Charting Better Workplaces: 2020 Report

ChartHop

Why is This Report Different?

While most wage gap data is survey-based or narrowly focused on one part of compensation, ChartHop can access real-time workforce data and provide a comprehensive look at salary and equity across verified gender, race, department and level throughout the tech industry.

Key Findings:

While the gender wage gap still exists, progress is being made.

Men earned **22%** more than women in 2020, compared to **30%** more in 2018.

There is a gap in equity ownership, the biggest driver of wealth in tech.

On average, men have **63%** more ownership in a company than women.
Women make up **40%** of owners yet only own **21%** of the shares.

Seniority is not driving the wage gap as much as we thought.

Men who are individual contributors still earn **22%** more than women.

The gap between Black and White employees is double the gap between men and women.

White employees earn **44%** more than their Black counterparts.

The pay gap for BIPOC (Black, Indigenous and People of Color) is increasing.

White employees earn **24%** more than their BIPOC colleagues.
This is up **6 percentage** points in 2020.

Engineering teams have made big improvements.

The average man in engineering earns **7%** more than the average woman.

Introduction

We believe that data leads to action.

We also believe that in order to build a better, more equitable future, all of us need to know where we stand. This requires taking a look in the mirror and understanding where we have succeeded as a technology industry and where we have fallen short.

Given the ongoing conversations about gender and racial inequities in our industry, this is more important than ever.

In our first annual Charting Better Workplaces report, our goal is to help business leaders understand the state of the tech industry's wage gap. Companies use ChartHop to manage their orgs and people data, giving ChartHop unprecedented insights into real-time salary, equity and organizational structure data, For this report, we aggregated and anonymized the data of more than 16,000 employees from private and public tech companies.

Unlike Charting Better Workplaces, most existing reports are built off of self-reported and/or assumed data, focus on one part of compensation, or don't speak to organizational data at all.

We believe this robust reporting is a novel approach to gleaning nuanced and context-based insights from a company's full breadth of data. As the Charting Better Workplaces report evolves each year, we will bring you expanded insights into leadership across industries, employee performance across departments, and much more.

Many business leaders have spoken out about the need for more equality in the workplace and made plans for how they'll do better in the future. But the pace of progress has not met the intensity of the need, and employees across the country are paying the price.

Businesses today have a unique opportunity to enact meaningful change. The first step is to understand the magnitude of the problem and where they fit into the equation.

To address this ongoing issue, we are sharing anonymized data from companies and employees within the tech industry. With this report, we hope to make the best possible use of our unique data in order to shed light on existing issues and equip leaders with the information they need to chart a course towards a more equitable workplace.

Information inspires action, and wage inequality is a solvable problem.

Let's use this data to chart a course toward better, more equitable workplaces.

A Note on Non-binary Data:

Reporting in a gender-binary framework does not give us the whole picture and contributes to sustained inequality.

Unfortunately, many Human Resource Information Systems (HRIS) do not have an option for Non-binary designations. We are actively working with partners and customers to address this issue.

For now, we can say that the number of Non-binary employees has increased, and the salaries of Non-binary persons are closer to women than men.

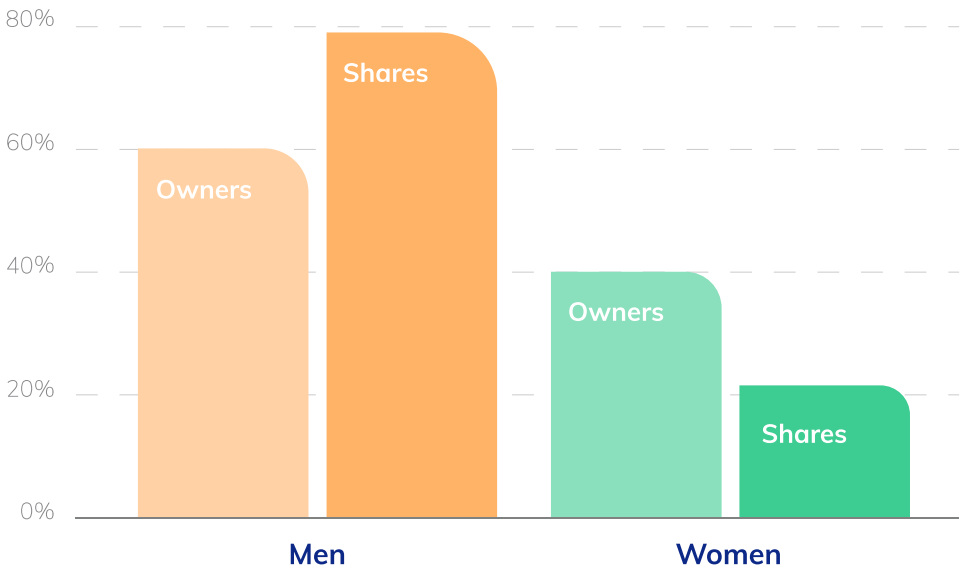
Our goal is to have better defined Non-binary data included in future reports.

