

VIEWPOINTS

Hollywood's Diversity Problem: It's Not Just Actors

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Introduction

The entertainment industry stands in the global spotlight not only for its artistry, but also for its reported lack of diversity and income inequality. The industry is under pressure from the public and from within to address both.

News coverage of the issue, which usually focuses on the pay and casting of top film and television stars, distorts the problem by focusing on the stars. The Oscar campaigns of 2015 and 2016 generated negative publicity for the Academy of Motion Picture Arts and Sciences because all of the nominations in the high-profile best-actor and supporting-actor categories went to white performers. The response popularized the social media hashtag #OscarsSoWhite and brought renewed attention to Hollywood's diversity shortfall.ⁱ With the 2017 presentations, the academy has seemingly turned a corner by increasing awards to minorities in several major categories.ⁱⁱ However, judging the industry based on media coverage or movie and TV casting is akin to judging a book by its cover. Women and minorities are still struggling to be recognized in categories outside of acting, nominations for technicians who work behind the camera, such as editors, cinematographers, and graphic artists, where snubs gain less media attention. What is the status of diversity across the entertainment industry, including creativity-driven fields such as software publishing?

Behind-the-scenes workers also influence the creative vision of a project and help to attract and promote diversity. It is important to remember that although principal actors are the most visible representatives of a project, there are a slew of off-screen jobs that make up the project's creative environment and heavily influence the direction, tone, culture, and overall impression of the art. We will analyze more than just on-screen employment because the real issue is broader than that. To truly understand diversity and income inequality in the entire entertainment industry, we must investigate all

of the intermingled creative industries from which skilled labor is drawn. We seek to answer the following questions:

- Are minorities underrepresented in Hollywood’s entertainment industry?
- Does race-related income inequality exist in Hollywood?
- Does gender-related income inequality exist in Hollywood?

Given the importance of relationships and connections in the entertainment industry, concerns about diversity are warranted. People tend to hire, and recommend, people they know or have already worked with, including family members. With both gender and race diversity nearly nonexistent among top-earning producersⁱⁱⁱ and directors,^{iv} it seems unlikely that diversity can funnel down from the top. This paper will describe the consequences of having a “who you know” barrier to entry and set the scene for a deeper discussion about pathways in an upcoming Milken Institute report, “New Skills at Work.”

I. What is the Creative Sector in Los Angeles and how does it relate to the entertainment industry?

We define the Creative Sector as industries that are related to content creation. They have skill overlaps within their occupational categories, creating a shared labor pool. Analyzing this collection of industries ensures that we have a view of the entire entertainment industry. The approach enables us to see the less obvious, behind-the-scenes occupations and to understand the demographics that make up the sector. The sector includes the following industries:

- Software publishing
- Motion picture and video
- Sound recording
- Radio and television broadcasting
- Cable and other subscription programming
- Architectural, engineering, and related services
- Specialized design services
- Computer systems design and related services
- Advertising, public relations, and related services
- Performing arts companies
- Promoters of performing arts, sports, and similar events
- Agents and managers for artists, athletes, entertainers, and other public figures
- Independent artists, writers, and performers

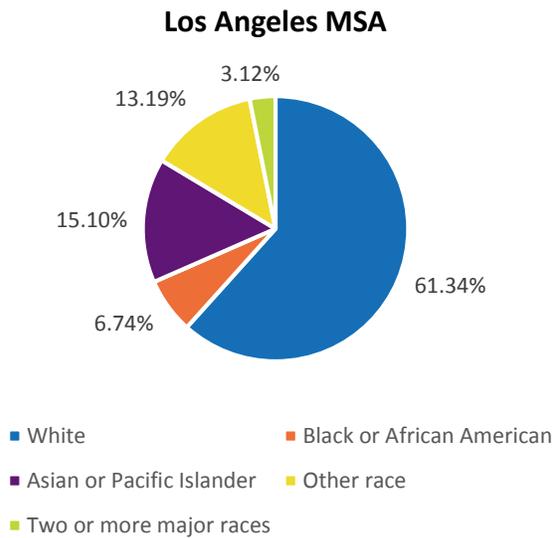
II. #OscarsSoWhite

The racial makeup of the Creative Sector in Los Angeles does not match the demographics of the general population in the metropolitan statistical area (MSA).

