

INSIDE INCLUSION

Featuring the Corporate Diversity Profile

**THE MOST
COMPLETE REVIEW
OF THE STATUS
OF DIVERSITY
AND INCLUSION
PROGRESS IN
CHICAGO'S TOP
CORPORATIONS**



Research Partners:



Chicago United



About Chicago United

Chicago United is the premiere organization creating an environment where racially diverse CEOs and executive-level management can share common experiences to promote diversity, equity and inclusion, while delivering best practices for diversity practitioners, and building relationships among leaders who share common values.

Our Mission

To achieve parity in economic opportunity for people of color by advancing multiracial leadership in corporate governance, executive-level management, and business diversity.

Our Vision

To transform the Chicago region into the most inclusive business ecosystem in the nation by engaging the top publicly and privately held corporations in leading talent management and inclusive diversity practices.

Become a Member

Chicago United members range from emerging businesses to Fortune 500 companies and include some of Chicago's brightest leaders. These companies collaborate to develop sustainable diversity and inclusion in the business workforce and leadership in a way that strengthens their own organizations, the corporate community, the broader economy, and society as a whole.

Members come to Chicago United for unparalleled, honest, and candid discussions of race and ethnicity in business. Some have earned national accolades for their efforts to promote multiracial leadership by leveraging best-in-class diversity, equity and inclusion practices. Others may be implementing first-time programs and processes. Regardless of where they are on their journey, every member contributes to the environment and learns ways to optimize their businesses through their participation.

View our list of member companies on the back cover. For information on becoming a member of Chicago United, email us at CUinfo@chicago-united.org, visit www.chicago-united.org or call 312-977-3060.

Chicago United



A LETTER FROM THE PRESIDENT AND CEO

A Year of “Dual Pandemics”

The events of 2020 brought about a fierce and renewed demand for diversity, equity and inclusion in Corporate America. When we began planning this 2020 edition of *Inside Inclusion*, the COVID-19 pandemic had not yet begun to reveal the wide scope of its devastation to the American people, and to American businesses and institutions. In addition, we could not have foreseen the added stressor upon communities nationwide of the racial unrest that was ignited by the death of George Floyd in Minneapolis. We have been faced with “dual” pandemics this year, one of health and one of race. Both have impacted our country, as well as how we do business, and how corporations must become more intentional than ever with their efforts to create an inclusive workplace.

These events necessitated enlarging the scope of this publication to address a new reality in which people are hungry for something that could inform, direct and educate them around the current circumstances. We can't let this moment of global awareness pass without using this momentum, this passion, to accelerate access and opportunity for those who are underrepresented in Corporate America.

The research and examples in this publication can help inform and direct your organization's diversity, equity and inclusion practices—all through the lens of the watershed events of 2020, which will likely be with us for some time to come. From this publication you will discover:

- How the dual pandemics have impacted the diverse talent pipeline and the success of Minority Business Enterprises, and what your organization can do to address and minimize those impacts.
- How well Chicago corporations are strategically addressing diversity in their C-Suites and on their Boards of Directors.
- Trends in middle-management diversity and the barriers those trends present to the talent pipeline and succession planning.
- Chicago United resources to help you on your DE&I journey, and that can positively affect business performance, talent development, business partnerships, board diversity, and many other aspects of your corporate culture.

Working together, the Chicago business community has an awesome power to drive impact around race, diversity, equity, inclusion and economic parity in this city. We hope this publication will help inform the decisions you make about your organization's inclusion strategy.



Tiffany Hamel Johnson
President and CEO
Chicago United

In This Publication

The structure of this publication provides you with a user-friendly format. Each of the three main sections begins with “Here’s What You Need to Know” – a list of the key points and significant data to be revealed in the section. The three research sections of this document cover:

Impact

The impact of the dual pandemics of COVID-19 and racial unrest on individual citizens was significant, the impact on small businesses devastating and the implications for employment stark. This section takes a look at the long-reaching impact of the dual pandemics on employees of color, the talent pipeline and Minority Business Enterprises.

Landscape

The Landscape section of this report serves as a benchmark for Chicago corporations to measure their progress. As with previous editions of Inside Inclusion, we again focus on the top 50 companies headquartered in Chicago as listed in the *Crain’s Chicago Business* 2019 Book of Lists. We look across five biennial editions (2012 to 2020) to highlight noticeable changes or trends in the racial composition of boards of directors and senior leadership positions.

Forecast

This section contains an analysis of trends in middle management diversity – a common pain point identified by the diversity, equity and inclusion leaders that comprised our Diversity Profile Task Force. The chapter reveals that Women, Hispanic, and Asian workers have made noticeable progress in middle management over the past two decades.

What Can Your Organization Do Now?

In this section we reiterate four courses of action leaders and DE&I practitioners should continue to focus on building inclusive workplace cultures and developing the pipeline of diverse talent.

In addition to these sections, you will see the following highlighted features throughout this publication:

Get Engaged

What can your organization do to move the needle on the development of a diverse talent pipeline, advancement in the middle management, executive rank, on boards, and in support of Minority Business Enterprises? This feature offers information about existing Chicago United programs and initiatives that assist organizations in achieving their DE&I goals and strategies. Through thoughtfully and strategically conceived programs, we help our members create their own blueprints for bold action and impactful results.

Member Moves

There is no silver bullet when it comes to executing strategies that create a diverse and inclusive workplace. The approaches are multifaceted and, in addition to understanding the current landscape and forecasted projections, require leaders to look closely at their practices, policies and workplace environments to ensure that they are inclusive. See how some of Chicago United’s member companies are embedding diversity best practices into their corporate culture.

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IMPACT

The Impact of COVID-19 on Employees of Color, The Talent Pipeline and Minority Business Enterprises

Here's What You Need to Know:

- The impact of COVID-19 on the Chicago metropolitan area closely follows the narrative of the nation.
- The impact exceeds that of the Great Recession for lost jobs and minority-owned business closings.
- After the death of George Floyd, global cries for action, policy reforms and transformation led to institutions and corporations looking at their own racial inequities through a social justice lens.
- Black and brown employees and businesses have been more adversely impacted.
- Contributing factors to these disparate impacts are systemic and historical in nature.
- The impact on the talent pipeline will be determined by a confluence of pandemic factors plus a heightened corporate awareness resulting from protests against police brutality and global advocacy for anti-racism.

The year 2020 unraveled in a way that Chicago corporations and their shareholders, customers, and employees across the globe could not have foreseen. The impact of the COVID-19 pandemic on individual citizens was significant. The impact on small businesses devastating, and the implications for employment stark. The impacts have been especially pronounced for employees and communities of color.

As of this writing, the country continues to struggle with the ongoing economic, health and social ramifications of this crisis, as well as the compounded stress of widespread social protests against racial violence that have resonated worldwide.

Consequently, Chicago United has chosen to open this issue of *Inside Inclusion* with a look at this watershed year and its toll on the business community – focusing

our observations and interpretation on the impact of COVID-19 and racial unrest on the talent pipeline and minority-owned businesses.

The Data

The data presented here reflects the February 2020 through June 2020 time period. The numbers, as we all have seen, have been a moving target, rising abruptly, reaching new peaks and declining, all within a three-to four-month time span.

Unemployment

Unemployment in the first half of 2020 was the highest it's been since the Great Recession of 2008. The precipitous decline of employed individuals can be directly tied to the pandemic, decreased customer

demand due to state lockdowns, and resulting in employee layoffs. The rates were disproportionately higher for employees of color, particularly for Latina and Black women. These trends were noted nationally as well as reflected in the Chicago Metropolitan area.

- The U.S. unemployment rate went from 3.8% in February 2020 to 13.0% in May 2020, peaking in April at 14.7%. In June, the national unemployment rate fell to 11.1%

- May unemployment in Illinois was higher overall (15.2%) compared to the national average of 13%. Out of the 51 jurisdictions (states plus District of Columbia), Illinois ranked 43rd, which is to say that only eight other states had higher unemployment. Chicago closely mirrored the state's unemployment rate in May at 15.3%

Chicago-Naperville-Arlington Heights, IL Metropolitan Division, Seasonally Adjusted

Month/Year	Labor Force	Labor Force Participation Rate	Employed	Employment Participation Rate	Unemployed	Unemployment Rate	IL Rate
May-20	3,709,300	64.4	3,141,400	54.6	568,000	15.3	15.2
April-20	3,619,400	62.9	3,047,200	52.9	572,200	15.8	17.2
Mar-20	3,752,500	65.2	3,565,300	61.9	187,100	5.0	4.2
Feb-20	3,693,100	64.1	3,577,000	62.1	116,100	3.1	3.4
Jan-20	3,700,300	64.2	3,581,500	62.2	118,800	3.2	3.5
Dec-19	3,710,200	64.4	3,587,300	62.2	123,000	3.3	3.7
Nov-19	3,710,300	64.4	3,587,800	62.2	122,500	3.3	3.7
Oct-19	3,711,500	64.4	3,588,800	62.3	122,800	3.3	3.7
Sep-19	3,714,300	64.4	3,588,700	62.3	125,600	3.4	3.7
Aug-19	3,716,800	64.5	3,587,000	62.2	129,800	3.5	3.8
Jul-19	3,718,900	64.5	3,584,300	62.2	134,600	3.6	3.9
Jun-19	3,720,000	64.5	3,580,800	62.1	139,300	3.7	4.0
May-19	3,721,500	64.6	3,578,300	62.1	143,200	3.8	4.1
Apr-19	3,724,400	64.6	3,577,900	62.1	146,500	3.9	4.2
Mar-19	3,728,500	64.7	3,580,000	62.1	148,400	4.0	4.3
Feb-19	3,732,800	64.7	3,583,700	62.1	149,100	4.0	4.3
Jan-19	3,735,400	64.8	3,587,100	62.2	148,300	4.0	4.4

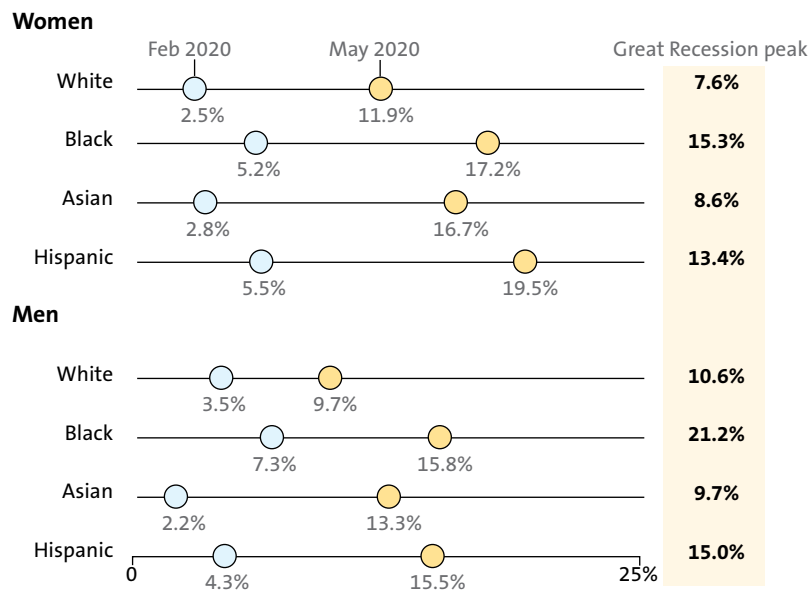
Source: Illinois Department of Employment Security, Economic Information and Analysis
Revised 2010-2019 estimates published in April 2020

- The unemployment rate was disproportionately higher than the national average for people of color. In May 2020, for example, Latina women experienced the highest unemployment rate at 19.5%, followed by Black women (17.2%), Asian women (16.7%), Black men (15.8%), and Latino men (15.5%). Unemployment

was lowest for white men (9.7%), white women (11.9%) and Asian men (13.3%).

- Comparison to the Great Recession: In general, these unemployment rates surpass those during the peak of the Great Recession (2008), except for Black men (15.8% compared to 21.2%)

Hispanic Women Experience a Steeper Rise in the Unemployment Rate Than Other Women in COVID-19 Downturn



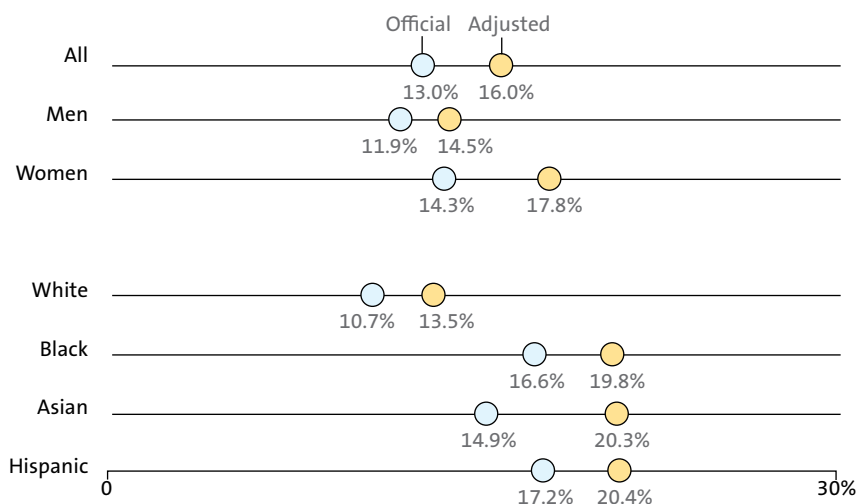
Note The unemployment rate is the share of workers in the labor force actively looking for work. Estimates refer to workers ages 16 and older, nonseasonally adjusted. Whites, Blacks and Asians are non-Hispanic. Hispanics are of any race. Asians include Native Hawaiian and other Pacific Islanders in the estimates for the Great Recession. Estimates for the Great Recession refer to the highest unemployment rate recorded for each group around that downturn; the earliest peak was June 2009 for Asian women and the latest July 2010 for white and Hispanic women.

Source: Bureau of Labor Statistics and Pew Research Center analysis of 2009 and 2010 Current Population Survey data.

- Data Measurement Challenges: Unemployment rates during COVID-19 may be an understatement, however, due to challenges in classifying statistical data experienced by collecting agencies. The adjusted rates

(factoring in measurement challenges and secondary analysis) suggest that overall unemployment in May was as high as 16% and reached 20% for Blacks, Asians and Latinxs.

About one-in-five Black, Asian and Hispanic Workers Were Likely Unemployed in May 2020.



Note: The "official" unemployment rate is the share of workers in the labor force actively looking for work. The "adjusted" rate includes workers listed as "employed but absent from work for other reasons" in May, less the number of workers so listed in February. Estimates refer to workers ages 16 and older, nonseasonally adjusted. Whites, Blacks and Asians include those who report being only one race and are not Hispanic. Hispanics are of any race.

Source: Bureau of Labor Statistics and Pew Research Center analysis of 2009 and 2010 Current Population Survey data.

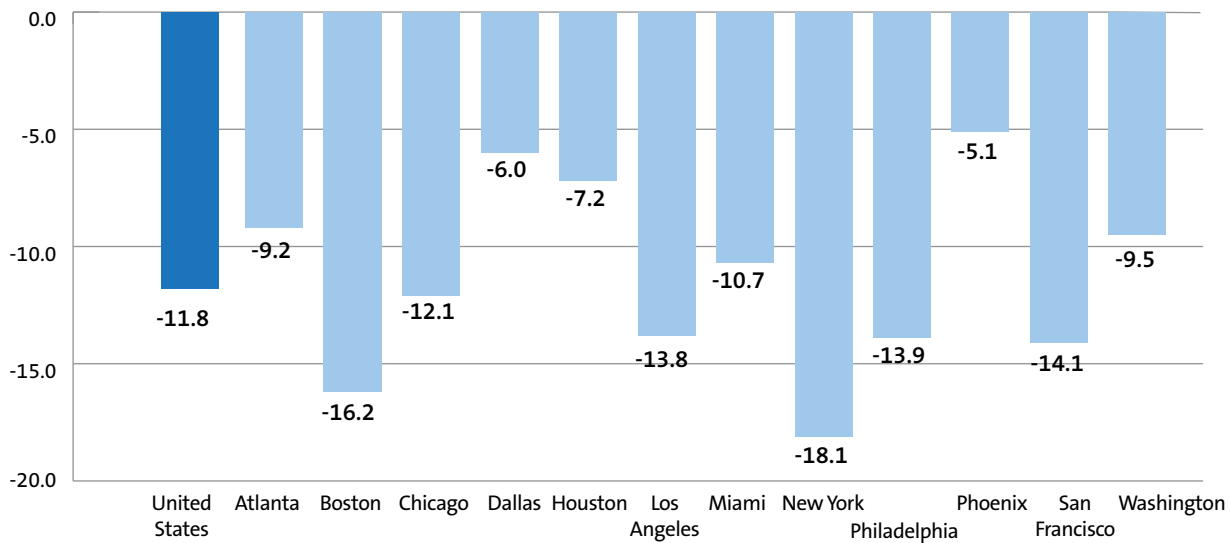
Job Opportunities and the Pipeline

Not only were companies laying off employees during the pandemic, they were, in tandem, putting into place hiring freezes and rescinding job offers previously made. Specific sectors and job types were impacted more so than others. However, there were some job categories where postings increased. We can gain insight into how COVID-19 has impacted hiring trends and the incoming supply of diverse talent by examining the change in job postings for various geographic areas, job titles, and industry sectors.

Local and National Comparisons

- Chicago was among the nation's 12 largest metropolitan statistical areas in May 2020. All 12 areas had over-the-year job losses during this period; the rate of job loss in Chicago (12.1%) was close to the national decrease of 11.8%.