Women's Wages Remain an Issue

It is no secret that women have traditionally been dealt the short end of the stick when it comes to wage equality. Our data found that on average, women in the technology industry earn $98,781, while men make **22%** more at $120,716.

Inequalities between men and women in the tech industry are also seen in the distribution of equity in a company, one of the biggest drivers of wealth in this industry. On average, men have **63%** more ownership in a company than women. We also found that while women make up **40%** of owners they only own **21%** of the shares.

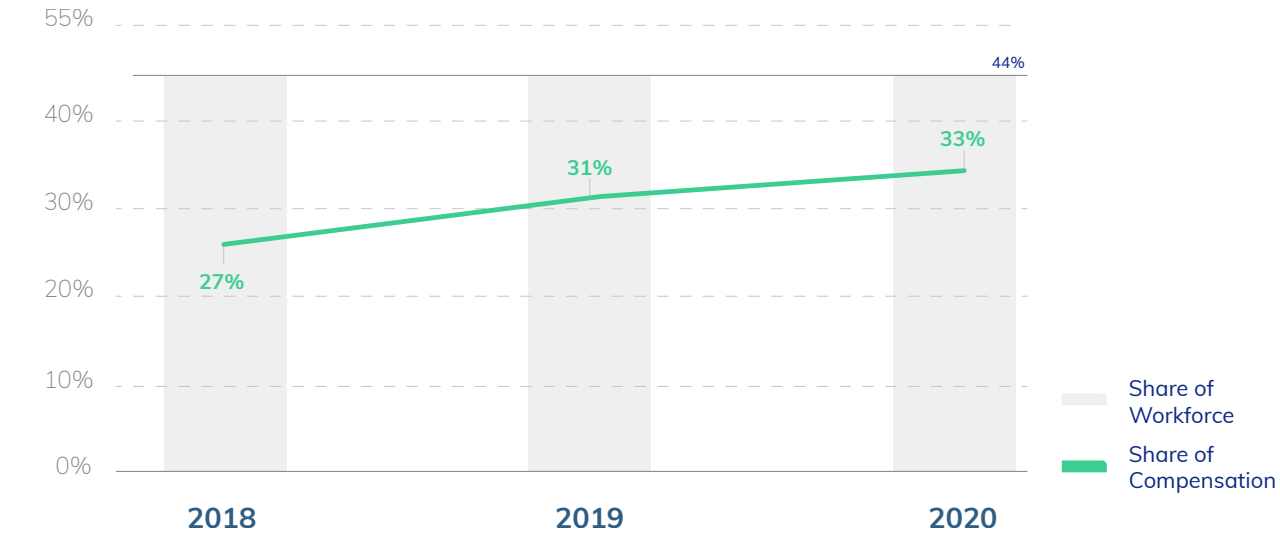
EQUITY DISTRIBUTION BETWEEN MEN AND WOMEN



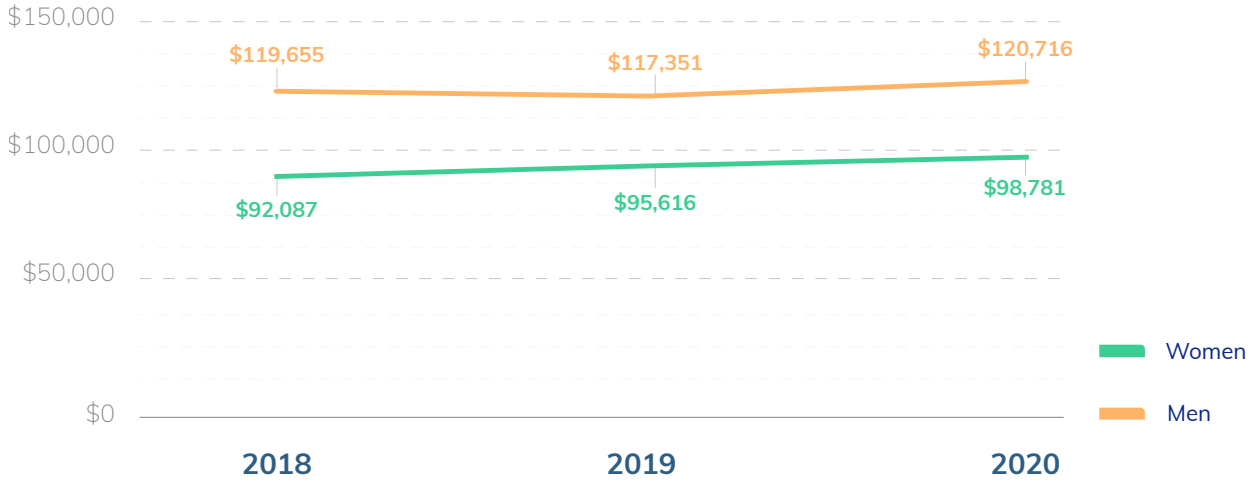
When it comes to salary-based compensation, our research indicates that women are increasingly taking home a larger percentage of compensation. In 2018, women only took home **27%** of the compensation and since then, that number has grown to **31%** in 2019 and **33%** in 2020. While