Figure 1 and Figure 2 show the Creative Sector to be white-dominated, with other races underrepresented. So, are minorities underrepresented in Hollywood’s entertainment industry? The answer is yes.

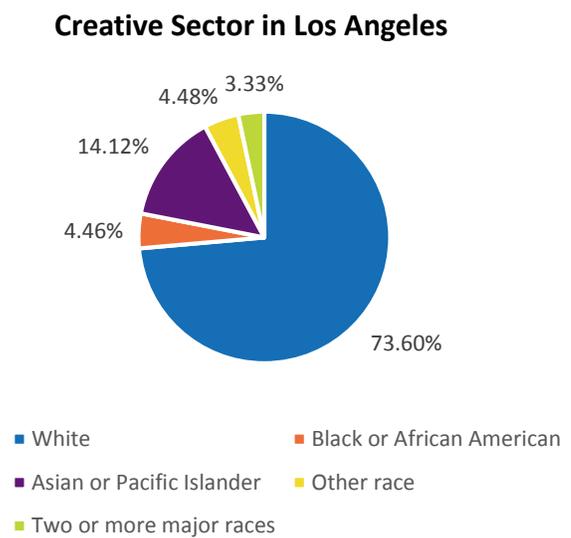
The Milken Institute’s upcoming “New Skills at Work” report will explain opportunity gaps in the Los Angeles Creative Sector, giving a detailed account of why this underrepresentation exists. Though we know that Hispanics are also underrepresented based on anecdotal evidence, the survey used for our report does not break that minority group out in its data.

FIGURE 1. Racial makeup of Los Angeles MSA



Source: American Community Survey (ACS) years 2012-2014

FIGURE 2. Racial makeup of Creative Sector in Los Angeles MSA



Source: American Community Survey (ACS) years 2012-2014

It is also clear that workers in the Creative Sector who identify as black make less money than their white counterparts. (See **Table 1.**) This does not necessarily reflect that black workers are paid less for the same job a white person holds; however, it likely does mean that black workers are receiving fewer opportunities within the industry or are forced to follow more difficult paths to higher-paying jobs within the Creative Sector. When the system for hiring in the Creative Sector is difficult for minorities to navigate, it becomes difficult as well for them to excel in their fields, creating the impetus for campaigns such as #OscarsSoWhite.

TABLE 1. Race percentages within income categories

Race	Low earners (\$45K or less)	Middle earners (\$45K to \$90K)	High earners (\$90K or more)
White	38.81%	30.90%	30.29%
Black	55.80%	30.08%	14.12%
Asian	33.48%	36.07%	30.46%
Other	61.50%	26.84%	11.66%
Two or more major races	51.66%	26.93%	21.41%

Source: American Community Survey years 2012-2014

TABLE 2. Salaries of highly employed occupations for blacks in the Los Angeles creative sector compared with salaries for whites

Highly employed Creative Sector occupations for blacks	Average black income (\$)	Average white income (\$)	Percent difference in average pay between blacks and whites
Actors	58,394	75,396	-22.55
Other management occupations	41,027	111,910	-63.34
Producers and directors	80,776	110,632	-26.99
Musicians and singers	44,030	61,264	-28.13
Computer support specialists	51,698	64,153	-19.41
Customer service representatives	29,089	41,589	-30.06
Other office and administrative support workers	37,183	43,496	-14.51
Writers and authors	82,961	123,292	-32.71
Miscellaneous protective service workers	24,433	29,150	-16.18
Advertising sales agents	35,211	88,977	-60.43
Secretaries and administrative assistants	55,327	41,626	32.91

Source: American Community Survey years 2012-2014

It is clear that among the most common entertainment industry jobs held by blacks, whites average higher pay for those jobs. This begs the question—why? Though sample-size limitations mean that we should take the percentage differences in average pay between blacks and whites with a grain of salt, the information is based on a random sample of addresses, and basic directionality, rather than the amplitude of salary differences, can be derived.