Total Nonfarm Employment, Over-the-Year Percent Change, U.S. and 12 Largest Metropolitan Areas, May 2020

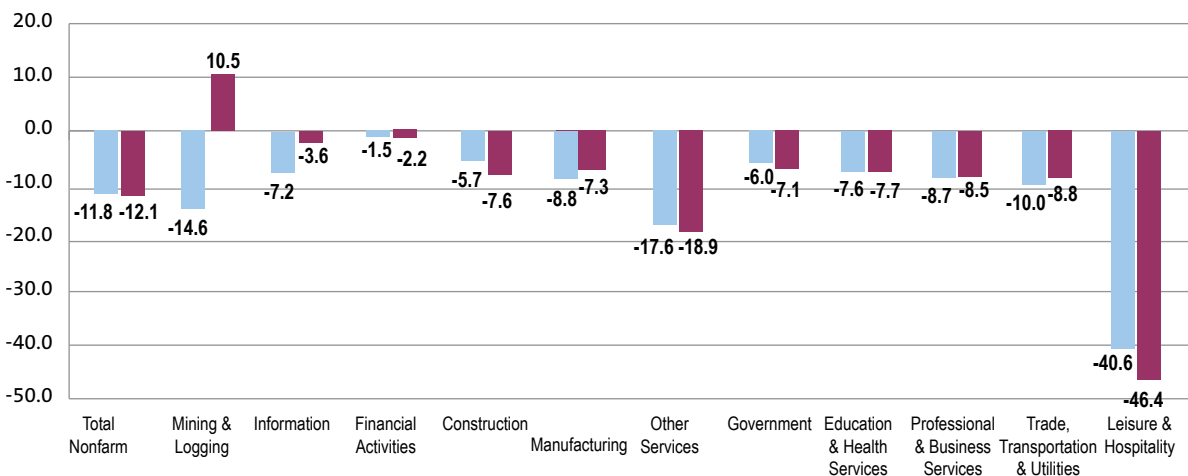


Source: U.S. Bureau of Labor Statistics

Decreases

- According to job posting website Indeed.com, certain job sectors were hit harder by the pandemic due to shelter-in-place orders, social distancing requirements and consumer demand. These include the tourism and hospitality industries.
- This trend was similarly noted for Chicago. Leisure and hospitality had the largest employment decline from May 2019 to May 2020, losing 233,800 jobs. The Chicago area's 46.4% rate of job loss in leisure and hospitality was comparable to the nationwide drop of 40.6%.

Total Nonfarm and Selected Industry Supersector Employment, Over-the-Year Percent Change, U.S. and Chicago Metropolitan Area, May 2020



Source: U.S. Bureau of Labor Statistics

- Other sectors with above-average declines in job postings (in 2020 compared to 2019) included beauty and wellness, childcare, dental, and sports.

Some Sectors Hit Harder Than Others

Total New Job Postings: 2020 vs. 2019 Percentage Gap in Trend Through April 24 (7-day average)

Sector	% Gap in trend
<i>Smaller than average declines:</i>	
Management	-15%
Nursing	-32%
Software Development	-33%
Personal Care & Home Health	-35%
<i>Declines similar to economy average:</i>	
Production & Manufacturing	-45%
Insurance	-45%
Pharmacy	-46%
Electrical Engineering	-47%
<i>Larger than average declines:</i>	
Sports	-77%
Dental	-78%
Childcare	-80%
Beauty & Wellness	-83%

New postings defined as those on Indeed 7 days or less. Source: Indeed

- Job postings declined more so in industries where employees are unionized (e.g., airlines, shipping, healthcare) as well as in the non-tradable sectors (e.g., hospitality, car dealerships, food service, and clothing).
- Companies affected by the crisis have laid off and furloughed employees. Others have closed temporarily or permanently. While layoffs have typically been occurring at the low end of wage distribution, employees in management and white collar roles have been asked to take salary cuts and defer raises and bonuses to help extend the operating budget. This was most notable in smaller firms.

Increases

- Due to shelter-in-place requirements, job posting increases were not surprisingly, noticed for grocery associates, front-end associates and delivery drivers. This became evident as more individuals opted for online purchases from companies like Amazon, and other retailers and grocery chains.

Rush University Medical Center

Reflecting the Community

Rush has committed to having a workforce that reflects the diversity in the communities it serves. They have actively recruited and hired employees with disabilities, veterans, and those who live on the West Side of Chicago. Rush understands that its employees will provide the best services possible when they can bring their authentic selves to work. To support the inclusion and acculturation of their diverse workforce, Rush has active and engaged Employee Resource Groups for LGBTQ employees, women, veterans, individuals with disabilities, and Chicago's West Side residents.

Job Titles with the Largest Increases in Job Postings as of May 15, 2020

Job titles	Change in trend in postings
Grocery associate	87.2%
Front end associate	68.6%
Delivery driver	21.8%
Retail merchandiser	13.4%
Stocker/receiver	-3.3%
Plumber	-6.4%
Kitchen designer	-9.4%
Home care aide	-11.1%
Personal care assistant	-11.7%
Shift leader	-12.3%

Note: Ranking of titles with a January 2020 daily average of 2,000 postings.

Source: Indeed

Many of the slower-growing job titles are in the service and hospitality industries such as hotel housekeeper, counter sales representative and parking attendant.

- Additionally, in the tech industry, the increased use of digital platforms by companies caused a spike for open positions in cybersecurity and data management. However, a parallel trend was the hiring of contingency workers or outside contractors to fill these slots instead of bringing on full-time permanent employees.

Geographic Factors

- With respect to geography, there was no firm correlation between COVID-19 hot spots and decreases in job postings. According to Indeed.com, job postings appeared to decline most during the early months

of the pandemic in locations with one or more of the following: cold climates, centers for tourism and hospitality, older residents, and minority residents.

- The ecosystem described above, however, may have overlapped with states implementing the strictest lockdown measures. Data from the U.S. Department of Labor suggests that these states experienced the largest declines in job losses. Illinois appears to be at the high end on restrictions and moderate standing on employment declines, which would imply this relation was not as strong locally.

States with Harshest Lockdowns Saw Biggest Job Declines

Percentage of a state's employment decline during the COVID-19 pandemic compared to ranking for how restrictive the state's lockdown was.

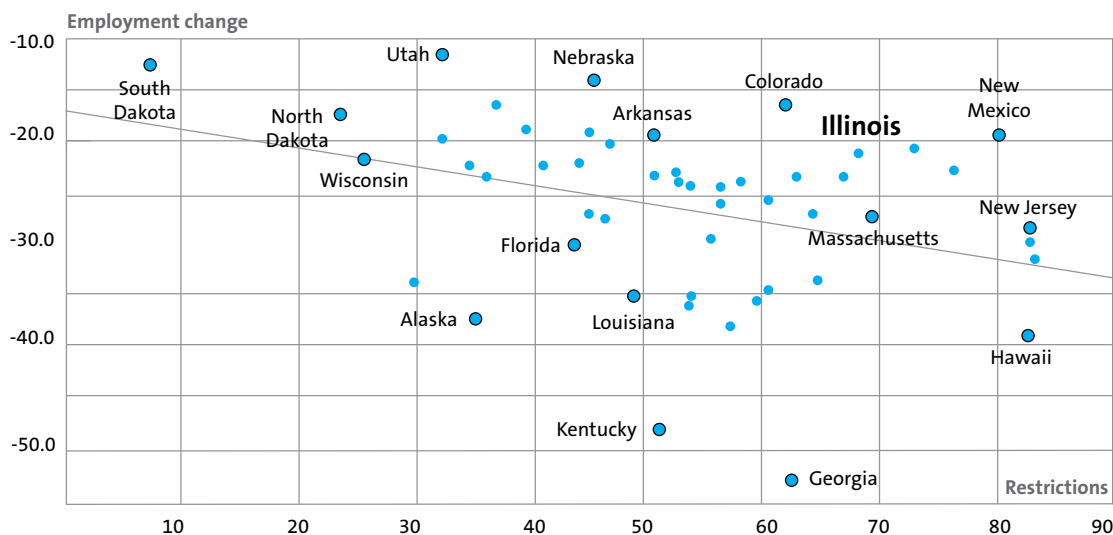


Chart: @illinoispolicy Source IPUMS CPS, U.S. Department of Labor, WalletHub

- During the first week of June 2020, a huge increase in postings occurred, reflecting states beginning the reopening process.

Minority Business Enterprises

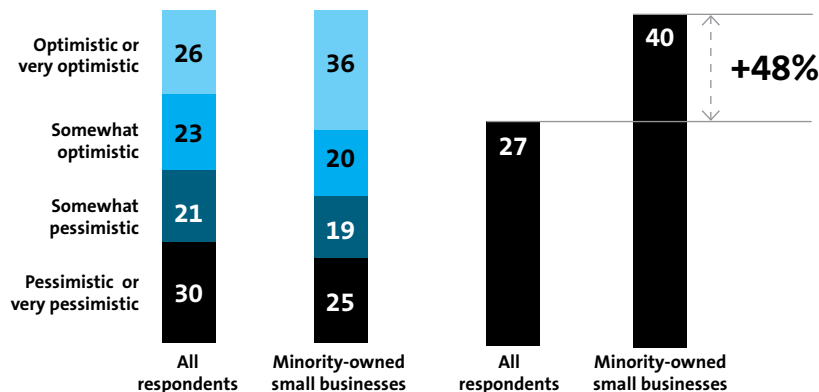
Small businesses, including those that are owned and operated by minorities contribute significantly to the economy, as they employ approximately one half of the nation's workforce.* The pandemic adversely impacted Minority Business Enterprises in Chicago and nationwide. The impact on black-owned businesses was especially noted during this timeframe.

- A report released by McKinsey in June 2020 highlights that minority-owned businesses were disproportionately impacted during the pandemic. In spite of this, minority entrepreneurs surveyed in a McKinsey poll of more than 1,000 businesses nationwide indicated that they were more optimistic about recovery than white business owners.

Minority-Owned Small Businesses Are More Optimistic and More Likely to Offer Support to Their Local Community

Confidence in own country's economic recovery after COVID-19, % of respondents

Added new services to support community and employees during crisis, % of respondents



Source: McKinsey & Company COVID-19 U.S. Small and Medium-Size Business Financial Pulse Survey

- Impacts were most notable for African American business owners who shut down at an alarming 41% between February and April 2020. During this time period, the number of African American owned businesses plunged from 1.1. million to 640,000.
- A June 2020 report from the National Bureau of Economic Research highlights the losses experienced by other racial/ethnic groups, as can be seen in the chart below (Latinx businesses declined by 32%; Asian businesses declined by 26%; and white owned small businesses declined by 17%).

* Source: [sba.gov](https://www.sba.gov)

The Five Forward Initiative™

The Chicago United Five Forward Initiative™ engages the corporate community in our common goal of strengthening the local economy and enhancing job creation by supporting a stronger Chicagoland minority business enterprise (MBE) community. Chicago-area corporations commit to doing business with five local minority firms over five years. As local MBEs grow and enhance their position to compete for corporate contracts outside of Five Forward, the corporate community benefits from a more competitive pool of diverse businesses. The Five Forward program is strengthened by including stakeholder groups with common goals. Collaboration between corporate and MBE communities, Chicago-area advocacy organizations, nonprofits, public sector agencies, and other technical assistance agencies will allow MBEs to perform to their maximum potential. Coordinated access to technical support, human resources services, and capital ensure that local Minority Business Enterprises will grow to better meet the needs of Chicago's corporate community with innovation and expanded markets.

To find out how your organization can become a Committed Corporation or Five Forward MBE partner, [click here](#).

FIVE FORWARD

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Demographic Group Losses and Simulations of Business Losses from Switching Industry Distributions

Business Losses (February to April 2020)

Group	Feb. 2020 Number	April 2020 Number	Actual Losses		Predicted using U.S. Industry Distribution	
			Number	% Change	Number	% Change
Total	15,012,692	11,710,360	-3,302,331	-22%	-3,302,331	-22%
Female	5,389,399	4,048,205	-1,341,194	-25%	-1,029,305	-19%
Male	9,623,293	7,662,156	-1,961,137	-20%	-2,184,231	-23%
Black	1,079,116	637,769	-441,347	-41%	-379,452	-35%
Latinx	2,070,896	1,412,925	-657,971	-32%	-583,009	-28%
Asian	888,528	657,896	-230,632	-26%	-195,041	-22%
White	10,553,415	8,761,531	-1,791,884	-17%	-1,928,907	-18%
Immigrant	3,120,275	2,009,597	-1,110,677	-36%	-1,095,536	-35%
Native	11,892,417	9,700,763	-2,191,654	-18%	-2,256,417	-19%

Note: Estimates are from CPS microdata. Predicted changes with the group's industry distribution for the U.S. industry distribution but continue to use the group's rate of change from February to April 2020.

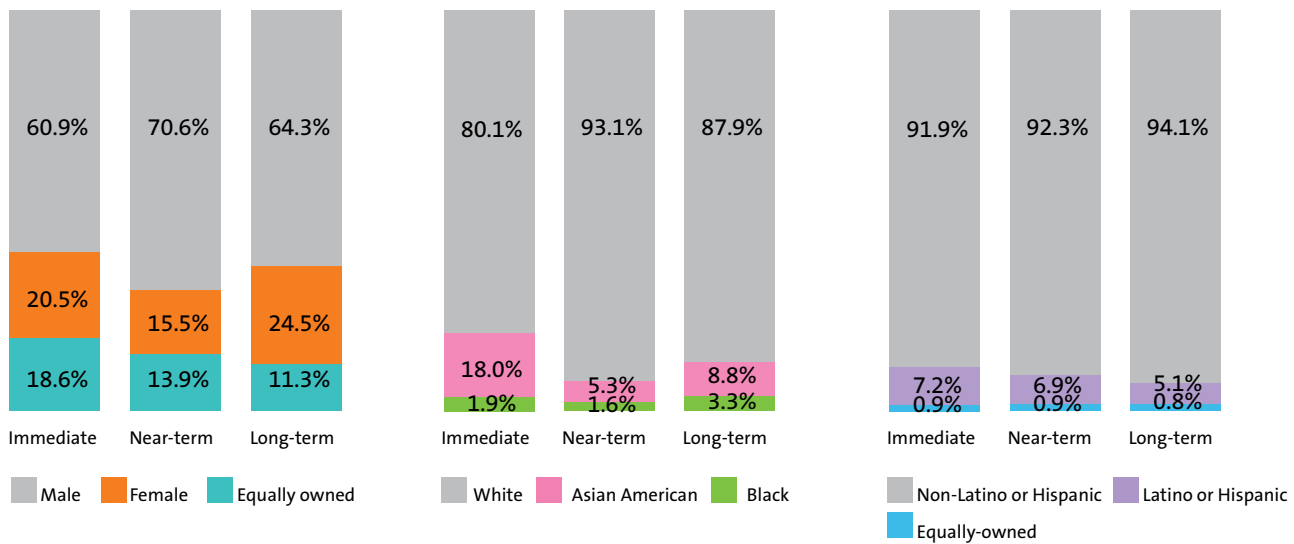
- While shut-down rates of minority-owned businesses in the Chicago area were not available during the production of this publication, it is anticipated that the outcomes would be comparable given the industries they are concentrated in.
- Chicago Area Minority Business Enterprises (MBEs) are in industries that would be most disrupted through the loss of business or services that require proximity to others, increasing the risk of contracting the virus.
- Businesses owned by people of color prior to the COVID-19-induced recession represent about 32% of the Chicago business landscape with 15% black owners and 10% Latinx owners.
- Pre-COVID-19 analysis would suggest that the disparity ratio for all Chicago-area MBEs (ratio of business ownership to representation in the population) is 78%. For Black-owned businesses, 50% and for Latinx businesses, 34%. It remains to be seen how this ratio changes into 2021.

MWBEs Are Most Represented in Industries at Immediate Risk From COVID-19

2-Digit NAICS	% of Ownership White Owners	% of Ownership People of Color*	% of Ownership Black Owners	% of Ownership Latinx Owners
All Industries	72%	32%	15%	10%
Construction (23)	86%	22%	6%	14%
Manufacturing (31-33)	81%	18%	5%	7%
Retail Trade (44-45)	75%	31%	9%	11%
Transportation and Warehousing (48-49 (607))	71%	37%	14%	14%
Information (51)	79%	22%	10%	6%
Finance and Insurance (52 (608))	81%	16%	7%	4%
Real Estate, Rental and Leasing (53)	84%	15%	5%	4%
Professional and Technical Services (54)	82%	21%	7%	6%
Administrative and Waste Services (56)	74%	35%	14%	17%
Educational Services (61)	71%	30%	15%	7%
Health Care and Social Assistance (62)	51%	53%	32%	12%
Arts, Entertainment and Recreation (71)	81%	23%	12%	7%
Accommodation and Food Services (72)	63%	43%	11%	14%

Note: People of Color is coded as "Minority" in U.S. Census source data for this chart. Race classifications are not mutually exclusive and thus values for each row will not equal 100%.
Source: Chicago Small Business Ecosystem 2019

Share of Ownership by Risk Levels from COVID-19



Note: Based on the U.S. Census Bureau's classification of business ownership, people of Latino or Hispanic origin may be of any race.
Source: Brookings analysis of the U.S. Census Bureau's 2016 Annual Survey of Entrepreneurs (ASE)

Comparison to 2008 Recession

- A Brookings Institute report compares the impact of the COVID-19 recession on MBEs to that of the Great Recession. During the Great Recession, the sectors most impacted were construction and manufacturing (mostly owned by white males) as compared to the current recession that has affected food services, retail, and accommodation industries/hospitality (where MBEs are concentrated, thus placing them more at risk).
- Of these businesses in immediate-risk industries, 20% are run by Asian American or Black owners, compared to 7% of businesses in industries at near-term risk and 12% at long-term risk.
- While MBEs were less able to survive the Great Recession than their white counterparts, they were quite instrumental in helping the economy recover.
- Nationally, MBEs added 1.8 million jobs from 2007 to 2012, while firms owned by white males lost 800,000 jobs, and firms equally owned by white men and women lost another 1.6 million jobs.
- Additionally, many metro areas achieved noticeable improvements in their entrepreneurship disparity ratios between 2007 and 2012. Chicago went from 34% to 41% in this time period. The disparity ratio estimate for 2020—pre-COVID-19 recession—is 78%, suggesting significant local growth in MBE ownership in the last eight years.
- In both recessions, however, MBEs experienced structural limitations that put them more at risk for shuttering.

