



A Look Toward Advancement:

**Multi-ethnic Employment in
Telecommunications**

**2006 Survey Results
Compiled by
DiversityInc Benchmarking**

EMBRACE DIVERSITY. EMBRACE SUCCESS.

BENCHMARKING STUDY

I. EXECUTIVE SUMMARY

DiversityInc Benchmarking conducted a study in June/July 2006 for the National Association for Multi-ethnicity in Communications (NAMIC) to measure diversity management among cable multiple system operators (MSOs) and programmers and to give recommendations for improvements. This year's study comprised the fourth wave of NAMIC's groundbreaking research, *A Look Toward Advancement: Multi-ethnic Employment in Telecommunications*, which was launched in 1999 and updated in 2002 and 2004. The 2006 NAMIC survey was modeled after The 2006 DiversityInc Top 50 Companies for Diversity benchmarking study and the results were measured against both the 2006 DiversityInc Top 50 results and the 2004 NAMIC study by DiversityInc Benchmarking.

In both the 2004 and 2006 NAMIC surveys, cable industry diversity was assessed in four key areas: (1) Human Capital; (2) CEO Commitment; (3) Corporate Communications; and (4) Supplier Diversity.

An examination of NAMIC companies' management ranks shows a continuing problem with recruiting and retaining managers of color, particularly in the middle and lower levels. Although NAMIC companies have shown progress in percentage of people of color in senior-management positions, this has not yet shown up in the middle and lower levels of management, which indicates a challenge in developing a pipeline of talented younger executives.

The two other major areas of concern documented by this study of 14 NAMIC cable industry companies, representing 108,000 employees, are the significant decrease in the percentage of CEOs signing off on executive compensation tied to diversity and the continuing lack of strong supplier-diversity initiatives.

It is important to note, however, that of the 14 NAMIC companies in the 2006 study, only seven were in the original 2004 study, so we are not comparing the exact same set of participants. The 2004 study had 15 companies, but eight did not participate in the second study.

Here is a brief summary of the key areas of concern:

Human Capital

Management representation remains a challenge in the cable industry. The overall work force of the NAMIC companies continues to have an adequate share of people of color (29 percent in 2006 vs. 26 percent in 2004). This compares with a Top 50 average of 34 percent. The numbers on middle management and lower management are disappointing and show the need for strong recruitment and retention efforts. Representation of people of color in middle management decreased from 13 percent in the 2004 study to 11 percent in the 2006 study. In the Top 50, people of color in middle management averaged 16.5 percent. People of color in lower management dropped from 22.7 percent in the 2004 study to 20 percent in the 2006 study. The Top 50 averaged 25 percent people of color in lower management.

DiversityInc defines senior management as CEOs and direct reports. Middle management is direct reports to those direct reports. Lower management is all other managers and professionals not in the first two categories.

The one positive management statistic relates to the most senior managers, which can be a small pool of individuals as most CEOs have few direct reports. Representation in NAMIC companies for people of color in senior management more than doubled in two

years from 7 percent in the 2004 study to 14.2 percent in the 2006 study. Representation for people of color in senior management in the Top 50 was 15.2 percent.

Recommendations include:

- Increasing at programming networks work-force representation, management representation, recruitment and promotions of African Americans and Latinos
- Increasing at both MSOs and programming networks work-force representation, management representation, recruitment and promotions of Asian Americans
- Increasing recruitment of gays, lesbians, bisexuals and transgenders (GLBTs), people with disabilities (PWDs), and women
- Increasing mentoring programs

CEO Commitment

A strong indicator of a company's diversity success is its ability to make its senior managers accountable for measurable diversity goals. The most proven way to do that is to link executive compensation to diversity metrics and, most importantly, to have the CEO personally sign off on that compensation.

NAMIC companies have dropped substantially in this category in this two-year period. In the 2004 study, half the NAMIC companies reported their CEOs signed off on executive compensation linked to diversity. In the 2006 study, only 38.5 percent of CEOs from NAMIC companies did this, a 23 percent decrease. In the Top 50, 72 percent of CEOs sign off on executive compensation linked to diversity.