The assumption regarding income inequality might be that blacks in these jobs have had less training or have a more limited educational background. But among the black creatives from whom average salaries were derived in Table 2, 77.22 percent meet or exceed the typical education needed for entry into their occupations,^v according to the Bureau of Labor Statistics (BLS).^{vi} For those occupations most common for black creative sector workers, 83.56 percent of white creatives in those jobs meet or

exceed the typical education needed for entry.^{vii} The difference in education level alone is unlikely to account for the major differences in average salary.

The strong presence of Asian creatives has helped Hollywood’s work resonate in Asian markets. Asia is a major market for American film, with some blockbusters’ box office revenue in China alone nearly matching that in the U.S.^{viii} This relationship is supported by workers who identify as Asian experiencing decent representation in the Creative Sector (only 0.98 percent difference between representation in Los Angeles MSA and Creative Sector subset^{ix}) and being well stratified among all income groups. (See **Table 1.**)

TABLE 3. Salaries of highly employed occupations for Asians in the Los Angeles creative sector compared with salaries of whites

Highly employed Creative Sector occupations for Asians	Average Asian income (\$)	Average white income (\$)	Percent difference in average pay between Asians and whites
Computer programmers, software developers (applications), software developers (systems software), Web developers	89,886	98,149	-9.19
Other management occupations	89,803	111,910	-24.62
Designers (all other)	77,676	88,204	-13.55
Accountants and auditors	68,044	107,560	-58.07
Computer systems analysts	92,539	108,297	-17.03
Civil engineers	99,877	98,784	1.09
Merchandise displayers and window trimmers	19,839	18,799	5.24
Computer programmers	71,596	82,901	-15.79
Computer and information systems managers	100,423	106,681	-6.23
Engineers and architects	94,500	93,478	1.08

Source: American Community Survey years 2012-2014

As Table 3 shows, Asian workers are most heavily employed in jobs based in science, technology, engineering, and math (STEM) within Los Angeles’ Creative Sector. Pay disparities for Asian workers are less pronounced (and get less attention) than those for blacks and women, possibly because of Asians’ strong representation in higher-paying technical jobs. Even so, it is clear that even in many STEM occupations, the average salaries for whites are higher.

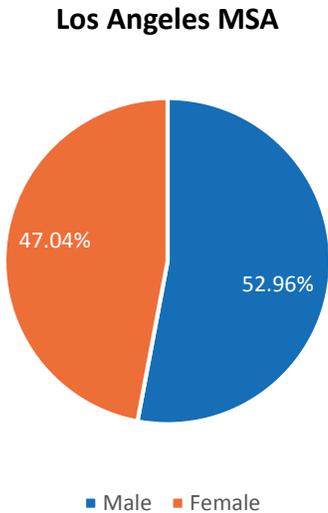
According to the BLS,^x 93.12 percent of Asian workers represented in Table 3 meet or exceed the typical education needed for entry into their occupations, while only 76.84 percent of white creatives can say the same.^{xi} There seems to be a clear mismatch between the value employers place on Asian workers vs. their white counterparts.

Returning to one of our original questions: Does race-related income inequality exist in Hollywood? The data certainly indicate that it does. Blacks not only make less money than their white counterparts in many jobs, but overall, their highest representation is in job categories that pay less than those typically held by members of other races. Asian Creative Sector workers also experience income inequality, however, it is less pronounced because they gravitate toward categories that pay more livable wages even if their average pay is considerably less than that of whites.