Aon plc

Providing Balance

Aon plc made significant enhancements to its U.S. time-off programs to better enable work/life balance and address the intersecting roles of employee, parent, caregiver, faith, etc.

Key enhancements include: increasing paid paternal leave benefit from one week to eight weeks with the inclusion of all parents and all paths to parenthood (e.g., birth, adoption, surrogacy, foster care); adding more vacation days earlier in the year; and aligning its paid holiday schedule to better reflect Aon's commitment to diversity, equity and inclusion .

Factors Driving Disparities and Implications

It is not surprising or necessarily revealing that the data highlights the disproportionate impact on employees, businesses and communities of color. Reasons contributing to the disparate impacts are historical, systemic, and deeply embedded in cultural norms. There were, however, unprecedented nuances aligned with the pandemic, layered on top of pre-existing conditions that amplified these racial inequities.

For employees, major factors include:

Concentration in Vulnerable Job Sectors

- Illinois and the City of Chicago implemented one of the strictest pandemic lockdowns in the nation. While this was applauded by many residents as a necessary measure to contain the spread of the Coronavirus, the impact was disproportionate for employees of color, most notably Latina and black women. This was driven by the fact that many women were in jobs defined as non-essential.
- Among essential workers, black employees were more likely than others to be in frontline jobs that put them at greater risk for contracting COVID-19. These jobs include employment in grocery, convenience, and drug stores (14.2%); public transit (26.0%); trucking, warehouse, and postal service (18.2%); health care (17.5%); and child care and social services (19.3%).
- In response to lockdown orders, employers shifted operations to accommodate work-at-home arrangements. However, this privilege applies primarily to higher paying jobs. According to the National Bureau of Economic Research, only 37% of jobs can be fully executed from home. Employees who are unable to work from home are more likely to be Black and Latinx, less likely to have a college degree, and less likely to have employer paid benefits. This amalgam of factors contributes to their vulnerability during lockdowns, as well as their ability to recover afterwards.
- The road to recovery from the lockdowns is projected to be much steeper for employees of color. Economic contractions such as that brought on by the pandemic will most likely increase the black/white employment gap and further push back any forecasted timeframes for reaching parity in higher-skilled positions.

Health and Employment

The relationship between health and employment is bi-directional. For example:

- Environmental racism (e.g., air/water pollution from unregulated or monitored manufacturing processes) contributes to health issues like asthma, bronchitis, and lung cancer.

- Unemployment, underemployment, and exposure to discriminatory practices in the work environment, lead to stress-related health issues such as hypertension, heart disease, arthritis and mental illness.
- Decades of disinvestment in communities of color has resulted in limited resources (e.g., healthcare facilities, etc.) to counteract the impacts of a pandemic.
- Residing in densely populated housing in under-resourced neighborhoods also contributes to the spread of contagious viruses.
- Conversely, stress and accompanying illnesses can curtail an individual's career options and diminish job performance.
- All of these pre-existing and aligned factors make black and brown employees more susceptible to the negative impacts of COVID-19.

Access to Resources and Capital

- Black and Latinx households are less likely to have a computer or internet access at home (which limits ability to apply for relief funds such as unemployment benefits).*
- Racial differences in access to bank accounts have also presented challenges for expediting stimulus funds to unbanked households through the Cares Act.
- Blacks and Latinx on average have lower household incomes, less likelihood to have multiple income earners in the household, and less cash reserves on hand.
- Historically higher unemployment rates are evident for these two demographic groups.
- Significant wage and benefit gaps (e.g., less paid sick days and/or ability to work from home) and lack of health insurance are more prevalent.
- As observed in the Great Recession, it took blacks and Latinx a lot longer to recover, and this is expected to have applicability to the current recession.

For Minority Business Enterprises, some of the same inhibiting factors apply:

Concentration in Vulnerable Industry Sectors

- Black-owned businesses are more concentrated in vulnerable industries
- The largest percentage losses in payroll employment were in arts, entertainment and recreation; accommodation and food services; and other services. These three industries account for almost a third of black-owned businesses (32.3%), but just 18.8% of white-owned businesses.

Access to Resources and Capital

- Most MBEs have less than two months of cash reserves for bills, payroll and overhead.†
- Without reserves on hand it is difficult to sustain the shock of an economic crisis.

Structural Exclusion

- Highly rated businesses in black majority neighborhoods earn less revenue than businesses with similar ratings outside of black neighborhoods.
- Black and Latinx businesses are more likely to be labeled “at risk” or “distressed,” limiting their ability to negotiate interest rates or access lines of credit with mainstream financial institutions.
- Lack of preexisting banking relationships with the mainstream lenders has, in large part, excluded MBEs from accessing funds from the Payroll Protection Plan (PPP). This was exacerbated by the early funding caps that basically created a competitive “first come, first served” situation.

The factors driving disparities for employees and businesses of color are long standing and require systemic efforts to help individuals and businesses survive and recover from the pandemic. Many local and national responses have been crafted for individuals and businesses such as grants and bridge loans. These relief programs and funds appear to be expanding as the pandemic continues.

One unexpected contributor to recovery appeared center stage on Memorial Day weekend 2020, and sent ripples not only across the country, but around the world.

* Source: <https://www.connectingjusticecommunities.com/digital-divide-part-1/2020/08/>

† Source: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states>

The George Floyd Effect

In the midst of a global pandemic, with shelter-in-place orders still in effect, voices of outrage arose with ensuing protests against the killing of citizens of color, specifically African Americans, by law-enforcement. The persistent mass and social media coverage of the killing of George Floyd inflamed a visceral response in urban centers, suburbia, and across the globe. However, the grassroots actions that resulted from this tragic death have been both unifying and polarizing as they were politicized during a presidential election year. The response in the corporate sector is of particular interest.

- The global cries for action, policy reforms and transformation led to institutions and corporations looking at their own racial inequities through a social justice lens.
- Many companies put together statements affirming their commitment to diversity, equity and inclusion for distribution to their concerned employees, customers and communities.
- Promotions of executives of color were increasingly showcased on social media, most markedly the first person of color to be named CEO as well as the creation of new Chief Diversity Officer roles.
- Significant corporate financial contributions to social justice organizations were publicly noted.
- Corporate and consultant white papers, articles and tweets on anti-racism abounded.

Summary

The impacts of the dual pandemics of COVID-19 and social unrest have been significant and sobering for both individuals and small businesses. The disproportionate effect on black and brown communities can be explained by historic and systemic drivers. Will the current fervor of corporate activity be sustained? Or will the passion for racial equity fueled by global protests cross hairs with the financial and operating restrictions imposed by the pandemic? This is an important reflection point for our readers. The road to recovery will require collaboration across corporate, public and non-profit sectors.

Rallying Around Black-Owned Businesses

Yelp reported that support for Black-owned businesses skyrocketed on its site during the weeks of renewed activism for racial equality. In the three weeks following George Floyd's killing while in Minneapolis police custody, there were more than 222,000 Yelp searches for black-owned businesses, compared to less than 9,000 the three weeks prior. Increases were evident in every single state.

LANDSCAPE

Here's What You Need to Know:

- Within the top 50 Chicago companies, changes from 2012 to 2020 have been minimal, but incremental.
- There have been modest gains in minority representation at the board level in the last eight years with a 4.4% increase between 2012 and 2020.
- Increases in minority representation were most notable in the C-Suite, growing by 10.2% points over the last eight years.
- When looking at overall minority representation in 2020 across the top 50 revenue generating-companies in Chicago, the percentages hover similarly for Boards, the C-Suite and All Executives at 17%, 16% and 16% respectively.
- Comparisons between Chicago United member companies and non-member companies in the Chicago Top 50 show some differences in representation (2 – 3% points).
- Overall minority representation on boards and in the executive ranks is slightly higher in Chicago United member companies. Overall minority representation in the C-Suite is slightly higher in non-member companies.

Overview

In this edition of *Inside Inclusion*, we again focus on the top 50 companies headquartered in Chicago. We look across five biennial editions (2012 to 2020) to highlight noticeable changes or trends in the racial composition of boards of directors and senior leadership positions.

The Landscape section of this report serves as a benchmark for Chicago corporations to measure their progress. The statistics are an important barometer of inclusive practices as they speak to an organization's capability to attract, engage, develop, and retain diverse talent. They also align with the

degree to which other talent management practices, such as performance management and succession management, are effectively executed, and connect to the organization's culture.

Methodology

Our local sample consisted of the top 50 Chicago-based "Public Companies" ranked by 2019 revenues as reported in *Crain's Chicago Business*, 2020 Book of Lists (Table 1).

Table 1. Top 50 Chicago-based Public Companies by Revenues as Listed in *Crain's Chicago Business* Report, December 2019

Rank	Company
1	Walgreens Boots Alliance Inc.*
2	Boeing Co.
3	Archer Daniels Midland Co.
4	Caterpillar Inc.
5	United Continental Holdings Inc.
6	Allstate Corp.
7	Exelon Corp.*
8	Deere & Co.
9	Kraft Heinz Co.
10	Mondelez International Inc.
11	AbbVie Inc.
12	McDonald's Corp.*
13	US Foods Holding Corp.
14	Sears Holdings Corp.
15	Abbott Laboratories*
16	CDW Corp.
17	Illinois Tool Works Inc.
18	Conagra Brands Inc.
19	Discover Financial Services Inc.
20	Baxter International Inc.*
21	WW Grainger Inc.
22	CNA Financial Corp.
23	Tenneco Inc.
24	LKQ Corp.
25	Navistar International Corp.

Rank	Company
26	Univar Inc.
27	Anixter International Inc.
28	RR Donnelley & Sons Co.
29	Jones Lang LaSalle Inc.
30	Dover Corp.
31	Treehouse Foods Inc.
32	Motorola Solutions Inc.
33	Ingredion, Inc.
34	Old Republic International Corp.
35	Packaging Corp. of America
36	Arthur J Gallagher & Co.
37	Essendant (fka United Stationers Inc.)
38	Northern Trust Corp.*
39	Telephone & Data Systems Inc.
40	Fortune Brands Home & Security Inc.
41	Ulta Beauty Inc. (fka Ulta Salon Cosmetics & Fragrance Inc.)
42	NiSource Inc.
43	Brunswick Corp.
44	Hyatt Hotels Corporation*
45	US Cellular Corp.
46	CF Industries Holdings Inc.
47	World Camping Holdings
48	CME Group Inc.
49	Zebra Technologies Corp.
50	Hub Group Inc.

* Denotes a Chicago United member company

We Sought the Answers to Five Basic Questions:

1. What is the racial composition of these companies' boards of directors?
2. What is the racial composition within the executive ranks? (We looked at representation at both the C-suite level and across senior leadership positions.)
3. Which companies are leading across both directors and executives?
4. How do Chicago statistics compare to national statistics?
5. How do Chicago United member companies that are part of the Top 50 compare to non-member companies?

The number of incumbents and their ethnicity was determined by reviewing a company's website leadership team page between May 2020 and June 2020. When necessary, the most recent proxy statement or 10-K was consulted. If ethnicity could not be determined through these initial sources, we researched additional publicly available information to determine ethnicity and ensured that there was confirmation for an individual's ethnicity among at least two reputed web sources.

Ethnicity is defined as African American, Asian, Caucasian and Hispanic. In the charts in this document, African American, Asian and Hispanic collectively represent "minority" representation.

It is important to note that, working with Great Cities Institute of the University of Illinois/Chicago, we have been able to improve the accuracy of the data collection process. In fact, in this issue there were a minimal number of cases in which we categorized the incumbent as "Unable to Verify Ethnicity." Consequently, we are confident that the percentages captured in the ethnic minority categories are a practical and meaningful reflection of their representation.

Comparison to National Statistics

A comparison was made of Chicago's status relative to the nation as a whole. Findings from the top 50 Chicago companies were compared to multiple sources for national information including companies in the Russell 3000, the Fortune 100 list, and statistical tables from the EEOC.

Illinois Law Will Track Board Diversity

Public Act 101-0589, signed by Governor J.B. Pritzker on Aug. 27, 2019, aims to encourage diversity on the boards of directors of publicly held domestic and foreign corporations with principal executive offices in Illinois.

The law requires public corporations to include additional information in annual reports submitted to the Secretary of State that the Secretary will then make available to the public online. Information corporations must report includes whether or not they are a publicly held domestic or foreign corporation with principal executive offices in Illinois, in addition to the following information:

1. Data on specific qualifications, skills, and experience that the corporation considers for its board of directors, nominees for the board, and executive officers;
2. The self-identified gender of each member of its board of directors;
3. Whether each member of its board self-identifies as a minority person and which race or ethnicity to which the member belongs;
4. The corporation's process for identifying and evaluating nominees for the board, including whether and how the corporation considers demographic diversity;
5. The corporation's process for identifying and appointing executive officers, including whether and how the corporation considers demographic diversity; and
6. The corporation's policies and practices for promoting diversity, equity, and inclusion among its board and executive officers.

The law became effective upon enactment. Corporations must report the new required information no later than Jan. 1, 2021. The University of Illinois will study information provided in annual reports and publish a report on its website, which will include aggregate data on the demographic characteristics of the boards and executive officers of corporations that filed reports, individualized ratings for each corporation, and strategies for promoting diversity, equity and inclusion among boards and corporate executive officers. The University also will establish a rating system considering the corporation's compliance with reporting obligations, corporation policies, practices for encouraging diversity in recruitment, board seats and executive positions.

Business Leaders of Color

Since 2003, Chicago United's *Business Leaders of Color* (BLC) publication has identified 420 diverse executives who are qualified and ready to step into corporate board directorships. Since the beginning of the publication, these executives have been elected to over 300 directorships.

Every other year, 50 inspiring individuals join a network of the most influential, diverse, and inclusive leaders in the Chicago business community, after a highly competitive selection process. They are outstanding examples of what it means to overcome obstacles and biases to navigate the corporate landscape and ascend to leadership with boldness and confidence. They dispel the myth that there are few qualified, dynamic, visionary and talented executives of color to step into corporate directorships in Chicago and beyond. The next group of Business Leaders of Color will be selected in 2021.

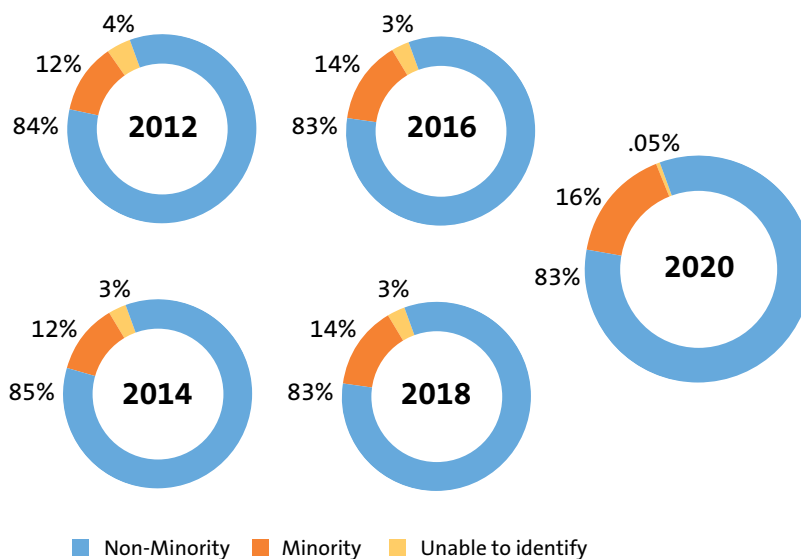
For information about the nomination process [click here](#).

Business Leaders of **COLOR**
Chicago United 2021

Board Diversity

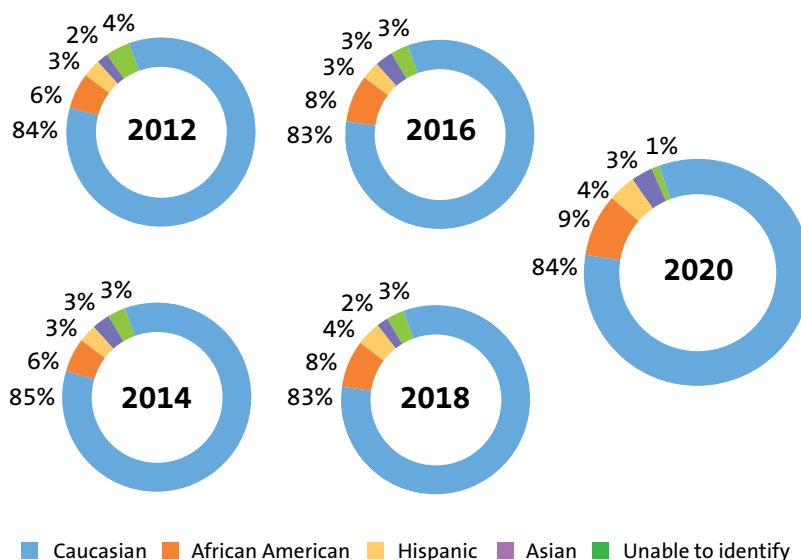
The needle has moved when looking at ethnic composition on boards during the past eight years. Figure 1 shows an incremental uptick each year with a total 4% increase (12% to 16%) from 2012 to 2020. This increase may, in part, reflect the enhanced ability to verify the ethnicity of individuals in our sample.

Figure 1: Minority Status of Board of Directors in the Chicago Top 50 Companies



African Americans maintain the largest representation of this ethnic composition in 2020 at 9%, followed by Hispanics at 4% and Asian Americans at 3% (Figure 1 and Table 3).

Figure 2: Ethnicity of Board of Directors in the Chicago Top 50 Companies



Tables 2 and 3 show the actual numbers alongside the percentages. For African Americans and Asian Americans there were slight fluctuations between 2012 and 2018

and increases between 2018 and 2020. For Hispanics, the numbers were stable between 2012 and 2016 with increases noted in 2018 and 2020.