Recommendations for CEO Commitment include:

- Having the executive responsible for diversity report directly to the CEO
- Tying management compensation to successful diversity initiatives at more NAMIC companies
- Increasing representation of people of color on boards of directors
- Having all NAMIC companies create internal diversity councils, which should be chaired by the CEO

Corporate Communications

MSOs are stronger than programming networks in terms of internal Corporate Communications. Only 50% of NAMIC companies have employee resource groups which are crucial methods of recruitment, retention and marketing to diverse communities. Ninety-four percent of the DiversityInc Top 50 companies have them. All of the MSOs participating in the NAMIC survey have a senior executive as a member of the employee resource group compared to one-third of the reporting programming networks. All of the MSOs use them to augment their marketing efforts, while only 47.8 percent of the programming networks use them for marketing.

Both MSOs and programmers are challenged in the area of external communications. Only 38 percent of the NAMIC companies have diversity as a section on the homepage of their corporate websites compared to 88 percent of the DiversityInc Top 50 companies. Additionally, 13 percent of all advertising dollars were spent on multicultural advertising specifically targeted to people of color and the GLBT community in the Top 50 companies, while NAMIC companies only averaged four percent.

Recommendations Include:

- Increasing employee resource groups and their use to augment marketing efforts
- Implementing mandatory diversity training and increasing its frequency
- Increasing dollars spent on multicultural advertising specifically targeted to people of color

Supplier Diversity

While there has been some improvement in supplier diversity in this two-year period, NAMIC companies overall remain sub par in this category.

All of the Top 50 have formal supplier-diversity programs. Only half of NAMIC companies have formal supplier-diversity programs in the 2006 study, compared with 57 percent of the NAMIC companies in the 2004 study.

The most critical measure of supplier-diversity success is the percentage of procurement budget spent with women- and minority-owned business enterprises. The Top 50 average is 7.5 percent, while the national average, according to industry estimates, is 2 percent. NAMIC companies had a 44 percent increase from 8 percent in the 2004 study to 11.5 percent in the 2006 study, which exceeds the Top 50.

However, the NAMIC percentages are inflated because a large margin of NAMIC companies (60 percent compared with just 32 percent of the Top 50) exclude categories from supplier-diversity figures where they claim to be unable to find minority- and women-owned businesses.

Recommendations include:

- Implementing formal supplier-diversity programs
- Tying procurement-management compensation to supplier-diversity success
- Implementing formal external-training programs or mentoring programs for suppliers

II. METHODOLOGY

Aggregated data submitted by 14 cable industry companies was compared against data from The 2006 DiversityInc Top 50 Companies for Diversity, which reflects calendar-year 2005 data submitted through more than 230 in-depth questions from 256 corporate participants. (Eighty percent were Fortune 500 companies and all applicants had a minimum of 1,000 U.S. employees. The Top 50 companies alone represent 3 million employees.)

The NAMIC aggregate data was combined from data submitted by four multi-system operators (MSOs) and 10 NAMIC programming networks, reflecting more than 108,000 employees. Data from these MSOs and programming networks each was compared separately against NAMIC aggregate data and the Top 50 to gain additional insights.

NAMIC data from this 2006 study reflects information from the 2005 calendar year. NAMIC conducted a study in 2004 and that data reflects information from the 2003 calendar year. Both studies are compared whenever there are major variances or continuing similarities of significance.

The four MSOs have more than 89,000 U.S. employees and the 10 programming networks have more than 19,000 U.S. employees. In the 2004 study, the 15 NAMIC member companies had more than 144,000 U.S. employees. The six MSOs had more than 137,000 U.S. employees and the nine programming networks had more than 7,000 U.S. employees.

Seven companies from the 2004 study participated in the 2006 study—two are MSOs and five are programming networks. Of the seven new companies in the 2006 study, two are MSOs and five are programming networks.

The DiversityInc Top 50 Companies for Diversity measures excellence in diversity management in four general categories: CEO Commitment, Human Capital, Corporate Communications and Supplier Diversity. There has been a 100 percent increase in participation in the Top 50 over the last three years and this list is widely regarded as the most detailed, objective and accurate assessment of corporate-diversity performance nationwide.

DiversityInc Media is a privately owned company based in Newark, N.J., founded in 1998 by Luke Visconti and Foulis Peacock. The company publishes DiversityInc.com and *DiversityInc* magazine. The company also offers benchmarking services based on data from The DiversityInc Top 50 Companies for Diversity, as well as the definitive diversity-management resource book, *The Business Case for Diversity*.