

Demographic Diversity in U.S. Automotive Manufacturing

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This EBOT explores demographic trends in the automotive manufacturing workforce. While women are underrepresented in the industry, Black workers are represented at a higher level relative to total labor force participation. Both Black and female employment in the automotive industry increased as a share of total automotive employment from 1995 to 2019. However, at the leadership level, the automotive industry appears to lack both gender and racial diversity. Given the strong correlation between executive diversity and positive financial performance, increasing the number of women and Black people in leadership positions may increase the competitiveness of U.S. automotive firms.

Brief history of worker demographics in U.S. automotive manufacturing

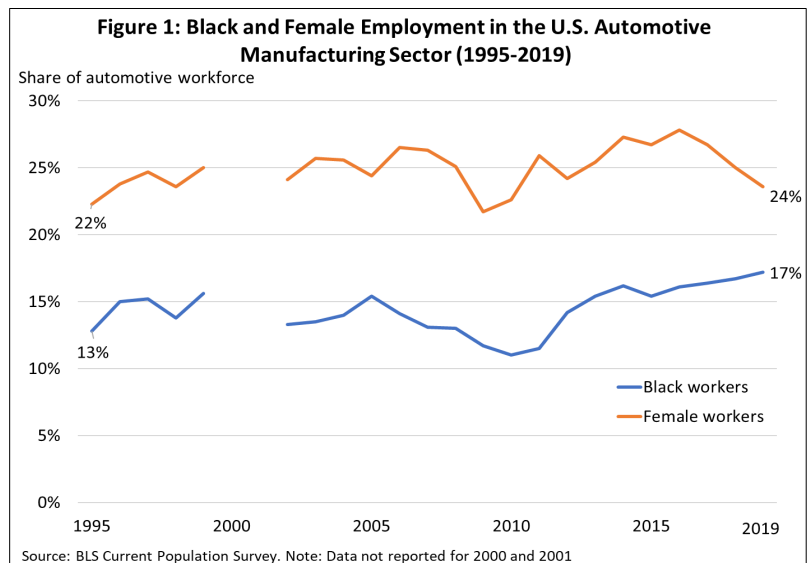
Female employment in the U.S. automotive industry remained relatively stable from 1995 to 2019, starting the period at 22.3 percent and ending the period at 23.6 percent (figure 1). Employment of Black workers in the U.S. automotive industry was relatively stable from 1995 to 2006, then declined during the economic downturn, but since then has increased to 17.2 percent in 2019, nearly 5 percent higher than 1995.

The auto industry remains male-dominated

In 2019, 23.6 percent of workers employed by automotive manufacturers were women, slightly below the average share for the last two decades (25.2 percent). Despite representing 47 percent of the U.S. labor force, women have never accounted for more than 27.8 percent of automotive manufacturing workers (2016). Female employment in the U.S. automotive industry is comparable to the EU (24.7 percent), and significantly higher than Asia-Pacific (16 percent).

Female representation in auto manufacturing in 2019 was also below the share of female workers in all manufacturing (29.4 percent) and durable goods manufacturing (25.1 percent). Women of color make up an even smaller share of auto manufacturing workers. In 2019, Black women were 5.6 percent of workers, Latinx women were 3.0 percent, and Asian women were 1.8 percent.

Women also account for only a small share of executive leadership in the automotive industry. Of the top 20 motor vehicles and parts companies in the Fortune Global 500, only 16 women were executives in 2018, compared with 178 men. U.S. companies in that list had the highest share of women in executive leadership (19.2 percent), while Asia-Pacific had the lowest (1.1 percent). The average for all U.S. companies was 22 percent of executive leadership positions held by women. It was not until 2014 that a woman had ever led a major automaker, when Mary Barra became CEO of General Motors (GM). Despite this historical first, as of June 2019, no automotive company had women in more than 23 percent of their U.S. vice president-or-higher positions. Ford had the highest percentage of U.S. executives who were women (22.9 percent), followed by Nissan (22.2 percent), and GM (20 percent) in June 2019, while Kia and Hyundai had zero female executives.