Table 2: Minority Status of Board of Directors in the Chicago Top 50 Companies

Board of Directors	2012		2014		2016		2018		2020		2012-2020
	n	%	n	%	n	%	n	%	n	%	Percentage point difference
Non-minority	540	84.2%	466	84.6%	463	83.1%	461	83.1%	461	83.4%	-0.9%
Minority	75	11.7%	69	12.5%	77	13.8%	78	14.1%	89	16.1%	4.4%
Unable to Verify Ethnicity	26	4.1%	16	2.9%	17	3.1%	16	2.9%	3	0.5%	-3.5%
Total	641	100.0%	551	100.0%	557	100.0%	555	100.0%	553	100.0%	0.0%

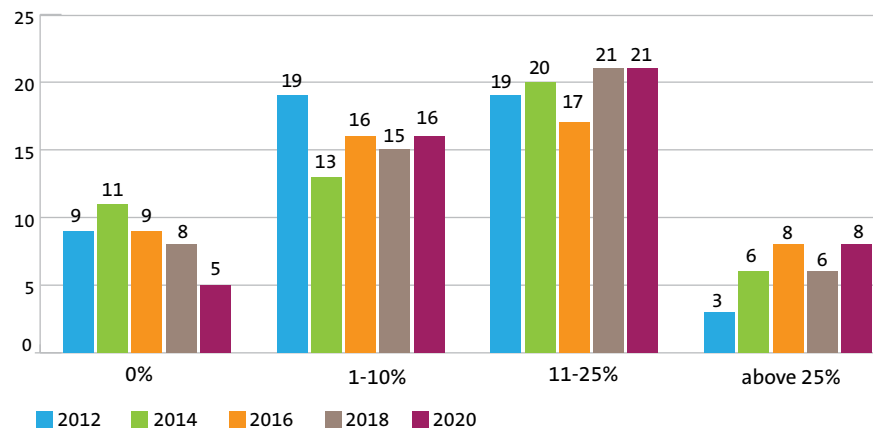
Table 3: Ethnicity of Board of Directors in the Chicago Top 50 Companies

Board of Directors	2012		2014		2016		2018		2020		2012-2020
	n	%	n	%	n	%	n	%	n	%	Percentage point difference
Caucasian	540	84.2%	466	84.6%	463	83.1%	461	83.1%	461	83.4%	-0.9%
African American	41	6.4%	34	6.2%	44	7.9%	42	7.6%	50	9.0%	2.6%
Hispanic	19	3.0%	19	3.4%	19	3.4%	22	4.0%	23	4.2%	1.2%
Asian	15	2.3%	16	2.9%	14	2.5%	14	2.5%	16	2.9%	0.6%
Unable to Verify Ethnicity	26	4.1%	16	2.9%	17	3.1%	16	2.9%	3	0.5%	-3.5%
Total	641	100.0%	551	100.0%	557	100.0%	555	100.0%	553	100.0%	0.0%

Distribution Across Top 50 Companies

When looking at the percentage minority representation on boards across the top 50 companies, the distribution is similar in each year of analysis. It is a bi-modal distribution with peaks in two ranges (1- 10% and 11 – 25%). What is somewhat encouraging is that the number of firms with 0% representation on their boards has decreased over the last eight years from nine to five; and the number of firms with more than 25% representation has once again increased to eight firms in 2020 (Figure 3).

Figure 3: Number of Top 50 Companies by % of Minority Board Members (2012-2020)



How Chicago United Member Companies Compare

In 2018, we began looking at how Chicago United member companies that are in the top 50 compare to non-member companies in the top 50. This configuration of companies changes from year to year. However, similar to 2018, Chicago United member companies represented about 18% of the top 50 Chicago companies (n=9).

In 2020 Chicago United member companies had slightly higher representation rates for minorities overall on boards than did non-member companies (17.6% compared to 15.7%) (Table 4). Differences in representation were slightly more notable for African Americans in Chicago United member companies (Table 5).

Table 4: Minority Status of Directors of Top 50 Companies in Chicago by Chicago United Membership Status, 2020

	Member		Non-Member	
	n	%	n	%
Non-Minority	89	82.4%	372	83.6%
Minority	19	17.6%	70	15.7%
Unable to Verify Ethnicity	0	0.0%	3	0.7%
Total	108	100.0%	445	100.0%

Table 5: Ethnicity of Directors of Top 50 Companies in Chicago by Chicago United Membership Status, 2020

	Member		Non-Member	
	n	%	n	%
Caucasian	89	82.4%	372	83.6%
African American	11	10.2%	39	8.8%
Hispanic	5	4.6%	18	4.0%
Asian	3	2.8%	13	2.9%
Unable to Verify Ethnicity	0	0.0%	3	0.7%
Total	108	100.0%	445	100.0%

Comparison to National Statistics

A comparison for 2020 was made between the Chicago Top 50 companies and top companies across the U.S. (Table 6). In our 2020 analysis, Chicago Top 50 companies show a higher percentage of ethnic minorities on boards than is seen at the national level (approximately 16% versus 10%). This is especially noted for African Americans (9% compared to 4%) and Hispanics (4% compared to 2%). The data for local and national are the same for Asian Americans, however, there is an “Other” category at the national level that might bump the percentages up if integrated into Asian.

Table 6: Comparison of Directors of Top 50 Chicago Companies to National

	Chicago Top 50	National (Russell 3000)
Caucasian	83.4%	89.6%
African American	9.0%	4.1%
Hispanic	4.2%	1.8%
Asian	2.9%	2.9%
Other (Indian, Middle Eastern, Native American)	-	1.6%
Unable to Identify	0.5%	-

National information comes from 2,175 of the Russell 3000 companies as of May 30, 2019. The Russell 3000 is made up of 3,000 US-traded stocks, including some of the largest companies in the U.S., including Apple, Google and Microsoft. The data referenced included 19,791 directorship positions.

C-Suite Diversity

Overall minority representation in the C-Suite has climbed by 10 percentage points in the last eight years (from 7% in 2012 to 17% in 2020). The most notable increase occurred between 2018 and 2020, where minority representation spiked from 10% to 17% as shown in Figure 4 and Table 6.

Figure 4: Minority Status of C-Suite Executives in the Chicago Top 50 Companies

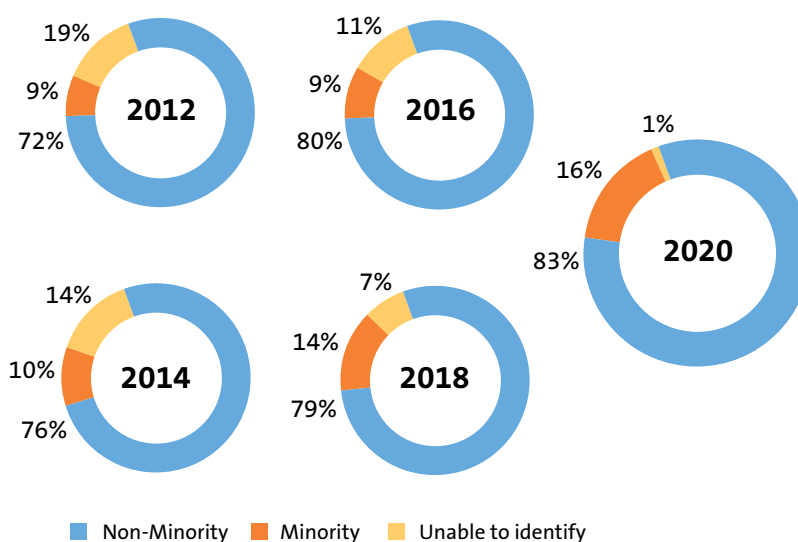


Table 6: Minority Status of C-Suite Executives in the Chicago Top 50 Companies

C-Suite Executives	2012		2014		2016		2018		2020		2012-2020
	n	%	n	%	n	%	n	%	n	%	Percentage point difference
Non-minority	166	80.2%	163	81.5%	174	85.3%	184	85.2%	210	82.7%	2.5%
Minority	14	6.8%	17	8.5%	17	8.3%	22	10.2%	43	16.9%	10.2%
Unable to Identify	27	13.0%	20	10.0%	13	6.4%	10	4.6%	1	0.4%	-12.6%
Total	207	100.0%	200	100.0%	204	100.0%	216	100.0%	254	100.0%	0.0%

African Americans, Hispanics and Asian Americans are more closely matched in terms of representation in 2020 (6%, 5% and 6% respectively); however, growth between 2012 and 2020 has more significantly occurred

for African Americans and Hispanics - at around a 4% increase for these two groups compared to a 2% increase in representation for Asian Americans during the same time period (Figure 5 and Table 7).

In 2020, African Americans (6%), Hispanics (5%) and Asian Americans (6%) are more closely matched in terms of representation at the C-suite level.

Figure 5: Ethnicity of C-Suite Executives in the Chicago Top 50 Companies

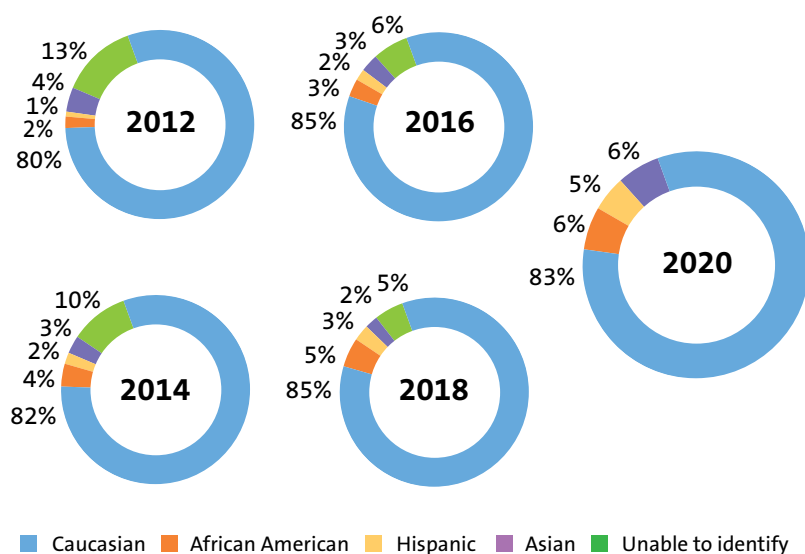


Table 7: Ethnicity of C-Suite Executives in the Chicago Top 50 Companies

C-Suite Executives	2012		2014		2016		2018		2020		2012-2020 Percentage point difference
	n	%	n	%	n	%	n	%	n	%	
Caucasian	166	80.2%	163	81.5%	174	85.3%	184	85.2%	210	82.7%	2.5%
African American	4	1.9%	8	4.0%	7	3.4%	11	5.1%	16	6.3%	4.4%
Hispanic	2	1.0%	3	1.5%	4	2.0%	6	2.8%	12	4.7%	3.8%
Asian	8	3.9%	6	3.0%	6	2.9%	5	2.3%	15	5.9%	2.0%
Unable to Verify Ethnicity	27	13.0%	20	10.0%	13	6.4%	10	4.6%	1	0.4%	-12.6%
Total	207	100.0%	200	100.0%	204	100.0%	216	100.0%	254	100.0%	0.0%

How Chicago United Member Companies Compare

Converse to the findings for boards, when looking at the C-Suite, there is a higher representation of minorities overall when looking at non-member companies compared to Chicago United member companies (18% and 14%, respectively). This could be influenced by the smaller sample sizes of this group of leaders (Table 8).

This may also be impacted by the greater representation of Asian Americans in C-Suite positions in non-member companies (Table 9).

Table 8: Minority Status of C-Suite Executives of Top 50 Companies in Chicago by Chicago United Membership Status, 2020

	Member		Non-Member	
	n	%	n	%
Non-Minority	43	86.0%	167	81.9%
Minority	7	14.0%	36	17.6%
Unable to Verify Ethnicity	0	0.0%	1	0.5%
Total	50	100.0%	204	100.0%

Table 9: Ethnicity of C-Suite Executives of Top 50 Companies in Chicago by Chicago United Membership Status, 2020

	Member		Non-Member	
	n	%	n	%
Caucasian	43	86.0%	167	81.9%
African American	3	6.0%	13	6.4%
Hispanic	2	4.0%	10	4.9%
Asian	2	4.0%	13	6.4%
Unable to Verify Ethnicity	0	0.0%	1	0.5%
Total	50	100.0%	204	100.0%

Comparison to National Statistics

When comparing local data for 2020 to national for ethnic minority representation in the C-Suite, the percentages are very similar, differing by no more than a percentage point (rounded) overall and for each ethnic category (Table 11).

National data came from a 2020 analysis of the Fortune 100 companies as presented in the publication, *Stanford Closer Look Series* (April 1, 2020) “Diversity in the C-Suite – The Dismal State of Diversity Among Fortune 100 Senior Executives”.

Further analysis and interpretation of this data by contributing researchers shows that ethnic

Table 11: Comparison of C-Suite Executives in Top 50 Chicago Companies to National

	Chicago Top 50	National (Fortune 100 companies)
Caucasian	82.7%	84%
African American	6.3%	5%
Hispanic	4.7%	4%
Asian	5.9%	7%
Other	-	1%
Unable to Identify	0.4%	-

minorities are least represented (nationally) in Chief Financial Officer (CFO) positions and represented most highly in Chief Sales Officer (CSO) roles, followed by Chief Administrative Executive roles (Table 12). These levels of representation at the functional

level have implications for mobility into CEO and board positions.

Nationally, ethnic minorities are least represented in CFO positions, and most represented in CSO positions.

Table 12 – Racial Representation in C-Suite Positions (National) and Their Potential for Promotion to CEO or Board

Function	CEO/Board Potential	White	Black	Hispanic	Asian	Other
CEO	High	84%	3%	5%	5%	3%
CFO	High	96%	1%	1%	2%	0%
P&L Leaders	High	85%	3%	3%	8%	0%
Other Business (Functional) Executives	Lower	76%	10%	6%	7%	1%
Chief (Lead) Human Resource Officer	Lower	83%	13%	3%	3%	0%
Chief (Lead) Communications Officer	Lower	81%	4%	15%	0%	0%
General Counsel	Lower	84%	6%	3%	7%	0%
Chief (Lead) Marketing Officer	Lower	78%	9%	4%	9%	0%
Chief Information (Technology) Officer	Lower	80%	0%	5%	15%	0%
Chief Risk Officer	Lower	79%	0%	0%	16%	5%
Chief (Lead) Strategy Officer	Lower	73%	0%	5%	18%	5%
Chief (Lead) Sales Officer	Lower	40%	20%	40%	0%	0%
Chief (Lead) Administration Executive	Lower	57%	43%	0%	0%	0%
Other Staff (Functional) Executive	Lower	84%	13%	0%	3%	0%
	Total	84%	5%	4%	7%	1%

Adapted from Stanford – “A Closer Look at Diversity in the C-Suite”.

Diversity – All Executives

Representation of ethnic minorities across all executive positions has increased in the top 50 Chicago companies in the last eight years, moving the needle approximately seven percentage points from 9% in 2012 to 16% in 2020. The greatest spike appears to have occurred between 2016 and 2018 (9% to 14%). See Figure 6 and Table 10.

Figure 6: Minority Status of All Executives in the Chicago Top 50 Companies

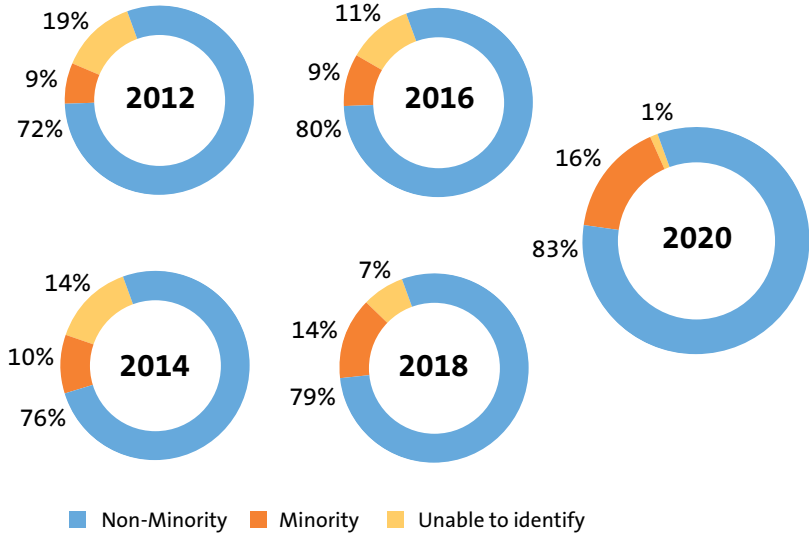


Table 10: Minority Status of All Executives in the Chicago Top 50 Companies

All Executives	2012		2014		2016		2018		2020		2012-2020
	n	%	n	%	n	%	n	%	n	%	Percentage point difference
Non-minority	435	72.0%	504	76.4%	486	79.9%	535	79.4%	500	83.5%	11.5%
Minority	55	9.1%	64	9.7%	57	9.4%	92	13.6%	94	15.7%	6.6%
Unable to Identify	114	18.9%	92	13.9%	65	10.7%	47	7.0%	5	0.8%	-18.0%
Total	604	100.0%	660	100.0%	608	100.0%	674	100.0%	599	100.0%	0.0%

The proportional representation for African Americans, Hispanics and Asian Americans in 2020 differs no more than a percentage point at 6%, 5% and 5%, respectively (Figure 7 and Table 11).