III. Is there a glass ceiling in the Los Angeles Creative Sector?

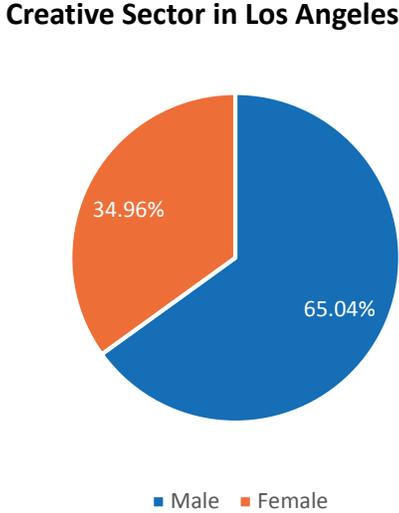
Nationwide, gender-based income inequality has always been an issue. In recent years we have heard that women in the U.S. make 77 cents for every dollar a man makes. (The figure has since reached 79 cents.^{xii}) Though this is not a new topic, prominent Hollywood actresses have brought it back to the forefront in the last couple of years. What does current gender inequality look like in the Creative Sector of Los Angeles?

FIGURE 3. Gender makeup of Los Angeles MSA



Source: American Community Survey years 2012-2014

FIGURE 4. Gender makeup of the Creative Sector in Los Angeles MSA



Source: American Community Survey years 2012-2014

A comparison of Figure 3 and Figure 4 shows that women are significantly underrepresented. On top of that, within this subset of the Los Angeles MSA, almost half of the women are in the low-earners category, whereas men are much more evenly distributed among income levels. (See Table 4.)

Furthermore, a third of all Los Angeles men in this sector make \$90,000 or better, while less than a fifth of women in the Los Angeles creative sector do.

TABLE 4. Gender representation within income categories

Gender	Low earners (\$45K or less)	Middle earners (\$45K to \$90K)	High earners (\$90K or more)
Male	35.41%	30.96%	33.63%
Female	48.94%	32.01%	19.05%

Source: American Community Survey (ACS) years 2012-2014

Despite significant progress in boosting female interest in STEM and business-related subjects, women still have trouble breaking into male-dominated fields. Within the creative sector of Los Angeles, some of the most frequently employed occupations for women are still secretaries and administrative assistants. These jobs do not appear in the most common jobs for men (See Table 5 and Table 6). Though some women make it to management and artistic leadership positions, they are vastly underpaid compared with their male peers; for every position in Table 5, women, on average, make less than men for that same job.

TABLE 5. Salaries of highly employed occupations for females in the Los Angeles creative sector compared with salaries of men

Highly employed Creative Sector occupations for females	Women's average income (\$)	Men's average income (\$)	Percent difference in average pay for women and men
Other management occupations	77,397	118,404	-52.98
Merchandise displayers and window trimmers	18,660	19,904	-6.67
Producers and directors	92,769	118,074	-27.28
Secretaries and administrative assistants	41,228	41,593	-0.88
Writers and authors	100,323	127,643	-27.23
Designers (all other)	72,065	93,675	-29.99
Accountants and auditors	77,014	103,864	-34.86
Actors	58,084	73,508	-26.55
Craft artists	37,437	72,496	-93.65
Advertising sales agents	68,193	94,282	-38.26

Source: American Community Survey years 2012-2014

Males, on the other hand, have a better variety of fields represented in their top employed occupations. Most telling, perhaps, is the presence of top executives on the most commonly employed list for men (See Table 6). The top executive occupation is not among most employed jobs for women in the Los Angeles Creative Sector and those that do hold a top executive position can expect to make significantly less (See Table 6). In contrast to the list of most commonly employed occupations for women, for every job on the list of those with the highest employment for men, women make significantly less.

TABLE 6. Salaries of highly employed occupations for males in the Los Angeles creative sector compared with salaries of Women

Highly employed creative sector occupations for males	Men's average income (\$)	Women's average income (\$)	Percent difference in average pay for women and men
Other management occupations	118,404	77,397	+34.63
Computer programmers, software developers (applications), software developers (systems software), web Web developers	97,036	76,167	+21.51
Producers and directors	118,074	92,769	+21.43
Musicians and singers	65,946	46,572	+29.38
Designers (all other)	93,675	72,065	+23.07
Media and communication equipment workers	80,473	65,870	+18.15
Writers and authors	127,643	100,323	+21.40
Civil engineers	100,081	71,179	+28.88
Architects, except naval	94,219	63,384	+32.73
Top executives	201,764	174,318	+13.60

