The Color of Power: African-American Representation in Decision-Making Positions in Chicago

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The question of how far African-Americans have moved to the front of the business and public policymaking classes in and around Chicago is a traditional research topic at the Chicago Urban League. Prior League work on this topic includes Harold Baron, *Negroes in Policy-Making Positions in Chicago: A Study in Black Powerlessness* (Chicago Urban League, 1968) and Roger Fox and Carolyn McCorkle, *Executive Suite: Blacks in Policy-Making Positions in Chicago* (Chicago Urban League, 1979). In the late 1990s, using these prior studies as benchmarks, the League revisited the topic by measuring black representation among corporate officers and boards through a mail survey of the 250 largest publicly owned corporations as identified by *Crain’s Chicago Business*. This survey was initially distributed in 1998 with follow-up surveys to unresponsive companies in 1999. It ended up with race data from just 56 of those forms – a low response rate that was, perhaps, a finding in and of itself. The League also constructed a racial profile of the 2,950 partners in the city’s 25 largest law firms. These data on black presence at the top of the Chicago area’s public sector was then contrasted with often more readily available data on the racial composition of public sector leadership.
Summary of Findings

The results are a study in contrasts between the private sector and the public and non-profit sectors:

*Private Sector*

- Whereas in the late 1970’s approximately 1 percent of officers and directors of large businesses were African American, in the late 1990’s the proportion had at responding firms had risen to 4.4 percent.

- Only 2.6 percent of corporate officers in large Chicago-area based corporations are African American and only 7 percent of corporate directors are African American.

- 75 percent of large Chicago-area corporations do not have a single African American corporate officer.

- 46 percent of large Chicago-area corporations do not have a single African American on their board of directors.

Corporations tend to promote executives who attended elite graduate schools. Members of corporate boards are drawn from top management of other companies, as well as leaders in a variety of fields. They tend to be in their mid 50’s to early 60’s.

- African Americans are underrepresented in three major pools of people from whom top managers are promoted: graduates of elite graduate schools, high salaried executives, and executives 50 or more years old.

- African Americans are badly underrepresented among partners of major Chicago law firms. Only 0.7 percent of 2,950 partners in Chicago area law firms are African American.

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1 See also Appendix 1 and Appendix 2 at the end of this report. These findings were first presented at a special Town Hall Meeting called by United States Congressman Danny Davis’ Task Force on Workplace Diversity and held at the Chicago Urban League on January 7th, 2002. Participants included representatives of the Illinois Department of Health and Human Services, the United States Equal Employment Opportunity Commission, Harris Bank, SBC/Ameritech, Leo Burnett Worldwide, and the United States Department of Housing and Urban Development.
Public Sector

- African Americans are represented in general proportion to their numbers in the population in the Chicago City Council, Illinois state legislature and Cook County Board.

- The city of Chicago has gradually improved African American access to managerial positions since the 1960’s, but the high point appears to have been at the end of the Sawyer administration in 1989.

- In the late 1990’s, African Americans are represented in managerial positions in county government in excess of their proportion of the Cook County population.

- The combination of the desegregation orders of the early 1980’s, white flight from the Chicago public schools, and school reform have resulted in significant increases in African Americans in management positions in the Chicago public schools.

Non-Profit Sector

- African Americans have made gains in representation among top leadership in higher education but remain under-represented. This is especially true in private universities statewide.

  African Americans are well represented among leadership of social welfare organizations, heading more than one-quarter of United Way member agencies as executive directors and make up almost one-quarter of board members of United Way member agencies.

Analysis and Counter to Objections

  Blacks’ share of executive leadership positions in the city’s public, non-profit, and labor sectors is roughly proportionate to the city’s black population percentage. But blacks are very significantly underrepresented at the front of Chicago’s business class. They are remarkably underrepresented in the city’s leading law firms. These data show shows progress in each area since the heyday of
the Civil Rights Movement but suggests that the private sector progress is moving at a relative snail’s pace.

When it comes to evaluating the color of power in the private sector, it is worth making special note of the fact that black representation was higher on corporate boards (7 percent African-American) than it was among hands-on executive managers (2.6 percent). It is managers not board members or share owners who exercise the greatest amount of decision-making power in the modern “managerial-capitalist” firm that became the dominant form of business organization in the United States during the early 20th century.²

It might be objected that this pessimistic analysis of racial diversity at the top of the city’s leading private corporations is based on too small a sample of corporate executives, particularly when compared to the much larger sample gathered and analyzed by the League in previous years. But the number of firms examined is far from negligible and it is highly unlikely that much has changed in terms of the racial composition of the city’s business elite in the last three years. At the same time, it should be noted that League findings probably exaggerate overall black representation in Chicago’s executive business class. The low corporate response rate to the League’s inquiries may well be at least partly a reflection of company reluctance to release statistics that did not reflect well on the diversity of their

² At the same time, black executives in the private sector tend to be concentrated in the least strategically significant decision-making positions. Various studies, including the Federal Glass Ceiling Commission, show that African-Americans in senior management positions tend to be concentrated in such relatively “soft” and low-budget positions as human resources, minority affairs, and community relations. Blacks rarely enter the key decision and decision-making area relating to production, investment, technology, and marketing. The League did not, however, examine this aspect of the problem.
leadership. The minority of large Chicago companies that did respond likely had a higher rate of minority representation at the elite level.