Figure 7: Ethnicity of All Executives in the Chicago Top 50 Companies

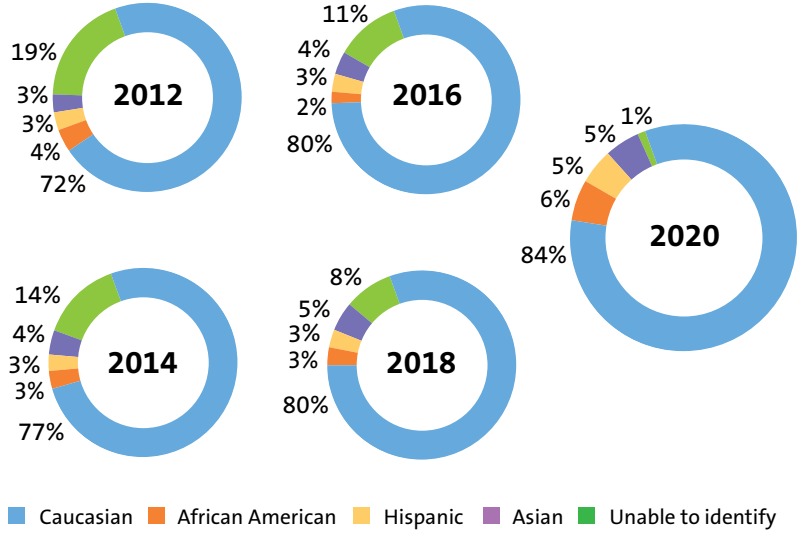


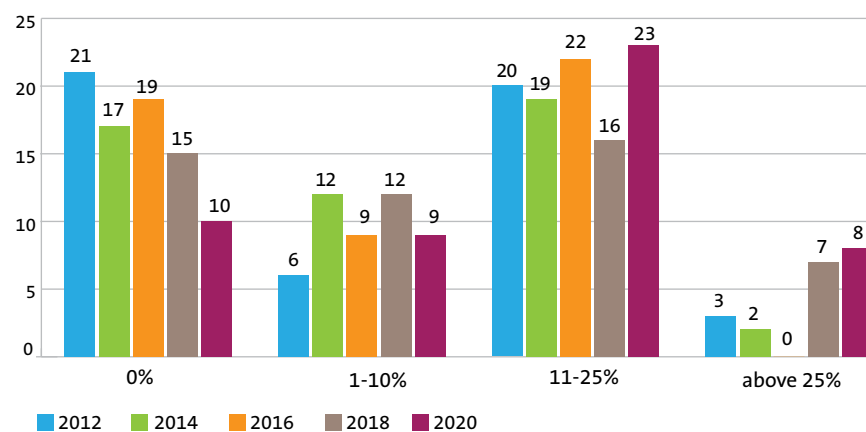
Table 11: Ethnicity of All Executives in the Chicago Top 50 Companies

C-Suite Executives	2012		2014		2016		2018		2020		2012-2020
	n	%	n	%	n	%	n	%	n	%	Percentage point difference
Caucasian	435	72.0%	504	76.4%	486	79.9%	535	79.4%	500	83.5%	11.5%
African American	23	3.8%	19	2.9%	14	2.3%	23	3.4%	33	5.5%	1.7%
Hispanic	16	2.6%	20	3.0%	17	2.8%	31	4.6%	30	5.0%	2.4%
Asian	16	2.6%	24	3.6%	26	4.3%	33	4.9%	31	5.2%	2.5%
Unable to Verify Ethnicity	114	18.9%	93	14.1%	65	10.7%	52	7.7%	5	0.8%	-18.0%
Total	604	100.0%	660	100.0%	608	100.0%	674	100.0%	599	100.0%	0.0%

Distribution Across Top 50 Companies

A bi-modal distribution is again evident when looking at the number of firms and percentage of minorities in all executive positions; this time with the peaks occurring at 11 – 25% (similar to board representation) but also evident with firms who had zero minority representation in their executive ranks. While this has trended downward, it is still concerning that in 2020, 10 out of the top 50 companies in Chicago do not have any minority representation in their executive ranks (Figure 8).

Figure 8: Number of Top 50 Companies by Percentage of Minority Executives (2012-2020)



How Chicago United Member Companies Compare

Chicago United member companies have a slightly higher percentage of minorities when looking at all executive positions compared to non-member companies. The difference in representation between Chicago United members and non-members in the top 50 companies is about one percentage point for each ethnic group examined (Tables 12 and 13).

Comparison to National Statistics

When comparing 2020 local data to national for ethnic minority representation in all executive positions (Table 17), the percentages are close, with the Chicago Top 50 leading slightly for African American executives (5.5% vs. 3.2%) and Hispanic executives (5.0% vs. 4.3%). Asian Americans are the ethnic minority group most represented at the national level in senior executive positions.

Table 12: Minority Status of Executives of Top 50 Companies in Chicago by Chicago United Membership Status, 2020

	Member		Non-Member	
	n	%	n	%
Non-Minority	107	82.9%	393	83.6%
Minority	22	17.1%	72	15.3%
Unable to Verify Ethnicity	0	0.0%	5	1.1%
Total	129	100.0%	470	100.0%

Table 13: Ethnicity of Executives of Top 50 Companies in Chicago by Chicago United Membership Status, 2020

	Member		Non-Member	
	n	%	n	%
Caucasian	107	82.9%	393	83.6%
African American	8	6.2%	25	5.3%
Hispanic	8	6.2%	22	4.7%
Asian	6	4.7%	25	5.3%
Unable to Verify Ethnicity	0	0.0%	5	1.1%
Total	129	100.0%	470	100.0%

Table 17: Comparison of All Executives in Top 50 Chicago Companies to National

	Chicago Top 50	National (Fortune 100 companies)
Caucasian	83.5%	85.2%
African American	5.5%	3.2%
Hispanic	5.0%	4.3%
Asian	5.2%	5.9%
Unable to Identify	0.8%	-

Source for National Statistics: Equal Employment Opportunity Commission/The Conversation, CC-BY-ND, Source: JD Swerzenski, University of Massachusetts Amherst as reported in Fast Company 1/28/20

The Top Companies for Diversity

Typically, we highlight the top five companies that stand out as leaders among the Top 50 publicly traded Chicago companies with respect to ethnic diversity on both their boards and in their leadership ranks. Given the closeness in percentages among companies, we are showcasing the top 10 in 2020.

The companies are presented in rank order according to the combined percentages of the director and executive categories. (This is a sum of the percentages vs. total and so could exceed 100%*). Their revenue rankings also are represented, as determined by Crain's Chicago Business (Table 14). Kraft Heinz Co. and Archer Daniels Midland maintain their rankings as the top two. NiSource makes its debut in the top 5 at No. 3. Deere & Co. and Tenneco regain their standings in the top 5 from previous years. Chicago United member companies, Northern Trust and

Baxter International are closely matched with the top 5 companies on this list, followed by Ingredion, Discover Financial Services and Anixter.

Table 14 also shows the changing ranks (relative to diverse leadership representation) among those companies in the Top 5 between 2012 and 2020. The combined percentages of minority directors and executives for 2020 has fluctuated somewhat from 2018; however, this appears to be due to the total spots for directors and officers fluctuating, as the number of minorities in these positions has not significantly changed. Note, for example, that the combined percentage for Kraft Heinz is notably higher than it was in 2018, but this is due primarily to the fact that the total number of positions shrunk from 30 to 22 while the number of ethnic minorities in these positions remained the same.

Table 14: Rank Order Trends for the Top 5 Companies for Diversity Amongst the Top 50 Chicago Based Companies

2020 Rank by Combined Percentage	Company	Total Directors	Minority Directors	Percentage Minority Directors	Total Executive Officers	Minority Executive Officers	Percentage Minority Executive Officers	Combined Count for Top 5	Combined% for Top 10	Revenue Rank
1	Kraft Heinz Co.	11	3	27%	11	9	82%	12	109%*	11
2	Archer Daniels Midland Co.	11	5	46%	23	7	30%	12	76%	3
3	NiSource Inc.	12	4	33%	18	4	22%	8	55%	42
4	Deere & Co.	11	3	27%	8	2	25%	5	52%	8
5	Tenneco Inc.	11	2	18%	12	4	33%	6	51%	23
6	Northern Trust Corp	14	5	35.7%	13	2	15.4%	7	51.1%	38
7	Baxter International Inc.	12	3	25.0%	23	6	26.1%	9	51.1%	19
8	Ingredion, Inc.	11	3	27.3%	14	3	21.4%	6	48.7%	35
9	Discover Financial Services Inc.	11	2	18.2%	10	3	30.0%	5	48.2%	18
10	Anixter International Inc.	14	2	14.3%	9	3	33.3%	5	47.6%	27

2018 Rank by Combined Percentage	Company	Total Directors	Minority Directors	Percentage Minority Directors	Total Executive Officers	Minority Executive Officers	Percentage Minority Executive Officers	Combined Count for Top 5	Combined% for Top 10	Revenue Rank
1	Kraft Heinz Co.	11	3	27%	19	9	47%	12	75%	9
2	Archer Daniels Midland Co.	11	5	45%	22	6	27%	11	73%	3
3	Ingredion, Inc.	11	3	27%	11	4	36%	7	64%	33
4	W.W. Grainger Inc.	11	3	27%	7	2	29%	5	56%	21
5	AbbVie	10	2	20%	10	3	30%	5	50%	11

2016 Rank by Combined Percentage	Company	Total Directors	Minority Directors	Percentage Minority Directors	Total Executive Officers	Minority Executive Officers	Percentage Minority Executive Officers	Combined Count for Top 5	Combined% for Top 10	Revenue Rank
1	Archer Daniels Midland Co.	12	5	42%	19	4	21%	9	63%	2
2	Baxter International Inc.	12	4	33%	12	2	17%	6	50%	16
3	AbbVie	9	2	22%	10	2	20%	4	42%	14
4	Northern Trust	12	5	42%	14	0	0%	5	42%	38
5	Deere & Co.	11	3	27%	24	2	8%	5	36%	6

2014 Rank by Combined Percentage	Company	Total Directors	Minority Directors	Percentage Minority Directors	Total Executive Officers	Minority Executive Officers	Percentage Minority Executive Officers	Combined Count for Top 5	Combined% for Top 10	Revenue Rank
1	McDonald's Corporation	13	4	31%	18	5	28%	9	59%	11
2	Tenneco Inc.	8	2	25%	28	6	21%	8	46%	25
3	Walgreens	13	2	15%	11	3	27%	5	43%	3
4	Exelon Corp.	15	4	27%	19	3	16%	7	42%	12
5	Mondelez International Inc.	12	3	25%	13	2	15%	5	40%	9

2012 Rank by Combined Percentage	Company	Total Directors	Minority Directors	Percentage Minority Directors	Total Executive Officers	Minority Executive Officers	Percentage Minority Executive Officers	Combined Count for Top 5	Combined% for Top 10	Revenue Rank
1	McDonald's Corp.	14	4	29%	12	4	33%	8	62%	10
2	Office Max Inc.	8	3	38%	8	1	13%	4	50%	24
3	Tenneco Inc.	8	3	38%	11	1	9%	4	47%	29
4	Exelon Corp.	18	4	22%	30	7	23%	11	46%	13
5	Molex Inc.	3	3	23%	9	2	22%	5	45%	44

Summary

The landscape has been fairly constant and predictable during our years of analysis. The data collection has occurred during a period when the U.S. and local economy were recovering from the Great Recession. Talent demand was also relatively high during this time period, as employers continued to struggle to meet internal skill needs. While modest, there have been some encouraging upticks; but growth and change have been slow. The numbers, however, do not reveal whether increases are due to external hires vs. internal promotions; but leading practices tell us that both a

“build” and “buy” strategy are necessary to increase racial/ethnic diversity on boards and in senior level roles.

We will observe closely to see what impacts, if any, the 2020 global pandemic and cries for racial justice will have and how this will translate to diversity on the boards and in the executive leadership ranks of Chicago's Top 50.

In our next section - Forecast – we provide a snapshot of how racial/ethnic diversity in the talent pipeline (middle management ranks) has evolved over the last 25 years and how it is projected to trend in the next 25.

FORECAST

Recent Developments in Middle Management Diversity

Here's What You Need to Know:

- Black representation in middle management was roughly 49% in 2018, down from 51% in 2007.
- Hispanic workers had a similar middle management representation as Black workers in 2007 but have gradually improved their share and now stand at 57%, 8 percentage points higher than Black representation.
- Asian workers have had a strong upward trend in recent years, to the point that Asian representation reached 100% in 2013 and has exceeded that threshold since.
- In Chicago, representation for Asian middle managers is improving and remains well above the large city average.
- Black middle management representation has been steadily slipping and has been below the large city average since 2012.
- Chicago has consistently ranked near the bottom on Hispanic middle management representation since the data was first collected in 2007.
- Some industries are outperforming their peers on diverse middle management representation, transportation and warehousing (for Hispanic managers), education services (for Black managers), and administrative and support and waste management and remediation services industry (for Asian managers).

Our conversations with the Corporate Diversity Task Force, the group of DE&I leaders that helped us identify relevant subject-matter for this publication, revealed that there was a pervasive lack of diverse representation in the middle management ranks in many corporations. The long-term result affects the diversity of the talent pipeline, and succession planning.

This section contains an analysis of trends in middle management diversity by Daniel Aaronson, Amanda McFarland, and Thomas Walstrum of the Federal Reserve Bank of Chicago. They show that Women,

Hispanic, and Asian workers have made noticeable progress in middle management over the past two decades. Black workers have not, and by some measures, have even lost ground in recent years. With the exception of Asian workers, minority groups remain substantially underrepresented in middle management today, relative to their share of the overall labor force.

In general, these diversity trends tend to move in parallel over time across cities and industries. Nevertheless, as discussed below, a few cities and industries stand out on the low and high side. For

example, in Chicago, Asian representation in middle management is higher than in most other large cities, but Hispanic representation is noticeably low, and Black representation is declining faster than in other large cities.

In light of the historic events of 2020, it is important to emphasize that data for this study is available only through 2018. There is no way to predict how the COVID-19 pandemic or the growing support for Black Lives Matter and other vehicles of racial and social protest in the aftermath of the death of George Floyd (and others) might influence management diversity in the future. But if recent trends continue uninterrupted, most minority groups will take many decades to reach representation in management that is comparable to their representation in the overall labor force.

The Data

There are Two Key Sources of U.S. Data on Management Diversity

1. The U.S. Equal Employment Opportunity Commission's EEO-1 survey (EEOC)

The EEOC collects data on race, gender, occupation (including management), industry, and location for firms with at least 100 employees, as well as federal contractors with at least 50 employees. Publicly available data dates back to 1995. An unusual feature of the EEOC data collection effort is that, starting in 2007, middle management was distinguished from senior management positions. The primary limitation of the EEOC data is that they do not cover small firms and government and, therefore, may not provide a complete and representative picture of middle management diversity. In 2018, the firms in the EEOC employed about 35% of the overall civilian labor force.

2. The Census Bureau's American Community Survey (ACS)

The ACS is an annual mini-census initiated in 2001 that currently surveys about 3.5 million households per year. The main advantage of the ACS is that it provides a representative sample of the U.S. population, including employees at small firms and government. However, in other respects the data is inferior to the EEOC. Whereas the EEOC consistently collects employment counts from employers, the ACS relies on worker self-reports about their occupation. And some may misreport manager status. Moreover, ACS respondents are not asked to indicate whether they are in middle or senior management.

Together though, the EEOC and ACS provide a comprehensive picture of diversity in U.S. management over the past quarter century.

Corporate Inclusion Institute

It's a fact that companies in the top quartile for racial and ethnic diversity see financial returns above national industry medians.* But laying the groundwork for a cohesive and diverse workforce takes vision and structure. This value proposition is at the heart of the Corporate Inclusion Institute (CII).

Chicago United founded CII in 2019 to help organizations harness the power of inclusion and deliver inclusive cultural transformation. Through CII's rigorous program, corporations are improving their employee experience and retention – and strengthening their ability to return value to shareholders. During an intensive nine-month program, the Institute engages participants in the project of diversity and fosters a network that speeds its adoption. Group learning and a one-on-one coaching relationship provide the knowledge, tools, and support necessary to drive performance.

The Institute's program empowers organizations by simulating on-the-job DE&I training and equipping participants with proven, practical, and actionable tools to apply in real time. Structured coaching sessions reinforce these techniques, while participants are encouraged to immediately adopt its techniques to manage themselves and others in their organization. Each year's cohort starts in the January/February timeframe.

To find out how your organization can benefit from the Corporate Inclusion Institute, [click here](#).



* Source: <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

Recent Trends in Middle Management Diversity

The following formula is used to track representation of a demographic group in middle management:

$$\text{Representation} = 100 \times \frac{\text{Group's Share of Middle-Management Employment}}{\text{Group's Share of the Labor Force}}$$

This measure compares the share of a group (say, Hispanic women) in middle management jobs with the share of that same group in the overall labor force. For example, if Hispanic women make up 10% of the labor force, but only 5% of middle management jobs, the representation measure is $100 \times 5/10 = 50\%$. If the representation measure is 100%, that means the share of a group in middle management is the same as the share of a group in the labor force. That may loosely be called equal representation. If the representation measure is less than 100%, the group may be considered underrepresented in middle management, and if it is greater than 100%, overrepresented.

The use of the terms “equal,” “over,” and “under” represented are intentionally loose. Sometimes a calculation like the one used here would be adjusted for differences across groups in credentials and skills, including but not limited to, education, experience, tenure, and the many technical, interpersonal, and other skills needed for a job. An important, but somewhat limited, method for making such

an adjustment is an audit study, which sends two otherwise identical candidates to an employer but varies their race or gender and then observes what happens.

Such studies can potentially isolate the role of discrimination from other factors that may lead to differences in management representation, including, but far from limited to, early life access to quality schooling, health, and other institutions, adult access to employment networks, mentors, and training, as well as corporate policies, all of which can be driven partly by discriminatory practices.

The goal of this study is more humble — to document unadjusted trends in middle management diversity. Interested readers should look to the voluminous academic literature in the social sciences to read more about these potential channels and policy prescriptions.¹

¹ The following papers provide overview from economics and sociology: Altonji, Joseph and Rebecca Blank, 1999, “Race and Gender in the Labor Market,” *Handbook of Labor Economics* 3, 3143-3259; Pager, Devah, and Hana Shepherd, 2008, “The Sociology of Discrimination: Racial Discrimination in Employment, Housing, Credit, and Consumer Markets,” *Annual Review of Sociology*, 34, 181-209; Blau, Francine and Lawrence Kahn, 2017, “The Gender Wage Gap: Extent, Trends, and Explanations,” *Journal of Economic Literature* 55(3), 789-865; Lang, Kevin and Ariella Kahn-Lang Spitzer, 2020, “Race Discrimination: An Economic Perspective,” *Journal of Economic Perspectives* 34(2), 68-89; Small, Mario and Devah Pager, 2020, “Sociological Perspectives on Racial Discrimination,” *Journal of Economic Perspectives* 34(2), 49-67.