Source: American Community Survey years 2012-2014

Further evidence of continuing gender-related income inequality comes from a survey of art program alumni from participating schools nationwide who are currently living in Los Angeles. These programs offer a variety of concentrations, including some related to film. All participants in the survey earned a bachelor's degree or better, putting them all within a similar training and education group. Despite this fact, the share of women among arts graduates who at least \$90,000 per year in this data set is even smaller than for the broader survey data used in Table 4. (See Table 7.)

TABLE 7. Gender representation within income categories among arts graduates

Gender	Low earners (\$40K or less)	Middle earners (\$40K to \$90K)	High earners (\$90K or more)
Male	32.86%	35.84%	31.30%
Female	47.45%	39.59%	12.96%

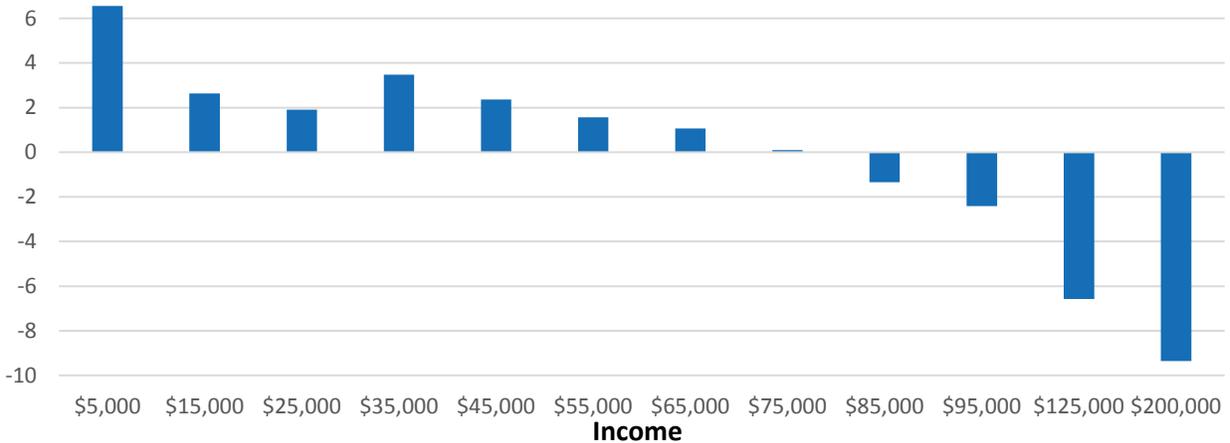
Note: The low-earner and middle-earner categories are different than in Table 4 because the survey for this data asked participants to place themselves into one \$10,000 income range.

Source: Strategic National Arts Alumni Project 2011-2013 data, used with permission from the Indiana University Center for Postsecondary Research

To get a more detailed look at gender-related income inequality, we can look at the difference in concentration of each gender within income levels for arts graduates. This differential makes a clear switch from higher concentrations of women to higher concentrations of men in the higher income levels. (See Figure 5.)

FIGURE 5. Difference between concentration of female arts graduates and concentration of male arts graduates, by income level

Percentage of total women within a given income group minus the percentage of total men within that income group.



Note: Income categories are represented by their midpoint (e.g., \$65,000 represents \$60,000 to \$70,000).

Source: Strategic National Arts Alumni Project 2011-2013 data, used with permission from the Indiana University Center for Postsecondary Research

Does a glass ceiling exist in the Creative Sector of Los Angeles? The answer is yes. Furthermore, there is no evidence that the income gap is related to qualifications. According to the BLS list of typical education requirements by occupation, among female creatives from whom average salaries were derived in Table 3, 87.41 percent meet or exceed the typical education needed for entry into their occupations,^{xiii} while only 79.78 percent of male creatives in that same group of jobs meet or exceed that level.^{xiv} Even among graduates from similar programs, there clearly is a ceiling at around \$80,000 that is difficult for women to break through. (See Figure 5.)