It might also be objected that findings from the late 1990s are already too dated (from the late 1990s) to hold contemporary relevance. It is questionable, however, that much has change has occurred in the last few years. A recent (February 2002) Survey of Racial Diversity in Senior Management Ranks and On Boards in Chicago Are Corporations conducted by the civic business organization Chicago United reported findings remarkably similar to those of the League. Based on a 2001 survey of 35 of the 100 largest private firms the Chicago area, Chicago United found that African-Americans comprised 7.4 percent of board members, 2.9 percent of “inside directors” and 4 percent of corporate officers.

The most unambiguously “good news” (from a pro-diversity perspective) in the League’s findings comes from the public, non-profit, and labor sectors. Yet without denying the significance of the considerable progress that has occurred in these sectors since the 1960s, it worth noting that many expert analysts find the chief locus of power in modern capitalist societies to reside primarily in the private sector, among the largest corporations. This predominant private sector and corporate power is exercised through a number of mechanisms and is almost certainly more pronounced in the United States than in any other democratic society. It provides useful context for interpreting the noticeable public-private split in black representation in decision-making positions.
A final objection to these findings, indeed to the research project itself, claims they are irrelevant to the mass of economically disadvantaged African-Americans that have always been the leading declared constituents of the Urban League movement. What does it matter, this objection asks, how “black” the business and political elite becomes if and when (as is sadly the case) the very disproportionate share of the rest of the black population remains stuck in poverty and is disproportionately incarcerated, under-educated and the like? This objection reminds us that, as Martin Luther King repeatedly emphasized, socioeconomic as well as racial difference must be addressed if African-Americans are to win their struggle for equality.

But there are at least three ways in which it may well matter to truly disadvantaged urban black communities that African-Americans begin to approach proportionate representation in the business elite. First, such representation might expand the pool of alternative role models to the sports and entertainment stars that are so counterproductively paraded before inner-city youth as “the only way out.” Second, it would expand the amount of resources invested back into the black community. African-Americans who have “made it” tend to donate significant amounts into poor communities that especially need assistance. Third, corporate America’s effort to sell “diversity” would face less resistance and cynicism from its predominantly white workforce if the executive suites and boardrooms were themselves more accurately reflective of the nation’s racial composition.
Appendix 1

African Americans in Executive Positions in the Chicago Area, 1999

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Percentage of Chicago's Population</td>
<td>35%</td>
</tr>
<tr>
<td>Black Percentage of Chicago's Workforce</td>
<td>30%</td>
</tr>
<tr>
<td>Black Percentage of Executive Positions in Large Chicago Area Corporations, N=1297</td>
<td>25%</td>
</tr>
<tr>
<td>Black Percentage of Partners in Chicago Area Law Firms, N=2950</td>
<td>20%</td>
</tr>
<tr>
<td>Black Percentage of Chicago Area Non-Judicial Elected, Officials, N=148</td>
<td>15%</td>
</tr>
<tr>
<td>Black Percentage of City of Chicago Non-Elected Managerial Positions, N=832</td>
<td>10%</td>
</tr>
<tr>
<td>Black Percentage of Labor Union Leadership, N=221</td>
<td>5%</td>
</tr>
<tr>
<td>Black Percentage of Social Service NonProfit Executive and Board Positions, N=4352</td>
<td>0%</td>
</tr>
</tbody>
</table>
# Appendix 2

Black Representation in Executive and Publicly Elected Positions in the Chicago Area, 1965-1999