Race

Figures 3 through 11 show comparable representation plots for Black, Hispanic, and Asian workers and then separately by gender for each of these groups.

According to the EEOC, while there was some mild improvement in Black management representation in the late 1990s, there has been no improvement, and perhaps even some regression, over the past 15 years or so (Figure 3, blue line). Black representation in middle management (purple line) is roughly 49% in 2018, down from 51% in 2007. In other words, a decrease of 3 percentage points over more than 10 years.

Black representation in middle management stands at 51%, while Hispanic representation is 8 percentage points higher, at 57%.

Interestingly, at 67%, the ACS manager measure (red line) is quite a bit higher than the EEOC measure in 2018. This likely reflects a stronger representation of Black managers at smaller firms or government institutions not covered in the EEOC data. Nevertheless, there has been no improvement in the ACS measure either, during the 2010s.

Hispanic workers (Figure 4) had a similar middle management representation as Black workers in 2007 but have gradually improved their share and now stand at 57%, 8 percentage points higher than Black representation. Asian workers (Figure 5) have had a strong upward trend in recent years, to the point that Asian representation reached 100% in 2013 and has exceeded that threshold since. The size of the changes over time in representation are similar for both genders within each racial group (Figures 6 to 11), but women continue to be less represented in middle management than men across all racial groups. Neither Asian nor Hispanic managers exhibit much of a gap between the ACS and the EEOC, all manager measures, suggesting little difference between large and small firm management representation outside of Black managers.

Baxter International

Advancement Through Sponsorship

To ensure the Deerfield-based healthcare giant provides opportunities for advancement for both under-represented minority talent and women, all Baxter vice presidents are required to select at least one senior manager, plus top talent woman or employee, from an under-represented minority to sponsor.

Baxter began this formal program at the end of 2017 with 13 sponsorships and has expanded to more than 150 sponsorships to date. Approximately 80% of its global leadership team are engaged in sponsorship relationships.

Finally, there has been no progress in Black and Hispanic senior management representation since 2007, leaving their representation measure between 20% and 30% (depending on gender and race), a level typically half that of Black and Hispanic middle

management representation. There has been steady improvement of representation of Asian workers, and Asian men in particular reached 100% representation in senior management in the late 2000s, markedly above other minority groups.

Figure 3: Black Manager Representation

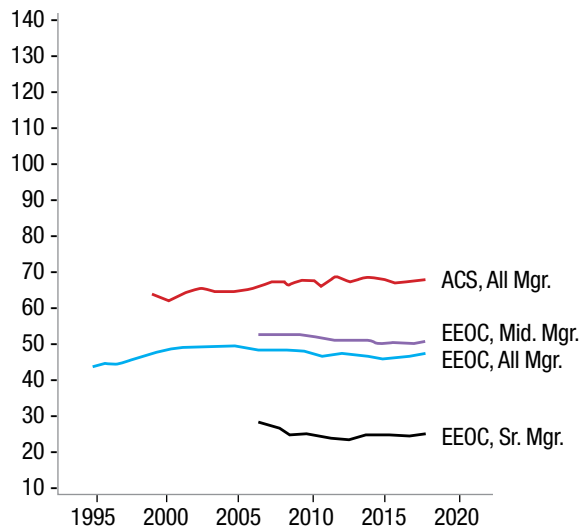


Figure 4: Hispanic Manager Representation

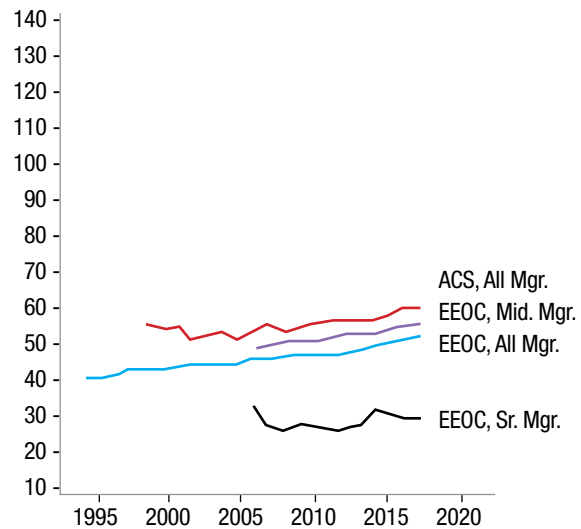


Figure 5: Asian Manager Representation

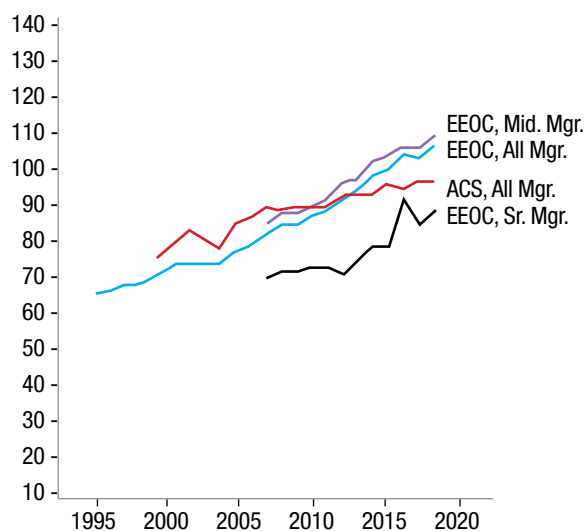


Figure 6: Black Men Manager Representation

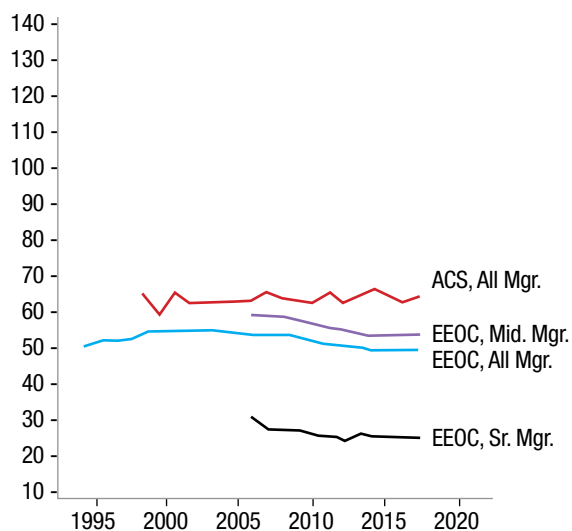


Figure 7: Black Women Manager Representation

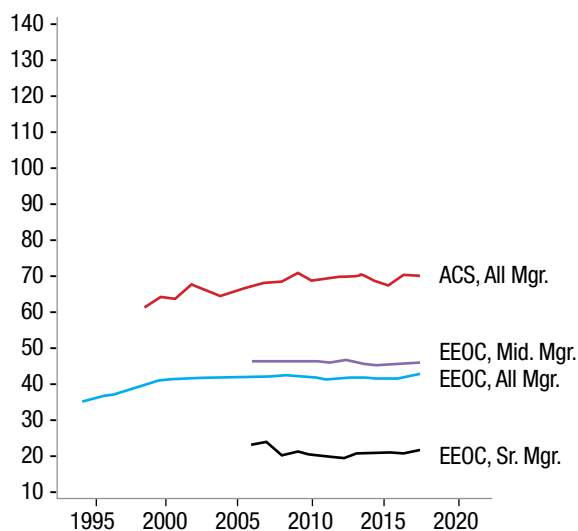


Figure 8: Hispanic Men Manager Representation

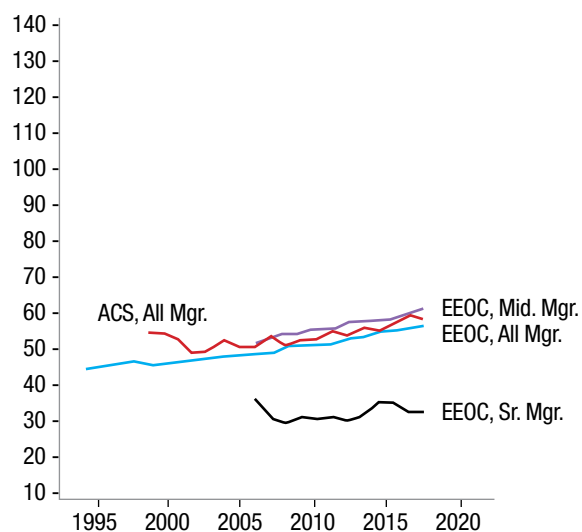


Figure 9: Hispanic Women Manager Representation

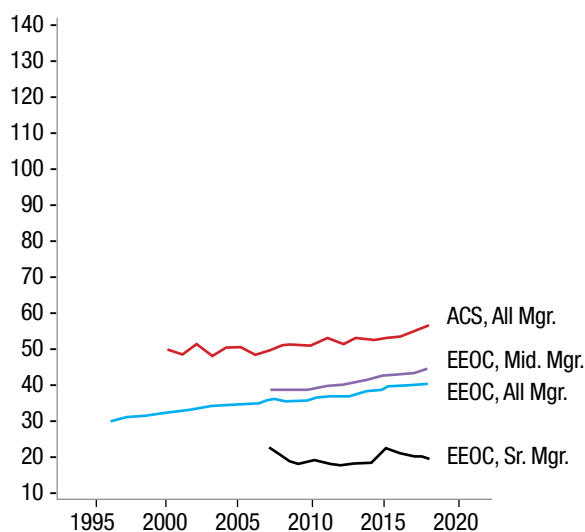


Figure 10: Asian Men Manager Representation

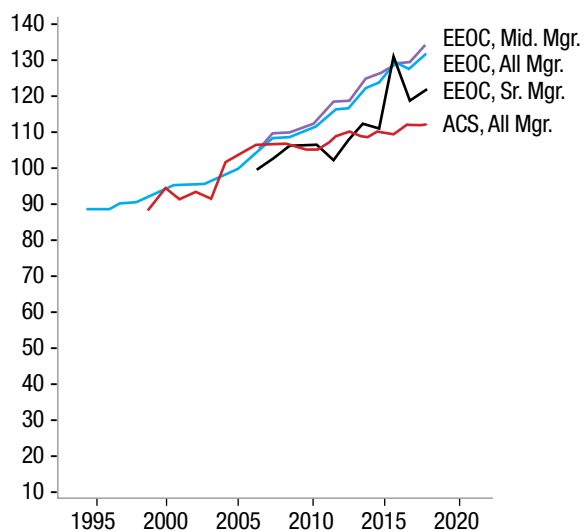
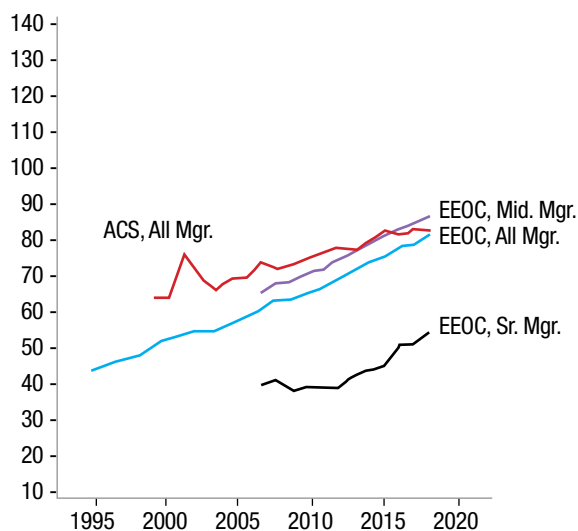


Figure 11: Asian Women Manager Representation



Middle Management Diversity Across Cities

Next, Figures 12 through 15 illustrate how gender and racial representation in middle management has evolved among the 20 most populous metropolitan areas in the United States, with a focus on Chicago's position in the group.³ In each figure, the blue line is the unweighted average of the 20 largest metros except Chicago, the red line is Chicago, and the gray shaded area is the range

between the 25th and 75th percentile cities in each year (i.e., the 5th and 15th ranked out of 20 cities). Of note, the 25-75 percentile range is two to three times wider for Black, Hispanic, and Asian managers than for women managers, reflecting that middle management representation varies more by racial group than by gender in these large cities.

Figure 12: Women Manager Representation, Chicago vs. Other Large Cities

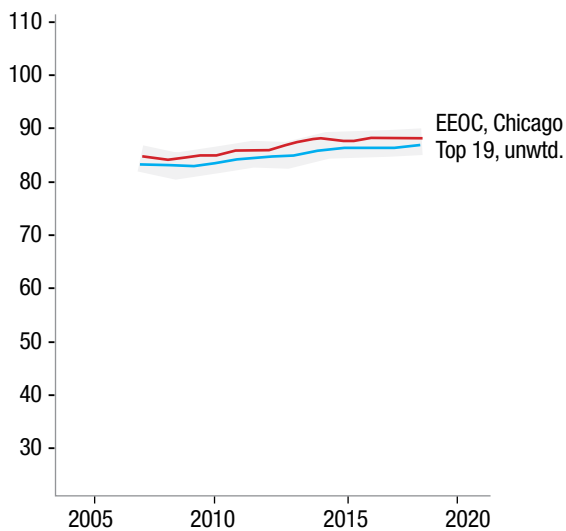


Figure 13: Black Manager Representation, Chicago vs. Other Large Cities

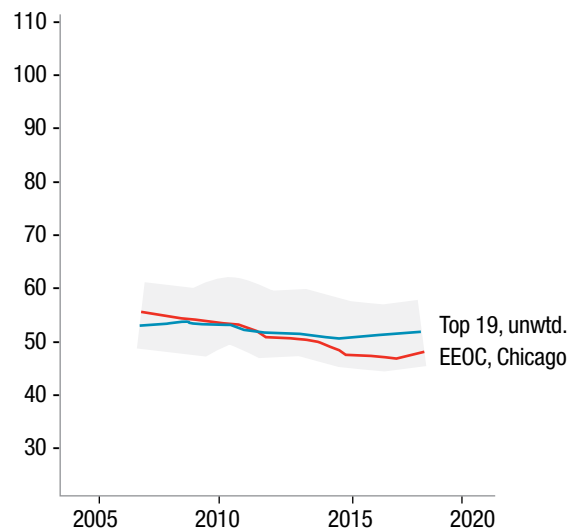


Figure 14: Hispanic Manager Representation, Chicago vs. Other Large Cities

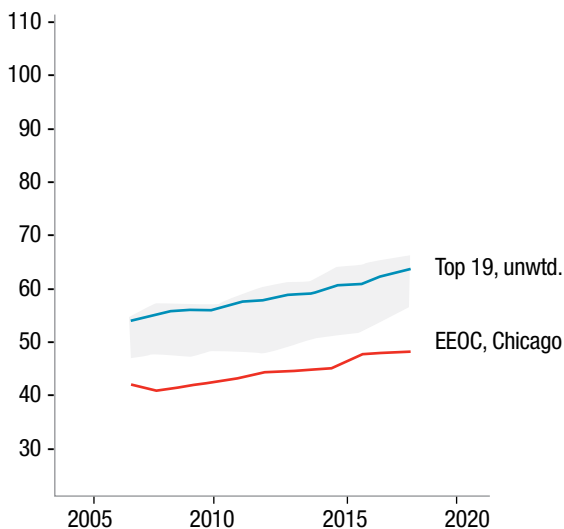
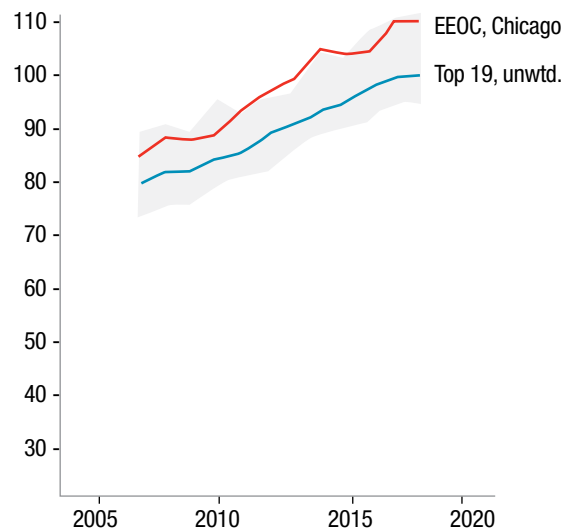


Figure 15: Asian Manager Representation, Chicago vs. Other Large Cities



³ The 20 cities are Atlanta, Baltimore, Boston, Chicago, Dallas, Washington, DC, Detroit, Houston, Los Angeles, Miami, Minneapolis, New York City, Philadelphia, Phoenix, San Bernadino, San Diego, San Francisco, Seattle, St. Louis, and Tampa.

In Chicago, representation for women (Figure 12) and Asian (Figure 15) middle managers is improving and remains well above the large city average. Indeed, since 2014, Asian representation in Chicago's businesses has exceeded 100%. However, Black representation has been steadily slipping and has been below the large city average since 2012. Perhaps most troubling, Chicago has consistently ranked near the bottom on Hispanic

middle management representation since the data was first collected in 2007. Figures 16 and 17 illustrate that Chicago's low level of Hispanic management diversity is evident among both men and women.

In Chicago corporations, the Asian middle management ranks is improving and is well above the large city average.