IV. Conclusion

Hollywood has a diversity problem. It starts with underrepresentation and dominos into income inequality. There are efforts at grassroots and senior management levels to improve diversity and equality in the industry, but to catalyze the major change that is necessary, there needs to be new and better strategies.

Change must occur not only for the onscreen talent. For women and black creative workers, both of whom are underrepresented in the industry, actors are among the most commonly employed occupations. (See Table 2 and Table 5.) This may give the perception of fair representation because that role is visible to the consumer, but the data show that diversity and equality do not permeate the sector.

The direction, tone, culture, and overall impression of the art is influenced by the environment in which it is made. Providing a more diverse and talented environment for creativity can only increase the value

of what is produced in the Los Angeles Creative Sector. If Los Angeles cannot find better ways to foster pathways for a more diverse workforce and instead continues with its familial environment of hiring, it stands to shut out broader markets and lose out competitively as media become more and more accessible nationally and globally.

It is important to keep in mind that income inequality is often a symptom of opportunity inequity. For example, if a specific degree is required for a job, one must have the opportunity to obtain that education in order to compete for the job. Furthermore, for those with connections, pathways into the industry are less treacherous than for those without connections. How difficult might it be for anyone else to break in to the entertainment industry? The Milken Institute report “New Skills at Work” will be released later this year explaining opportunity gaps and discussing current and future pathways for entering the Los Angeles Creative Sector workforce.

ⁱ “Oscar Nominees Discuss Diversity in Hollywood Amid the #OscarsSoWhite Backlash,” Los Angeles Times, February 25, 2016, <http://www.latimes.com/entertainment/la-et-oscars-so-white-reaction-htmstory.html>

ⁱⁱ “Oscar Nominations: Complete List,” Variety, January 24, 2017, <http://variety.com/2017/film/news/2017-oscar-nominations-academy-awards-nominees-1201968107/>

ⁱⁱⁱ “People Index,” Box Office Mojo, <http://www.boxofficemojo.com/people/?view=Producer&sort=sumgross&order=DESC&p=.htm>

^{iv} “People Index,” Box Office Mojo, <http://www.boxofficemojo.com/people/?view=Director&sort=sumgross&order=DESC&p=.htm>

^v American Community Survey years 2012-2014

^{vi} Education and training assignments by detailed occupation, 2014, Bureau of Labor Statistics, https://www.bls.gov/emp/ep_table_112.htm

^{vii} American Community Survey years 2012-2014

^{viii} Box Office Mojo, www.boxofficemojo.com

^{ix} American Community Survey years 2012-2014

^x Education and training assignments by detailed occupation, 2014, Bureau of Labor Statistics, https://www.bls.gov/emp/ep_table_112.htm

^{xi} American Community Survey years 2012-2014

^{xii} “Here Are the Facts Behind That ‘79 Cent’ Pay Gap Factoid,” Glenn Kessler, April 14, 2016, The Washington Post, https://www.washingtonpost.com/news/fact-checker/wp/2016/04/14/here-are-the-facts-behind-that-79-cent-pay-gap-factoid/?utm_term=.72459089afa4

^{xiii} Education and training assignments by detailed occupation, 2014, Bureau of Labor Statistics, https://www.bls.gov/emp/ep_table_112.htm

^{xiv} American Community Survey years 2012-2014

About the Author

Jessica Jackson is a research analyst in regional economics at the Milken Institute, conducting research on human capital, innovation, entrepreneurship, and competitiveness. Jackson's previous work includes "Best-Performing Cities China 2016," which evaluated the economic dynamics of Chinese cities while ranking them according to a composite index. Jackson's current work includes examining regional competitiveness across United States metros and explaining performance over time in exceptionally resilient areas. Prior to joining the Institute, Jackson was a teaching fellow at the University of North Texas, teaching courses in macroeconomics. She holds bachelor's degrees in economics and history from the University of North Texas, where she also earned a master's degree in economics focusing on applied econometrics.

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