<table>
<thead>
<tr>
<th>Institutional Position</th>
<th>1965</th>
<th>1977</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive officer or member of Board of Directors in Large Corporations</td>
<td>0 of 4,047 positions at 240 firms = 0%</td>
<td>117 of 12,938 positions at 381 firms = 0.9%</td>
<td>56 of 1,297 position at 56 firms = 4.4%</td>
</tr>
<tr>
<td>Partner in major Chicago-based law firm</td>
<td>0 of 757 positions at 54 firms = 0%</td>
<td>3 of 1,023 positions at 59 firms = 0.3%</td>
<td>20 of 2,950 positions at 24 firms = 0.7%</td>
</tr>
<tr>
<td>US House of Representatives</td>
<td>1 of 13 = 6.7%</td>
<td>2 of 11 = 15.4%</td>
<td>3 of 9 = 33.3%</td>
</tr>
<tr>
<td>Elected Chicago officials</td>
<td>7 of 59 = 11.9%</td>
<td>14 of 53 = 26.4%</td>
<td>19 of 53 = 35.8%</td>
</tr>
<tr>
<td>Elected Cook County officials (non-judicial)</td>
<td>3 of 34 = 8.8%</td>
<td>3 of 36 = 8.3%</td>
<td>8 of 27 = 29.6%</td>
</tr>
<tr>
<td>Chicago City public administration</td>
<td>2 of 156 = 1.3%</td>
<td>54 of 192 = 28.1%</td>
<td>281 of 832 = 33.7%</td>
</tr>
<tr>
<td>Chicago area boards and commissions</td>
<td>10 of 77 = 13.0%</td>
<td>39 of 226 = 17.2%</td>
<td>36 of 137 = 26.3%</td>
</tr>
<tr>
<td>Labor Unions</td>
<td>108 of 819 positions in 60 unions = 13.2%</td>
<td>138 of 673 positions in 41 unions = 20.5%</td>
<td>68 of 221 positions in 19 unions = 30.8%</td>
</tr>
<tr>
<td>Social Service Non-profits</td>
<td>NA</td>
<td>NA</td>
<td>39 of 147 = 26.5%</td>
</tr>
</tbody>
</table>
Data Sources in the Study

With the following sources, we are able to ascertain the broad cast of the position of African Americans in leadership positions in the Chicago area today, whether there has been improvement during the last 30 years, and what the likelihood of improvement is in the future if no affirmative steps are taken to move African Americans into leadership positions.

The report is comprised of data obtained from several types of sources:

1. Mail surveys with follow-up telephone calls to area companies, law firms, unions, social service agencies, and commissions seeking the racial identification of their leadership.

2. Published lists such as the black lawyers SIC that identifies the race of membership.


Analysis of corporate proxy statements that include detailed information on board members and corporate officers.

Comparisons between 1965, 1977 and the present were made by utilizing data from a previous report by the Chicago Urban League, Blacks in Policy-Making Positions in Chicago: A Follow-Up Study published in 1979. The report provides an excellent framework for comparisons, although in some instances different methodologies were used for data collection rendering some comparisons more meaningful than others. For instance, the 1979 report used key informants to identify members of corporate boards and corporate officers to a far greater extent than does this report, thereby allowing for a larger sample of corporations. Because of the tendency of corporations to respond to the current survey if they had African American members, the 1999 report probably overstates the level of black representation in corporations.

Data on African American representation among corporate officers and boards was obtained through a mail survey of the largest 250 publicly owned corporations in the Chicago area as identified by Crain's Chicago Business. The survey was initially distributed in 1998 with follow-up surveys to unresponsive companies in 1999.

Data on attorneys was compiled by comparing lists of partners obtained from the Martindale-Hubbell guide with The Guide to Chicago's Black Lawyers 1997-1998, published by the Consortium of Legal Organization, for the largest 25 Chicago law firms as identified by
Crain's Chicago Business.

Data on unions was obtained by a telephone survey of unions headquartered in the Chicago area registered with the U.S. Department of Labor Office of Labor Management Standards.

Data on judges was obtained from a report from the Office of the Chief Judge of Cook County, "Circuit Court of Cook County" April 5, 1998.

Data on the Chicago Board of Education was obtained from the Racial/Ethnic Survey of Staff Reported as of September 30, 1996. Office of Accountability, Department of Compliance.

Data on the Chicago Fire Department was obtained from Statistical Summary of Active Fire Department Personnel by Job Title, Race and Sex, 01/21/98.

Data on the Metropolitan Water Reclamation District was obtained from the District's State and Local Government Information (EEO-4) report – 1997.

Data on City of Chicago management was obtained from "Shakman Exempt Positions" received from the City of Chicago Department of Personnel April 30, 1999.

Data on the Cook County Board of Commissioners and administration was obtained from the County's State and Local Government Information (EEO-4) report – 1997.

Data on the Chicago Police Department was obtained from "Chicago Police Department – Operational Strength (Exempt Rank)" Research and Analysis Section, Research and Development Division, April 2, 1999.

Data on the CHA was obtained from "CHA Breakdown by EEOC/Ethnicity/Sex as of 12/31/98".

Data on non-profit organizations was obtained from a report from the United Way/Crusade of Mercy, "United Way Member Agencies for FY '97".

Data from the following was obtained through individual communications between League staff and agency administrators in the spring of 1999: Chicago Public Library, Office of the Police Board, Regional Transportation Authority, Board of Election Commissioners, Chicago Transit Board, Chicago Board of Health, Chicago Department of Transportation, Zoning Board of Appeals, Regional Transportation Authority, Northeast Illinois Planning Commission, Public Building Commission, Chicago Park District, Chicago Workforce Board, Chicago Department of Planning and Development, Department of Buildings.

Information on public colleges and universities was obtained from telephone surveys of administrators of public universities, community colleges and independent colleges and universities located in the Chicago area.