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There are many barriers to increasing the share of female employment in the automotive industry. A 2018 survey of women in the automotive value chain found that 65 percent of respondents had negative perceptions about the workplace environment. Other underlying barriers women perceive in the industry include a lack of work-life balance (listed by 59 percent of respondents), a lack of flexibility in work schedules (46 percent), and a lack of advancement opportunities (39 percent). In fact, only 1 percent of survey respondents ranked the auto industry as the best sector in which to work. Some automotive companies could be missing out on a key competitive advantage to employ a diverse workforce that is associated with higher financial returns. A 2015 [study by McKinsey & Company](#) found that companies in the top quartile of gender diversity were 15 percent more likely to have financial returns that were above their national industry median, while companies in the top quartile of racial/ethnic diversity were 35 percent more likely to have financial returns above their national industry median. Credit Suisse's [CS Gender 3000](#) reports provide further evidence for the benefits of gender diversity.

In addition, the lack of female representation in the industry could affect the design and marketing of vehicles to female buyers. In general, women have different considerations when it comes to vehicle preferences than men. Additionally, in 2019, 62 percent of all new cars sold in the U.S. were purchased by women, according to Cars.com. As a result, some European luxury vehicle manufacturers design and market certain models specifically with women in mind and have increased sales to women as a result. Employing more women in every stage of the vehicle production process—including design, engineering, and marketing—could help U.S. manufacturers produce vehicles that are more attractive to a key purchasing demographic, and thereby increase their competitiveness in the global auto industry.

Black workers represent a higher share of workers in the auto industry than other manufacturing industries

In 2019, Black workers made up 17.2 percent of workers in automotive manufacturing. This is a higher share than total Black employment in the labor market (12.3 percent) and a much higher share than in overall durable goods manufacturing, where Black workers only make up 9.5 percent of workers. The automotive industry tends to pay Black workers more than other sectors of the economy, which may be why Black workers make up a higher share of automotive workers than other parts of manufacturing. As a result, Black workers in automotive manufacturing make up over a quarter of all Black workers in durable goods manufacturing. Relatedly, Black employment in automotive manufacturing increased from less than 159,000 in 1995 to more than 250,000 in 2019. During that same time period, U.S. durable goods manufacturing employment declined from over 12 million to over 9 million people.

It is unclear how racially diverse leadership is at vehicle manufacturers and suppliers. Some firms, such as Ford and GM, publish reports on diversity, but there is no standardized format, making it difficult to compare across companies. A recent article claimed that there were only three Black top-level automotive executives (and one had recently retired) but did not have a clear definition of what constituted “top-level.” Comprehensive data on the percentage of leadership (including managers, corporate officers, board members, etc.) that is composed of people of color can be difficult to pull together. Analyzing a company’s level of diversity is the first step towards increasing that diversity, and increased diversity could provide a competitive advantage to U.S. automakers, similar to gender diversity, that could increase profitability and attract a broader consumer market.

Sources: 20-first, [Global Gender Balance Scorecard](#); Automotive News, [Sexism Alive and Well in Auto Industry](#); Bomey, Nathan, [The auto industry is still a boys' club at the top despite GM CEO Mary Barra's success](#); Catalyst, [Women in the Automotive Industry](#); Deloitte, [Shifting Diversity into High Gear](#); Deloitte, [Women at the Wheel](#); Korn, Morgan, [‘It's time for car companies to wake up’](#); Scott and Dorsey, [African Americans Are Especially at Risk in The Auto Crisis](#); Toyota Newsroom, [History of African Americans and the U.S. Auto Industry](#); U.S. Bureau of Labor Statistics, Current Population Survey; Credit Suisse, [CS Gender 3000](#).

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