women's representation in the tech industry has remained constant since 2018 at **44%**, and they're still taking home compensation that is disproportionate to their representation in the industry, it's encouraging to see these numbers increase. Furthermore, we found that, on average, while men made **30%** more than women in 2018, that number has decreased to **22%** in 2020.

While we have a long way to go to close the wage gap, progress is being made.

WOMEN'S SHARE OF COMPENSATION VS. WORKFORCE OVER TIME



MEN'S VS. WOMEN'S SALARIES YOY

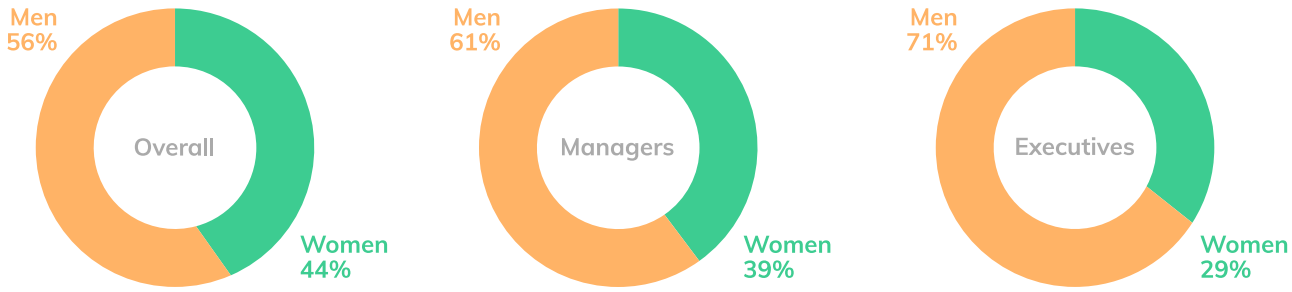


The Role of Seniority

Seniority and position play a vital role in determining salaries and contribute to discrepancies in compensation.

A commonly cited explanation for the existing gender wage gap is that women are less represented in higher paying leadership positions. While we found this to be true -- according to our data, **61%** of managers and **71%** of executives are men -- it doesn't tell the full story.