Figure 16: Hispanic Men Manager Representation, Chicago vs. Other Large Cities

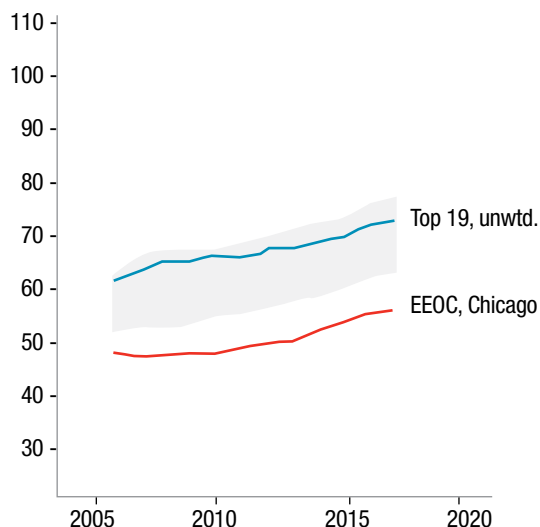
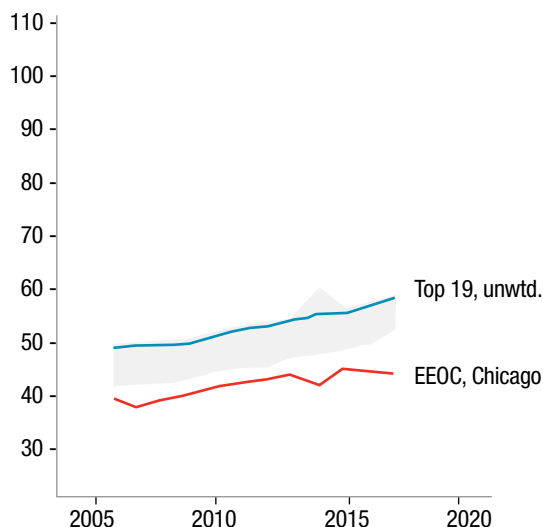


Figure 17: Hispanic Women Manager Representation, Chicago vs. Other Large Cities



A closer view of the 20 largest cities is presented in Figures 18 to 21. Here, the average middle management representation during 2007 and 2008 (horizontal axis) is compared with the same measure in 2017 and 2018 (vertical axis). A three-letter acronym represents each city. To help show whether a city has improved over that decade, each figure includes a solid red 45-degree line, which represents no change. If a city is above the red line, the representation measure went up in 2007–08 and 2017–18, and if a city is below the line, it went down. For example, in Figure 18, Seattle's (SEA) representation of women improved from 91.7% in 2007–08 to 93.9% in 2017–18.

Among women (Figure 18), all 20 cities improved middle management representation over the past decade and currently most are tightly clustered between 80% and 90%. Seattle continues to have a high representation of women, while Houston and Detroit are on the low

side. Hispanic middle management diversity has also improved in every large city since 2007–08 (Figure 19). Miami, San Diego, and Detroit are on the high side, with the latter two making substantial strides over the past decade. Boston and Chicago are noticeably below other large cities on this measure.

Of concern, the lack of national progress in Black middle management representation applies to 19 of the 20 largest cities, with Houston the sole large city to show improvement since 2007, and theirs was quite modest (Figure 20). Black representation in middle management remains highest in San Bernardino and Los Angeles and lowest in Minneapolis and Boston.

Finally, Asian representation is at least 100% in 13 of the 20 large cities, up from two cities in 2007–08 (Figure 21). Minneapolis is a substantial outlier on the low side.

Figure 18: Women Manager Representation, by Large Metropolitan Areas

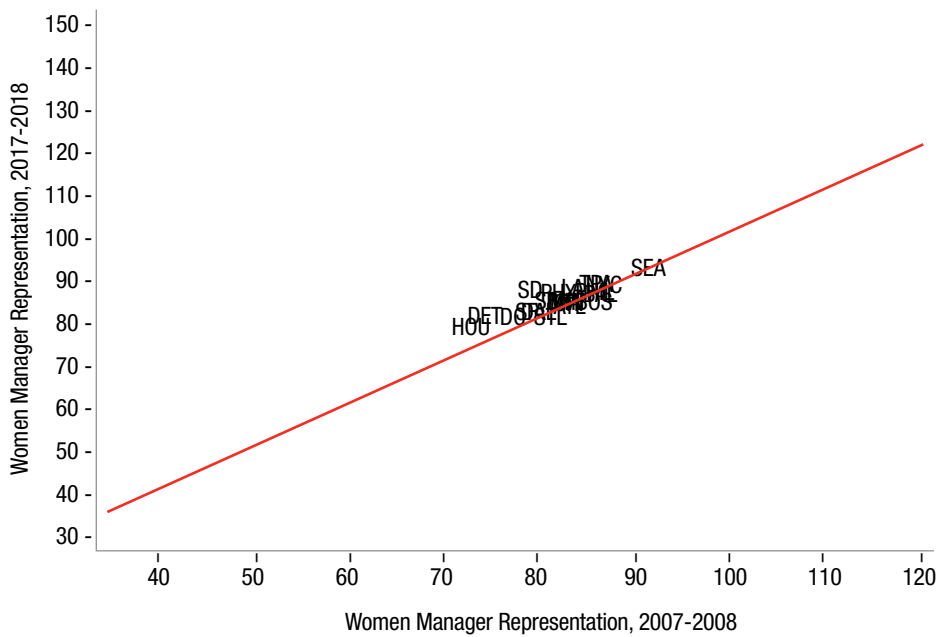


Figure 19: Hispanic Manager Representation, by Large Metropolitan Areas

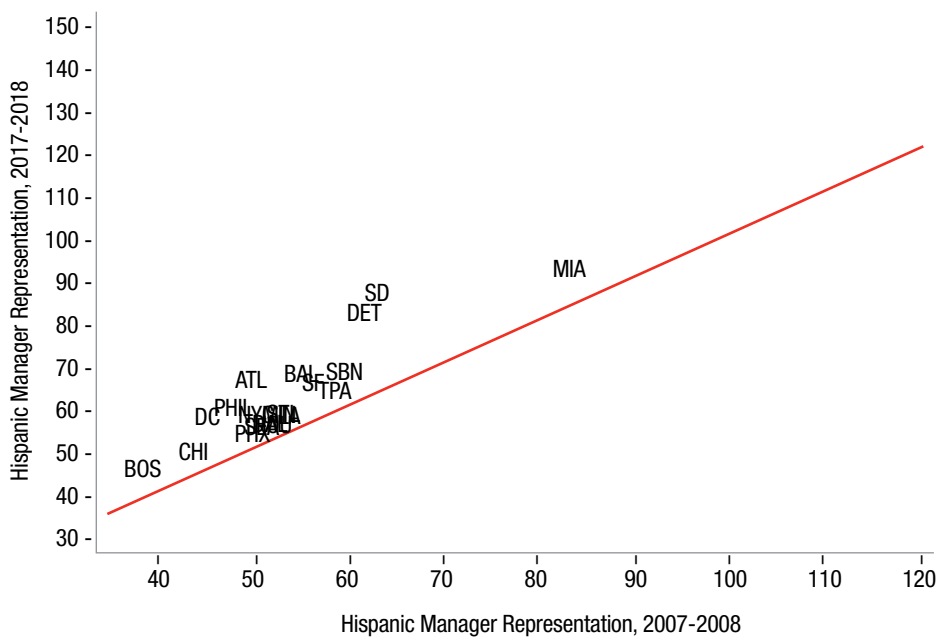


Figure 20: Black Manager Representation, by Large Metropolitan Areas

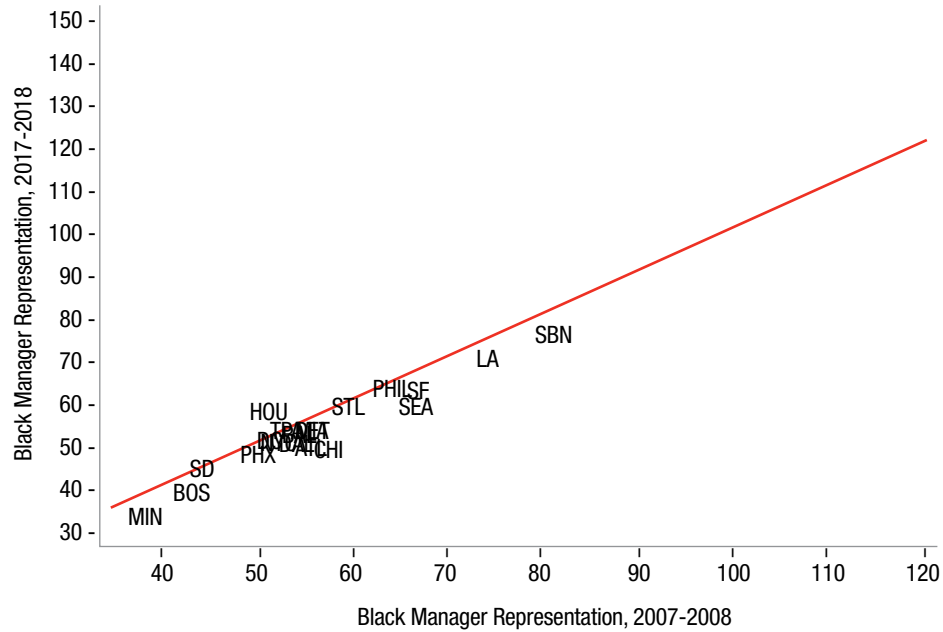
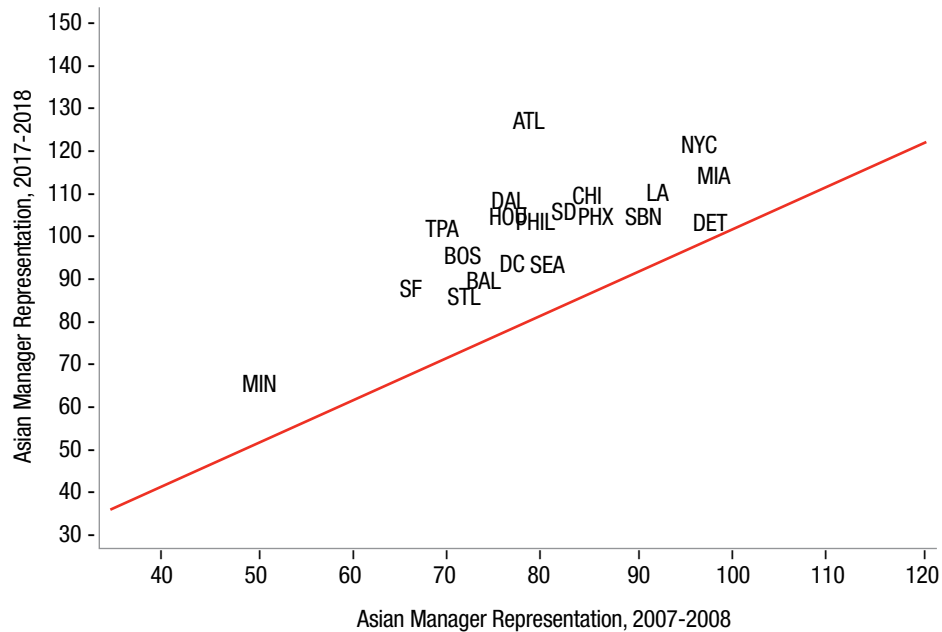


Figure 21: Asian Manager Representation, by Large Metropolitan Areas



Note: City abbreviations for figures 20–23 are: ATL = Atlanta, BAL = Baltimore, BOS = Boston, CHI = Chicago, DAL = Dallas, DC = Washington, DC, DET = Detroit, HOU = Houston, LA = Los Angeles, MIA = Miami, MIN = Minneapolis, NYC = New York, PHIL = Philadelphia, PHX = Phoenix, SBN = San Bernadino, SD = San Diego, SF = San Francisco, SEA = Seattle, STL = St Louis, TPA = Tampa.

Differences Across Industries

Figures 22 to 25 display comparable middle-management diversity scatter plots for 20 major industrial categories.⁴ Along with the three-letter acronym to identify an industry, we surround the industry letters with a circle—the size of the circle indicates the relative size of the industry. For example, the largest circle is manufacturing, which employed just under 21% of workers in 2007–08.

Although the levels are still low in many cases, representation of women, Asian, and Hispanic managers has improved in nearly every industry over the last decade. Black representation is decidedly mixed across industries, with about half showing improvement (including education services, utilities, and real estate and rental leasing) and the other half stagnant or declining.

Figure 22: Women Manager Representation, by Major Industry

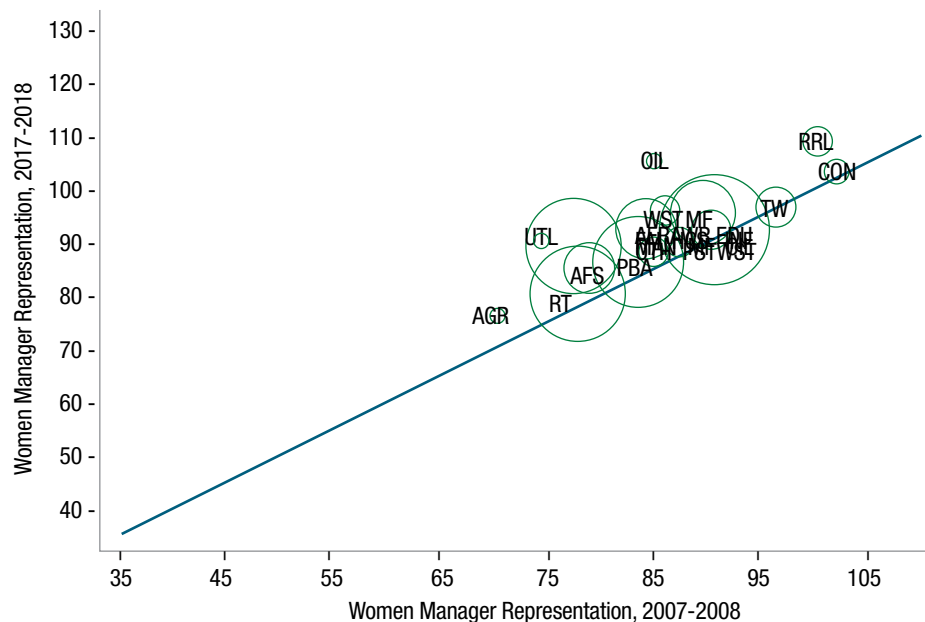
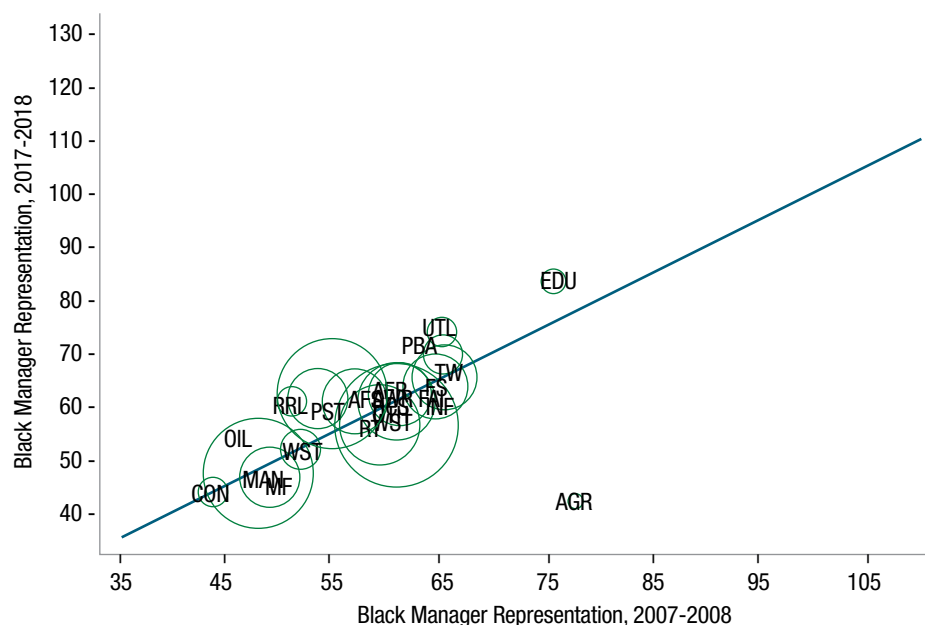


Figure 23: Black Manager Representation, by Major Industry



⁴ The industries (and their NAICS code) are Arts, Entertainment, and Recreation (NAICS 71); Accommodation and Food Services (NAICS 72); Agriculture Forestry Fishing and Hunting (NAICS 11); Administrative and Support and Waste Management and Remediation Services (NAICS 56); Construction (NAICS 23); Educational Services (NAICS 61); Finance and Insurance (NAICS 52); Health Care and Social Assistance (NAICS 62); Information (NAICS 51); Management of Companies and Enterprises (NAICS 55); Manufacturing (NAICS 31-33); Mining, Quarrying, and Oil and Gas Extraction (NAICS 21); Other Services (except Public Administration); (NAICS 81); Public Administration (NAICS 92); Professional Scientific and Technical Services (NAICS 54); Real Estate and Rental and Leasing (NAICS 53); Retail Trade (NAICS 44-45); Transportation and Warehousing (NAICS 48-49); Utilities (NAICS 22); and Wholesale Trade (NAICS 42).

Management representation of Asians, Hispanics and Women has improved in nearly every industry over the last decade.

