition, we identified where differing patterns of results exist between sectors in employing diverse talent.

We will conclude the series by addressing the following in this release:

1. Reflect on the analysis approach utilized for comparisons and key findings.
2. Share thoughts on the strengths and disadvantages of the availability source data.
3. Address alternative availability source data and future research opportunities.

First, when making comparisons of a sector's labor force to the all-sector labor force, DCI utilized an 80% practical significance rule as the analysis method. To the extent any demographic group fell below 80% of its all-sector average, that group was identified as being practically underrepresented in that sector. In reviewing the 7 sectors evaluated in this series, we found varying amounts of underrepresentation. Chart 1 includes the number of instances in which race/ethnic, gender or the intersectionality of both were identified as being underrepresented in a sector. As shown, the Construction sector had the most, with Finance and Insurance the least, instances of underrepresentation. Furthermore, the following gender and race/ethnic groups were most often found as being underrepresented (i.e., accounted for three or more instances across sectors): Hispanic, Black, Hispanic Women, Hispanic Men, Black Women, Black Men, and Asian Men.

Chart 1. Underrepresentation Counts by Sector

Sector	Count
Arts, Entertainment, and Recreation	4
Construction	8
Educational Services	6
Finance and Insurance	3
Health Care and Social Assistance	6
Professional, Scientific, and Technical Services	6
Transportation and Warehousing	4

¹Sectors are the broadest tier in the North American Industry Classification System's (NAICS) hierarchical structure. Sector data captures subsector and industry group data within it.

²Accommodation and food services; Administrative and support and waste management services; Agriculture, forestry, fishing and hunting; Arts, entertainment, and recreation; Construction; Educational services; Finance and insurance; Health care and social assistance; Information; Management of companies and enterprises; Manufacturing; Mining, quarrying, and oil and gas extraction; Other services, except public administration; Professional, scientific, and technical services; Public Administration; Real estate and rental and leasing; Retail trade; Transportation and warehousing; Utilities; and Wholesale trade.

However, although the series did not focus on sectors with demographic groups exceeding 120% of their all-sector average, those too should be noted. Results of this type indicate additional scrutiny may be necessary because of underlying barriers to equity or distributions within and across sector that are important to break-down (e.g., career choice, talent attraction and selection to job). Chart 2 provides a list of the sectors and associated counts of overrepresentation found in this study. As noted, the Health Care and Social Assistance sector tied with the Transportation and Warehousing sector for the most, with Arts, Entertainment, and Recreation the least (in fact, zero), instances of overrepresentation. Furthermore, the following gender and race/ethnic groups were most often found as being overrepresented in these counts (i.e., accounted for three or more instances across sectors): Asian Women, Asian Men, White Women, and White Men.

Chart 2. Overrepresentation Counts by Sector

Sector	Count
Arts, Entertainment, and Recreation	0
Construction	4
Educational Services	2
Finance and Insurance	4
Health Care and Social Assistance	6
Professional, Scientific, and Technical Services	4
Transportation and Warehousing	6

Second, there are strengths to the approach we chose in evaluating diversity within and across sectors. Examples of these strengths include:

- The all-sector average provides, at the most aggregate level, national availability of women and people of color in the labor force.
- The 2-digit NAICS is a useful and commonly used stratification due to a mandate to file annual EEO-1 reports.³
- The 2-digit NAICS data allows for diversity benchmarks across the total workforce, top down for all jobs.
- Albeit a “rule of thumb,” the 80% test has wide acceptance as a measure of practical significance and can be used to create general, high-level, good-faith effort programs aimed at attracting diverse talent.

However, NAICS sector data must be used with caution. Following are limitations of its worth as a data benchmark:

- Sector data does not reflect the following factors that would further identify diversity gaps:
 - o EEO-1 Classifications
 - o Specific jobs
 - o Job levels
 - o Regional/local differences of race/ethnic participation rates
 - o 3-6 digit NAICS code⁴

³ Private employers with more than 100 employees, or federal contractors with more than 50 employees, are required to provide their NAICS-6 assignment as part of their annual EEO-1 submission.

As a result of these limitations, sector data is likely not useful to develop targeted programmatic diversity efforts. However, it will allow for high-level insights into and comparisons with representation patterns. We were generally able to identify gender and race/ethnic groups of interest where additional outreach and recruitment may help to diversify talent within and across sectors.

So, what have we learned from our look at these seven sectors? It was observed that there are differences in under- and over-representation across sectors. This could be due to many factors, including personal choice, but may also be due to the type of work, recruitment, selection, or retention efforts. Also, of importance to address, again, is the homogeneity of the industry groups within a sector must be considered in assessing the usefulness of NAICS-2 data. For example, the “gap” between the greatest and lowest ratio to the all-sector average is generally lower when the industry groups are most similar, and generally higher where the industry groups are more diverse.

However, an even more robust examination of diversity representation gaps and opportunities may include a holistic review of all personnel transitions (e.g., hiring, promotion, attrition). Such a lifecycle review will help pinpoint which employment processes may contribute to, or hinder, an employer’s progress towards a well-represented talent pool.

Finally, there are alternative data sources to consider for use in diversity benchmark data that may be a more useful fit for diversity planning and aspirational goal setting. Each of these sources has their own pros and cons to evaluate, so knowing your diversity question will drive the strategic choice and use of it. Such alternatives include, but are not limited to:

- EEO Tabulation 2018 data by geographical area and census occupation code level
- Publicly available EEO-1 reports from peer companies
- IPEDs data for gauging trends in recent graduate demographic rates
- Publicly available corporate responsibility and sustainability reports

Thank you for subscribing to this mini-series. We hope you found it a worthwhile read. If we have enough interest from our participating audience, we may consider evaluating the additional sector(s). Additionally, we plan to host a **free webinar in January 2022** to further expand on the outcomes of this research effort and provide some evidence-based best practices for identifying, and hopefully, mitigating, diversity gaps throughout the employment process. We look forward to connecting in the New Year!

⁴ As noted in the installment looking at the Arts, Entertainment, and Recreation sector, the industry groups included in that sector may influence the value of the sector data. In that sector, the industry groups were so diverse (covering such jobs as museum curator, baseball player, and roller coaster attendant) that any comparison to the sector’s diversity profile might be misleading.