

Racial and Ethnic Minorities in Leadership: A Case for Justice and Business

by Capella University



WHAT'S COVERED

In this lesson, you will learn about racial and ethnic minority business professionals and leadership. Specifically, this lesson will cover:

1. Executive Gender and Ethnic Diversity
2. U.S. Population
3. U.S. Bureau of Labor Statistics

1. Executive Gender and Ethnic Diversity

In recent years research has demonstrated a correlation between racial and cultural diversity and company profit. According to McKinsey & Company, companies in the top quartile for racial and cultural diversity were 33% more likely to be profitable than companies in the fourth quartile in 2017 (Hunt, Yee, Prince, Dixon-Flye, 2018).

Gender and ethnic diversity are clearly correlated with profitability, but women and minorities remain underrepresented.

Likelihood of financial performance¹ above national industry median, %



¹Average earnings-before-interest-and-taxes (EBIT) margin, 2010–13 in Diversity Matters I and 2011–15 in Diversity Matters II.

²Results are statistically significant at p-value <0.10.

³Results are statistically significant at p-value <0.05.

Executive Gender and Ethnic Diversity

Source: www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity#



BIG IDEA

Despite the correlations between racial and ethnic diversity in organizational leadership, the number of racial and ethnic minorities in these positions remain low.

2. U.S. Population

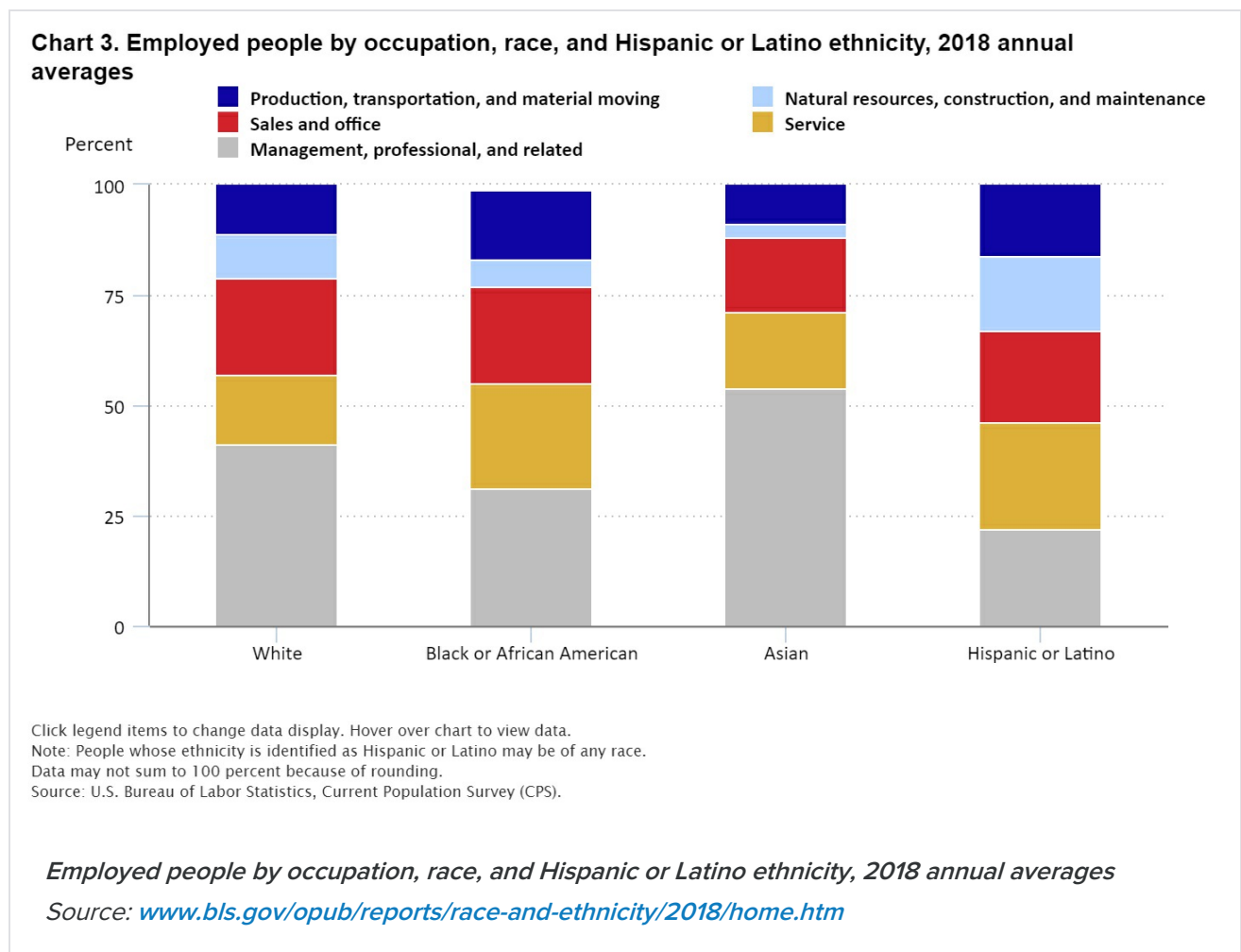
United States Census Bureau data reports that of the nearly 330 million Americans, 76% of the population is white (United States Census Bureau, 2019). Although whites make up most of the U.S. population, the number of racial and ethnic minorities are increasing. It is projected that by 2044 the majority of the United States will be of a minority population (United States Census Bureau, 2015). As the U.S. population of racial and ethnic minorities increases, not only does the workforce need to change, but the leaders who recruit, train, and retain the workforce needs to be more reflective of the population.

3. U.S. Bureau of Labor Statistics

The United States Bureau of Labor Statistics measures labor market activity and productivity amongst other economic metrics. In 2018, data from the U.S. Bureau of Labor Statistics on racial and ethnic minorities in management showed the following statistics:

- Among employed men, 55% of Asian men worked in management, professional, and related occupations, compared with 37% of White men, 26% of Black men, and 19% of Hispanic men.
- Among employed women, 53% of Asian women worked in management, professional, and related occupations, compared with 45% of White women, 36% of Black women, and 27% of Hispanic women.
- Notably, the data further shows that Whites made up 78% of all employed people, but accounted for 90% of chief executives (U.S. Bureau of Labor Statistics, 2019).

Consider the following chart.



When examining this data, it is important to note some key information that requires additional exploration. The first is that while employed Asian Americans are leading in management positions, they are underrepresented in senior leadership positions. Despite education level, years of experience, and the percentage of minorities working in a business, racial and ethnic minorities are underrepresented at the highest levels of companies' leadership. Understanding racial and ethnic minorities in this country and in leadership is essential to increasing the numbers of minority business professionals in leadership positions.

Support

If you are struggling with a concept or terminology in the course, you may contact capellacontentsupport@capella.edu for assistance.

If you are having technical issues, please contact learningcoach@sophia.org.