Figure 24: Hispanic Manager Representation, by Major Industry

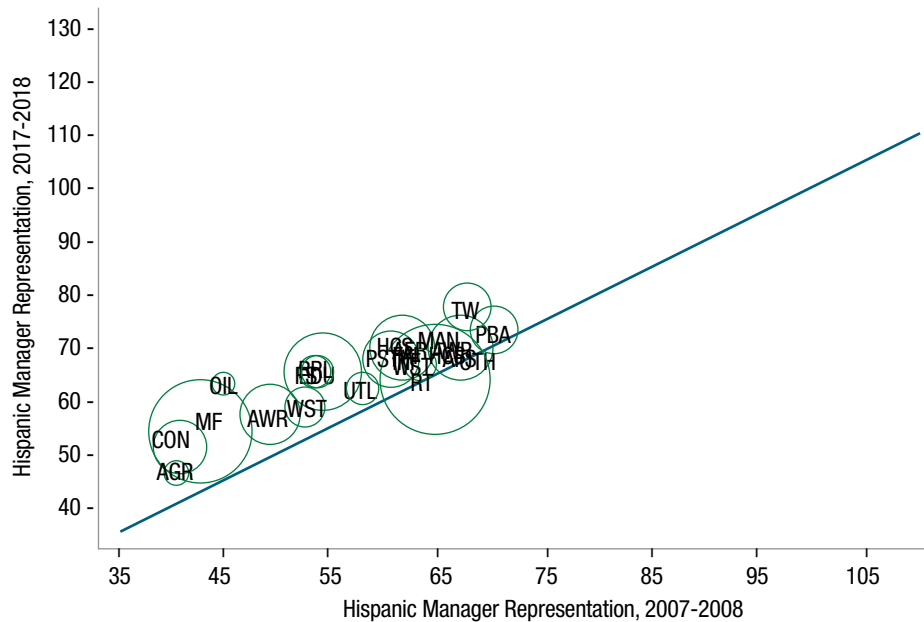
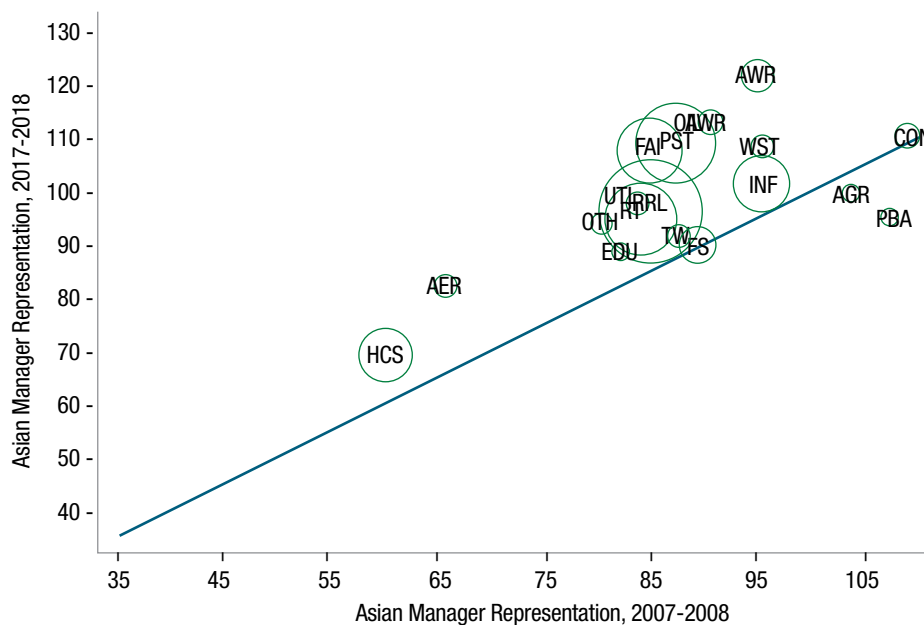


Figure 25: Asian Manager Representation, by Major Industry

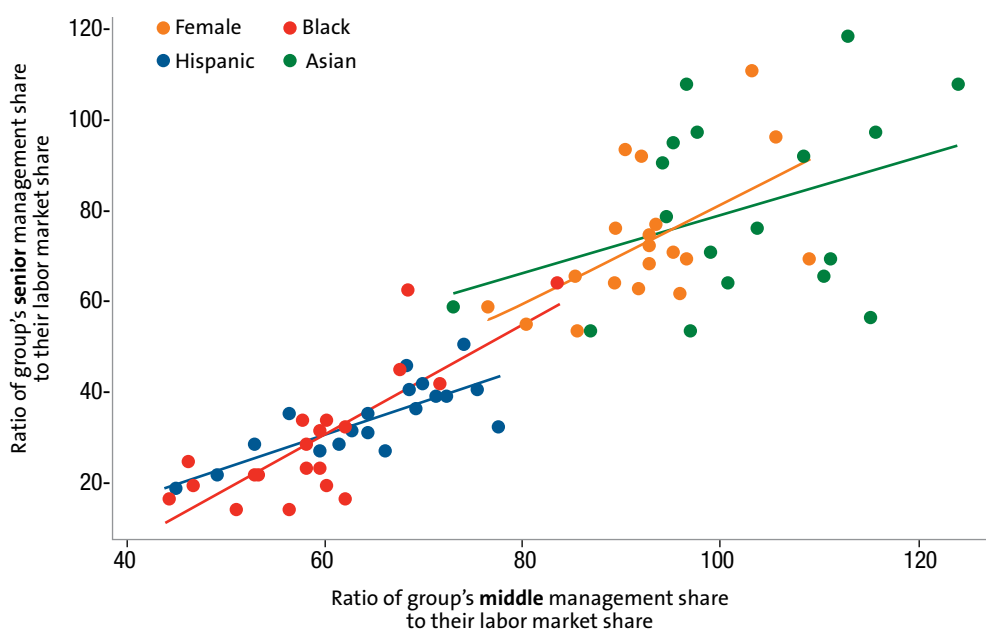


Note: AER = Arts, Entertainment, and Recreation (NAICS 71); AFS = Accommodation and Food Services (NAICS 72); AGR = Agriculture Forestry Fishing and Hunting (NAICS 11); AWR = Administrative and Support and Waste Management and Remediation Services (NAICS 56); CON = Construction (NAICS 23); EDU = Educational Services (NAICS 61); FAI = Finance and Insurance (NAICS 52); HCS = Health Care and Social Assistance (NAICS 62); INF = Information (NAICS 51); MAN = Management of Companies and Enterprises (NAICS 55); MF = Manufacturing (NAICS 31-33); OIL = Mining, Quarrying, and Oil and Gas Extraction (NAICS 21); OTH = Other Services (except Public Administration); (NAICS 81); PBA = Public Administration (NAICS 92); PST = Professional Scientific and Technical Services (NAICS 54); RRL = Real Estate and Rental and Leasing (NAICS 53); RT = Retail Trade (NAICS 44-45); TW = Transportation and Warehousing (NAICS 48-49); UTL = Utilities (NAICS 22); and WST = Wholesale Trade (NAICS 42).

Some industries are outperforming their peers on representation. These include mining, quarrying, and oil and gas extraction (for women), real estate and rental leasing (for women), construction (for women), transportation and warehousing (for Hispanic managers), education services (for Black managers), and administrative and support and waste management and remediation services industry (for Asian managers).

Some are lagging behind. These include agriculture, forestry, fishing, and hunting (for Black, Hispanic and Women managers), construction (for Black and Hispanic managers), manufacturing (for Black and Hispanic managers), retail trade (for Black and Women managers), administrative and support and waste management and remediation services industry (for Black managers), and health care and social assistance (for Asian managers).

Figure 26: Senior vs. Middle Management Representation, by Industry, 2017-2018



Finally, Figure 26 highlights the strong association between the level of industry representation in senior management and middle management. On the horizontal axis, we plot middle management representation in the four main demographic groups—Black (red), Hispanic (blue), Asian (green), and women (orange). A dot represents an industry-demographic group in 2017–18. The vertical axis shows the same calculation for senior management.

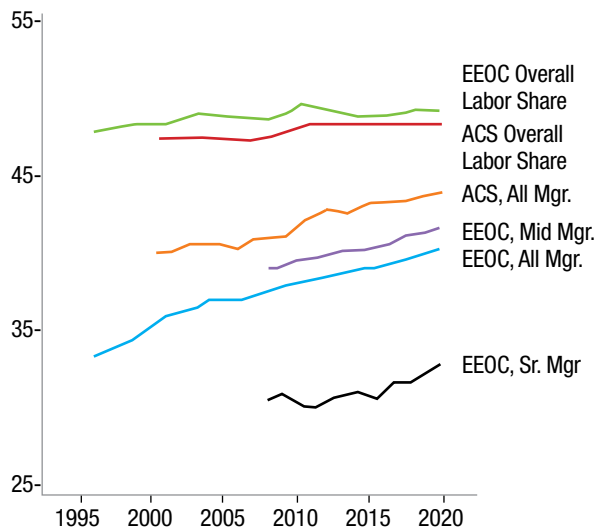
To easily visualize the relationship, the solid lines represent the best fit relationship between senior- and middle management representation within each group.

The upward sloping lines reflect that industries with a higher level of senior management representation also tend to have a higher level of middle management representation. To be clear, this is not saying that higher senior representation causes higher middle management representation. This is an important conjecture and, if true, may be the result of supporting voices in hiring and promotion decisions. But, such a conclusion would require a careful study using a more detailed dataset than used here. Figure 26 simply shows that industries that are doing better at the senior level also seem to be doing better at the middle management level.

Gender

To begin, Figure 1 decomposes the components of the representation measure by showing different versions of the share of a group in middle management (the

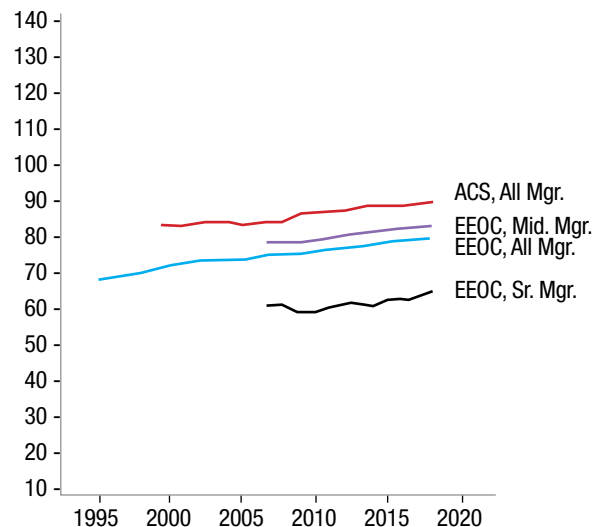
Figure 1: Share of Managers Who Are Women



The bottom four lines of Figure 1 are alternative measures of the share of women in management. The orange line is derived from the ACS and represents the self-reported share of all managers that are women. The blue line shows a similar concept from the EEOC, and the purple and black lines break the EEOC data into middle and senior management, respectively. In 2018, 39% of all managers, 40% of middle managers, and 31% of senior managers were women, according to the EEOC. By comparison, the ACS indicates that 43% of all managers were women in 2018. The ACS provides a higher estimate of female managers than the EEOC for at least two reasons: 1) the share of women in middle management may be higher in small firms and government, which are not included in the EEOC; and 2) some women may self-report as managers in the ACS but not be classified as such in the EEOC. It is also worth noting that the EEOC's estimates of all managers (blue line) and middle managers (purple line) are quite close. That is because 86% of all managers who are women are at the middle management level. It is therefore safe to assume that trends in the ACS, which combine both senior and middle management, largely reflect trends in middle management as well.

numerator) and the share of that same group in the overall labor force (the denominator), using women as an example.

Figure 2: Women Manager Representation



Each of those lines make clear that the share of women in middle management has been increasing steadily for some time. Yet if that progress just reflects the growing share of women in the labor force (the denominator of the representation measure), there would be little change in their representation. However, that is not the case. The green (EEOC) and red (ACS) lines at the top of Figure 1 show the share of women in the labor force. Both datasets indicate that women make up just under 50% of the labor force and this share has been more or less stable over the past two decades.

40% of middle managers are women.

Figure 2 combines the lines reported in Figure 1 to calculate the representation of women in management. According to the EEOC, women's representation in middle management was 83% in 2018, up from 78% in 2007, when data on middle managers is first available. A similar-sized improvement is seen among the all manager measures in the EEOC (blue line) and ACS (red line). This gradual progress dates back to at least the mid-1990s.²

² Indeed, it dates back well before then. Using decennial census data, women's representation in all management rose from 32.9 percent in 1950 to 85.3 percent in 1990.

BMO Financial Group

Long-Term Commitment

BMO has committed to the long term to address inequities and implement relevant solutions. Its Leadership Committee for Inclusion and Diversity (LCID), comprised of 25 senior executives from across the bank, has developed a multi-year strategy to drive performance by excelling at diversity, equity and inclusion.

BMO's vision is to achieve industry leadership by increasing diversity across all levels of the organization through ambitious workforce representation goals.

The company is also focused on helping to build an inclusive culture that retains diverse talent by providing employees with the option to participate in one of 14 Employee Resource Groups (ERGs).

Summary

Important progress has been made in middle management representation of women, Hispanic, and Asian workers over the past decade or two. However, the same has not been true for Black workers. Indeed, by some measures they have fallen farther behind. Moreover, with the exception of Asian workers, minorities and women remain underrepresented in management today relative to their share of the overall labor force. This analysis also sketches some basic facts about representation across industries and large cities.

While many city and industry diversity profiles are similar, much can be learned from the differences. Understanding this variation is well beyond the scope of this analysis but merits substantial research efforts, especially if researchers can gain access to firm-level data. Such work could be particularly valuable in learning about best corporate practices.

WHAT CAN YOUR ORGANIZATION DO NOW?

The data presented in this issue follows a familiar storyline against an unfamiliar backdrop. The purpose of this document, however, is not to lull you into acceptance of the situation, but to reignite advocacy, action and accountability. What can you do as leaders and DE&I practitioners to spark a strategic response within your organizations that matches the unprecedented levels of societal events taking place? It is critical now (even as your organizations are adapting to remote interactions, new workplace norms, and budget adjustments) to continue the strategies and programs that lead to inclusive work environments and strengthen the pipeline of diverse talent and partners with whom you do business.

The value proposition for DE&I is strong. According to May 2020 research conducted by McKinsey & Company:

- Companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above national industry medians.
- Diverse firms have 2.3 times more cash flow per employee.
- Companies with high DE&I see 45% improvement in market share compared to peers.
- Companies with high DE&I have more success in new markets.
- For every 10% increase in racial and ethnic diversity on a firm's senior executive team, EBIT rises 0.8%.
- An overwhelming 84% of directors say board diversity enhances board performance.

The many approaches that lead to impactful DE&I in corporations are holistic and long-term. But they need not be daunting. Chicago United works to meet you wherever you are on your DE&I journey through our programs, resources and rich network of thought leadership. Through our advocacy work, we have built an effective framework for addressing the complex work of corporate DE&I. We offer four solid tactics for corporations addressing DE&I now, in the shadow of the dual pandemics:

1. Ask the Right Questions and Gather Insights from Multiple Sources

The pandemic and heightened awareness of racial inequities provides an opportunity for leadership to revisit internal policies and practices and the impacts on diverse groups. While the recession can be viewed as a challenge for businesses, it does not have to be solved by leaders alone. In fact, the solutions that will resonate and have impact for employees and leaders of color are best informed by their unique experiences and needs during this recession. Reach out to employees across levels and functions; tap into the insights from your ERGs. Listen with an open mind. Disaggregate and take a deep dive into your

Astellas Pharma US

Utilizing Employee Voices

With support from leadership, Astellas' African American Employee Impact Group (EIG – also known as Employee Resource Groups) met with members of the Congressional Black Caucus in Washington, D.C., to share their thoughts on advancing diversity in the workplace and community responsibility.

One business unit partnered with the Asian EIG to review patient education resources for Vietnamese translational errors and colloquial accuracy. Another business unit partnered with the same EIG to gain support from employees who understand urology therapeutics as well as Traditional Chinese terminology to develop culturally appropriate marketing collateral.

Recent consultation from the LGBTQ EIG contributed to the development of the company's Gender Transition Guidelines, and ongoing consultation from the Military EIG has been instrumental in the development of enhanced military leave benefits.

data. Reinforce commitment to DE&I goals with metrics and accountability.

2. Nurture a Culture of Inclusion and Belonging From a Distance

As work teams continue to operate remotely, it may be more difficult to gain a pulse on actual employee emotions and engagement. Failure to do so may result in loss of key talent once the economy rebounds. This is a time to monitor your own emotions and triggers as well as to be observant of dynamics on your team. Keep the one-on-one meetings going. Send out brief surveys to get ongoing feedback. Stay especially attuned to group dynamics in video-conferences. In general, employees of color and women may be excluded from conversations, interrupted or have their comments “whitesplained” or “mansplained” for the group. This dynamic is often augmented in web meetings. Leaders can provide safe forums for conversations about work and societal events. Additionally, you can schedule town halls or opportunities for employees in roles without computer interface to connect through mobile apps and other accessible technology.

3. Keep Employee Development on the Front Burner

This is a challenging time for organizations to focus on those activities that position employees for advancement. But it is imperative, so that pre-recession gains are not lost. Employers whose budgets have been impacted may need to be more creative and put more emphasis on optional

methods (e.g., mentoring) or rely on external partners to assist with employee development. Given organizations may not be able to expand their workforces, it is a good time to look at getting the best out of the talent that is already there. Revisit skills assessments of current talent. Ensure succession pipelines are up to date and include employees of color. Stay tuned to unique development opportunities. Training that highlights change management and agility is particularly relevant now. Additionally, there are probably many small projects related to the pandemic that could provide growth opportunities, as well as web-based opportunities to increase employee visibility with major stakeholders and clients.

4. Manage Communication and Access to Information with Employees and External Partners

Information is power. There are a multitude of resources available to assist employees and MBEs as they adjust to the parameters of working during a pandemic. Employers can maintain an accessible repository of resources for employees and for minority suppliers. This could include links to websites that provide assistance, brief webinars explaining new processes, identification of counseling services and resources for families, etc. It is also a good idea to maintain communication with candidates you’ve connected with prior to any hiring pauses as well as to leverage the insights from external partner organizations (e.g., advisory councils and membership organizations).

In Closing

The COVID-19 pandemic, and resulting recession, have magnified the racial inequities in the workforce and in society; yet they have also shone a light on the resilience, innovation and compassion in the corporate community. The path forward is a collaborative one between the private, public and non-profit sectors.

- Rest assured that Chicago United will be intensifying our collaboration with our member organizations. There is no silver bullet, no secret algorithm. The pathway to making progress is dependent on focus, consistent action and measurable results.
- Chicago United has historically offered forums for our members to discuss real-time issues related to racial inequities in the corporate sector and we will continue to do so. We offer programming to increase the competence of inclusive leaders and emerging diverse talent within organizations and we will continue to do so. Chicago United has vigorously challenged our member corporations to commit to supporting minority-owned businesses within their supply chains and we will continue to do so.
- We look forward to continuing our partnership with you in our quest for racial equity in leadership, boards and business. For more information visit www.chicago-united.org.

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