MEN'S VS. WOMEN'S REPRESENTATION IN MANAGERIAL/EXECUTIVE POSITIONS



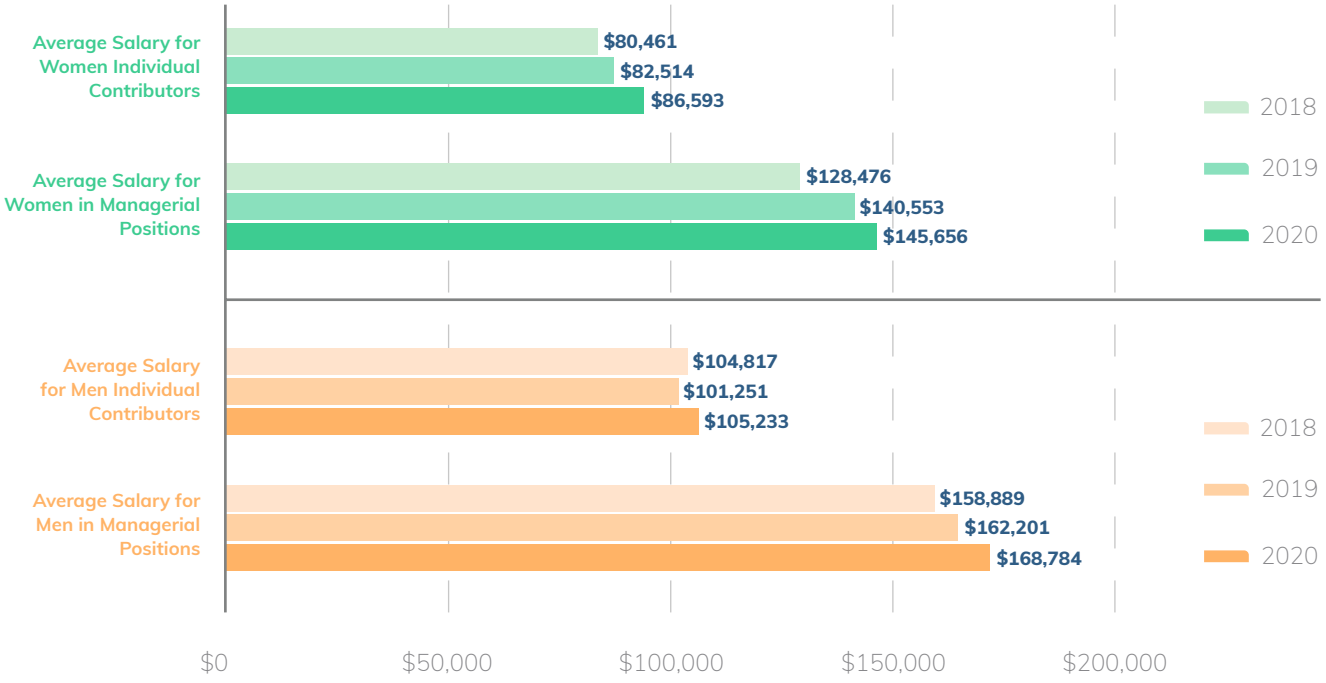
When we tested this theory with our organizational structure data, we actually found that the wage gap is identical among individual contributors.

We define individual contributors as employees who don't manage anyone, signalling that they are less likely to be in a leadership role. When looking at this particular group, we found that individual contributors who are men still earn **22%** more than women. This is the same as the overall average wage gap. While the average salary for a man in an individual contributor role in 2020 was $105,233, the average woman earned just $86,593.

While the lack of equal representation in leadership roles is alarming, we did find that progress is made when the sample size is adjusted to managers and up.

Here, managers who are men make **16%** more than women, with the average man's salary in 2020 coming out to $168,784, and the average woman's salary being $145,656.

INDIVIDUAL CONTRIBUTOR & MANAGER SALARIES BY GENDER



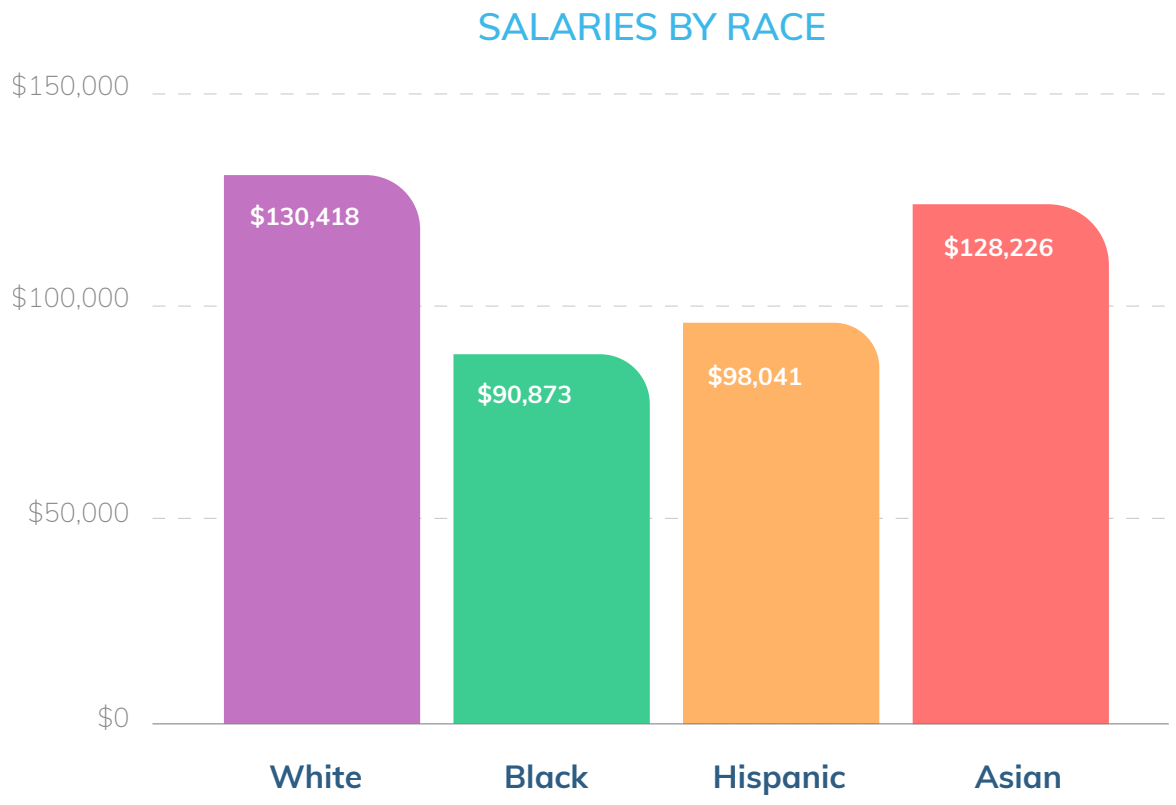
While one might assume that the overall wage gap would fall between that of individual contributors (22%) and managers (16%), the number of managers who are men is much higher than women, bringing the overall average wage gap to 22%.

Wages Across Race Lag in Progress

In addition to gender, our data reveals stark inequalities in compensation and representation across race.

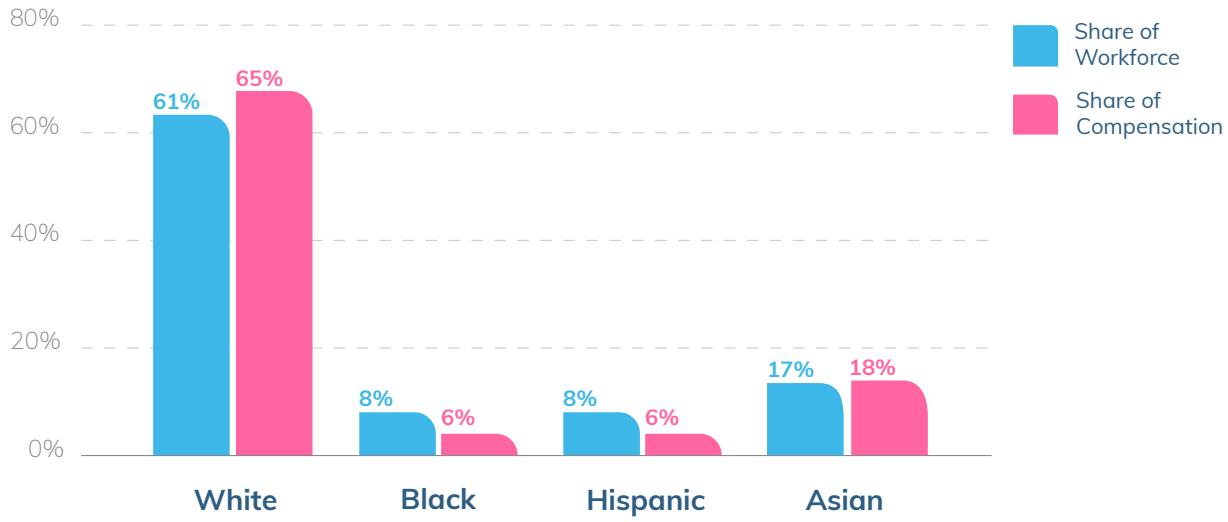
Black and Hispanic employees earn dramatically less money than their White colleagues. In fact, the wage gap between Black and White employees is double the wage gap between men and women.

The average salary for a White employee in 2020 is $130,418. This is **44%** higher than the average salary for a Black employee, which is $90,873. White employees also earn **33%** more than Hispanic employees and **2%** more than Asian employees.



Black employees make up **8%** of this sample's workforce yet only receive **6%** of the compensation. These percentages are the same for Hispanic employees. Although numbers remain low, representation of Black and Hispanic employees has increased since 2018 when they ranged between **4-5%**. On the other hand, White employees make up **61%** of this workforce and take home **65%** of the compensation.

SHARE OF WORKFORCE VS. COMPENSATION BY RACE



Interestingly, the wage gap has gotten bigger when you look at race as a whole.

In 2020, White employees earn **24%** more than their BIPOC (Black, Indigenous and People of Color) counterparts. This is up **6 percentage** points since 2019.

It should be alarming to tech industry leaders that during a time of an ongoing racial justice movement, the BIPOC wage gap is the only percentage from our report that is getting worse.

As an industry, we need to put significant time and effort into determining the cause of this increase in order to continue making progress towards a more equitable workforce.

Wage Gaps by Department: Engineering Shows Progress While Sales Teams Have Work To Do

Data shows that there is still much ground to cover in building fair and equitable workplaces, but the situation improves when you look at pay gaps in engineering departments.

For this study, we looked specifically at individual contributor engineers' salaries and found that in 2020 the average man in engineering earns $130,535, which is **7%** more than the average woman in engineering at $122,180. This is a significantly smaller gap than the overall average of **22%**. Our data shows a substantial decrease in engineering departments' gender wage gap over the last three years.

Engineering teams, typically dominated by men, have received a bad rap over the years for their lack of focus on diversity and inclusion, but that negative attention seems to have spurred action. In recent years, we have seen a heightened focus on educational initiatives and mentorship programs to advance the participation and success of women and BIPOC in STEM fields, and it's working.

The situation starts to look even more positive when you consider the engineering workforce as a whole. Women make up **21%** of the engineering workforce in this sample and they earn **20%** of its total compensation. While there is still a gap that needs to be addressed here, it is less significant than in other areas.

We see this as an encouraging sign that awareness and dialogue can spur real, positive change.

As we seek to address inequality across other teams and industries, taking lessons from the success of engineering teams in increasing diversity could be a good place to start.

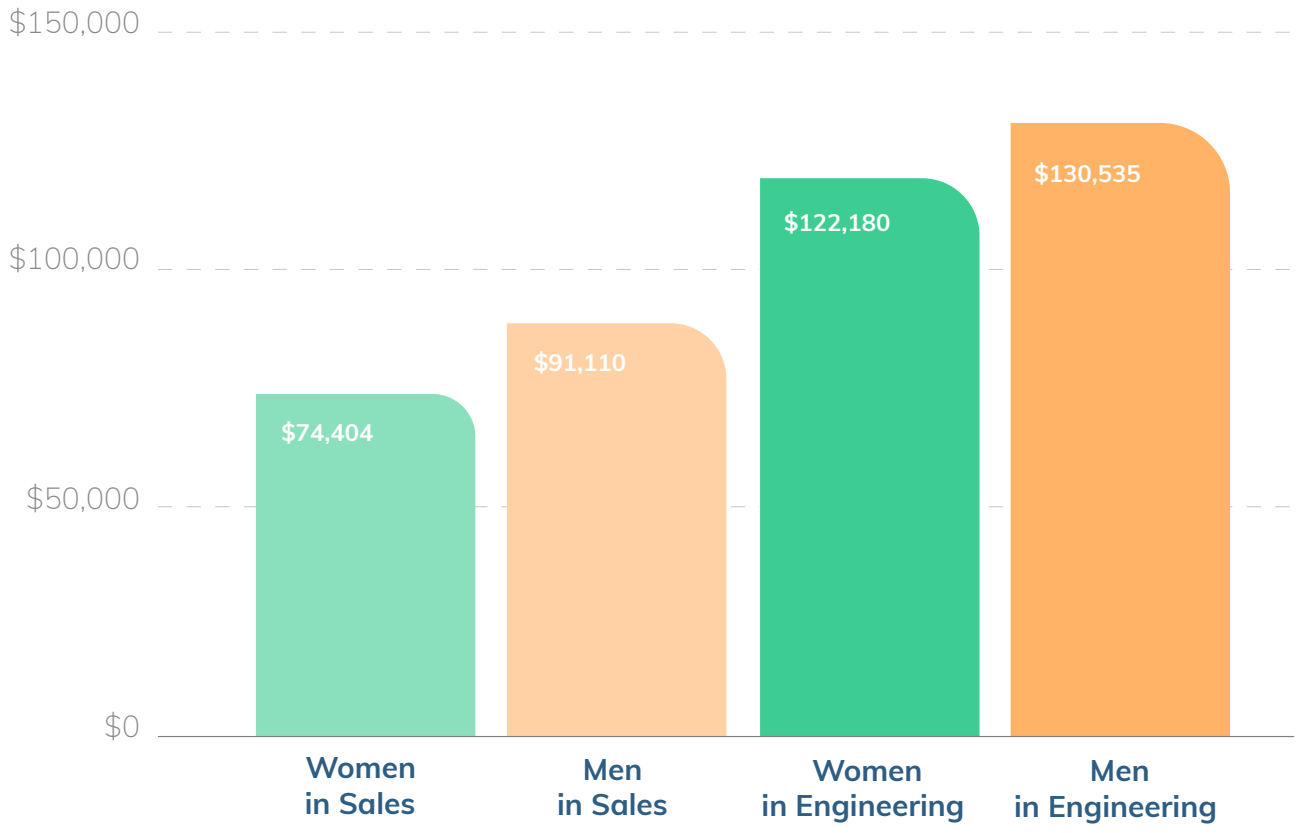
Conversely, sales teams still have a lot of work to do in closing pay gaps along gender lines.

We found that, when excluding employees in management positions, the average man in sales earns **22%** more in base salary at $91,110, compared to women earning only $74,404. While seniority and experience contribute widely to this gap, even entry level roles see a gap of **9%**.

The current gap is also reflected in the share of compensation. In this sample, women make up **33%** of the sales team but only take home **29%** of the sales team's base compensation expenses.

These figures are even more surprising when considering that women make up a larger percentage of sales teams as compared to engineering teams, **21%**, although still less than the average across departments of **44%**.

BASE SALARIES IN SALES VS. ENGINEERING ROLES



Conclusion

This data paints a picture of the issues we must address to reach the levels of fairness and equity we need. The tech industry's diversity and wage problems aren't going to change overnight. We must act now.

Change requires action across the board -- from founders and investors to HR leaders and employees. This is our opportunity to leverage people data for good; to understand where inequalities remain so we can chart a course forward.

Progress on the road ahead will be defined by action, and the best action is informed by tangible data and trackable results.

Here are some immediate steps every organization should consider to help address wage gaps in the workplace:

1. **Begin tracking employee data across multiple dimensions such as race, gender, department and title.**
   Organizations can no longer afford to remain in the dark or outsource the monitoring of this vital information. Armed with the right data, organizations can evaluate compensation on a regular basis and make changes before problems compound.
2. **Build guardrails around compensation and promotion reviews -- and understand the impact of proposed changes before they go into effect.**
   Decrease the bias that arises when proposals are left solely up to manager discretion. Provide data-driven guidelines to ensure bias is taken out of the process. Empower managers with data to understand how their proposed changes impact pay parity across the workplace, before they're submitted for approval.
3. **Make Diversity, Equity, and Inclusion (DEI) progress, figures, and initiatives available to employees and to the public.**
   This ensures accountability towards achieving DEI goals. Build this habit early in your company's life and use it as a driver to build a diverse team from the beginning.
4. **Build clear pathways to management for BIPOC, women, and gender Non-binary people.**
   This will require changing recruiting policies and building objective level structures so employees can be fairly promoted. Advancement structures must also be carefully constructed to remove bias so that all promotions are handled in the fairest manner possible.
5. **Use market rate data to inform compensation decisions and remove room for bias.**
   Rely on data to remove room for potential bias. Focus less on a candidate's current compensation and more on what the market rate is for the role they're being hired for. Think beyond the salary - equity compensation matters.

Let's do this, together.

We are confident that by taking a data-driven approach, we can work together to build the workforce of tomorrow -- one defined and empowered by a diversity of background and opinions, and invigorated by a level of fairness and equity that encourages each one of us to do our best.

Methodology:

The Charting Better Wages report is based on proprietary data, anonymized from a subset of ChartHop's customers. The base pay, total compensation, distribution of equity, genders, ethnicities, titles and departments included in the report reflect data from more than 16,000 employees within the tech industry. To determine the average wage gap, we calculated how much more the higher earner makes than the lower earner. We used anecdotal evidence in instances where data sets were not significant enough to measure, such as with Non-binary data.

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