IN A YEAR OF TRAGEDY, INJUSTICE, AND UPHEAVAL, HAVE WE SEEN PROGRESS IN THE QUEST FOR RACIAL JUSTICE IN TECHNOLOGY?

On May 25, 2020, the world had been shaken by the brutal murder of George Floyd that forced a reckoning with our country's history of racism, and led to subsequent calls for systemic change to finally address longstanding racial inequities across the United States. In the following weeks and months, companies across the nation issued statements of solidarity and pledged approximately $50B toward racial equity initiatives, with a significant commitment coming from the tech sector. Big tech companies, Amazon, Apple, Facebook, Google, Microsoft, Netflix, and Twitter, committed over $626M towards racial equity efforts. These commitments included donations to civil rights organizations, the launch of initiatives to support Black-owned businesses and entrepreneurs, investing in financial institutions lending to Black borrowers, commitments to historically Black colleges and universities (HBCUs), and initiatives supporting the development of coding and tech skills. Tech company investment arms, venture capital firms, and financial services firms launched large funds to invest in entrepreneurs of color, including PayPal's $500M Economic Opportunity Fund, SoftBank's $100M Opportunity Fund, and Goldman Sachs $10B One Million Black Women initiative.

Despite these large commitments, a study by Creative Investment Research found that only $250M of the $50B committed to racial justice has actually been deployed. Further, additional analyses demonstrated just how small the financial commitments from large tech companies actually were, relative to their revenue. For example, Apple's $100M commitment represents just 0.18% of the $55.3B in profits the company made in 2019. The outspoken statements of solidarity and financial commitments represent a significant and important departure from the status quo, but tech must continue grappling with its own significant challenges with racial equity.

Technology plays a powerful role in our society, which can be seen in the size of the tech workforce (12M tech workers), the wealth creation from the tech sector (tech's top seven companies added $3.4T in value in 2020), and its ubiquity in our everyday lives (70% of adults use social media). Yet ongoing challenges exist with Black representation across all levels of the tech workforce; deployment of capital to Black entrepreneurs; algorithmic bias and impacts on hiring and loan applications; facial recognition software and wrongful arrests and surveillance; disinformation and its impacts on civic participation; and the proliferation of hate speech, violence, white supremacy, and extremism on social media. Given this, technology is at the center of the fight for racial justice.

This moment — one year after the murder of George Floyd — provides an important time for reflection about the progress we have seen towards racial equity in technology, the challenges that the tech sector continues to face, and ways to continue mobilizing for long-term change. In this report, we look at trends in two key areas: (1) Black representation in the tech workforce, and (2) Black representation in tech entrepreneurship.

Black Representation in the Tech Workforce

Currently, Black talent represents just 5% of the tech workforce and 3% of executive leadership in tech companies, despite comprising 13% of the U.S. labor force. And while the statements of solidarity may demonstrate a renewed commitment to diversity, a recent study reported that the companies making statements had, on average, 20% fewer Black employees (than those companies who did not). Furthermore, a recent release from the Kapor Center demonstrated that changes in the Black tech workforce over the past six years has been marginal — the industry has only seen a one percent increase in Black representation within technical roles in large tech companies. Our recent examination of the representation of Black employees in top tech companies, further highlights how slow progress has been. Some companies remain completely unchanged (Apple), and others have seen less than a percentage point of growth (Google, Facebook, Microsoft, Twitter). One bright spot was Netflix, who increased 1.4 percentage points in their tech workforce and 4 percentage points in Black representation at the Executive level (Table 1).

Table 1. Representation of Black talent and stated diversity goals in key tech companies[1]

	Representation of Black Professionals in Technical Roles	Representation of Black Executives	Diversity Commitments
Amazon	2020: 7.2%[2] 2019: 5.4%	2020: 3.8% 2019: 1.9%	Double the number of Black directors and vice presidents, increase the hiring of Black corporate employees by at least 30%, increase the number of Black software development engineer interns by at least 40%, and ensure all employees take the required inclusion training (in US).
Apple	2020: 6.0% 2019: 6.0%	2020: 4.0% 2019: 4.0%	No explicit targets set.
Facebook	2020: 1.7% 2019: 1.5%	2020: 3.4% 2019: 3.1%	Add 30% more people of color, including 30% more Black employees, to its leadership ranks.
Google	2020: 2.4% 2019: 2.1%	2020: 2.6% 2019: 2.6%	Improve leadership representation of underrepresented groups by 30% by 2025, and double the number of Black+ Googlers at all levels by 2025.
Microsoft	2020: 3.6% 2019: 3.3%	2020: 2.9% 2019: 2.7%	Double the number of Black/African American people managers, senior individual contributors, and senior leaders in the US by 2025.
Netflix	2021: 5.4% 2020: 4.0%	2021: 12.2% 2020: 8.0%	No explicit targets set.
Pinterest	2020: 3.0% 2019: 3.0%	2020: 4.0% 2019: 1.0%	Increase the number of people from underrepresented races/ethnicities to 20% by 2025, with a focus on technical roles and leadership.
Twitter	2021: 6.2% 2020: 5.8% 2019: 4.2%	2021: 6.8% 2020: 7.0% 2019: 5.0%	Have at least a quarter of its executives be underrepresented minorities and women by 2025.

Source: Company Diversity Reports

[1.] 2021 diversity data not yet available from all companies; Current representation is reported through 2020

[2.] Amazon's number represents overall corporate workforce, as technical role breakouts were not included

Moreover, evidence of discrimination and bias within major tech companies continued to make headlines this year. At the end of May 2020, Pinterest faced allegations of discrimination from two Black women. Just one month later, in July 2020, a complaint was filed with the Equal Employment Opportunity Commission against Facebook for failing to give Black workers equal opportunities in their careers. In December 2020, Google fired leading Black female artificial intelligence (AI) researcher, Dr. Timnit Gebru (who led a team focused on ethical AI and critiqued Google's algorithms/bias and lack of diversity). In February 2021, internal data and staff at Amazon revealed that Black employees were promoted less frequently than their peers, received harsher performance feedback, and faced instances of bias. The experiences of Black employees at these companies coupled with the marginal changes in representation indicate an urgent need for substantive action and change.

Black Representation in Tech Entrepreneurship

Within the broader tech ecosystem, venture capital (VC) plays a key role by investing in entrepreneurs, launching and scaling technology startups, deploying hundreds of billions in capital each year. Yet, venture capital has been overwhelmingly white and male, with just 4% of those deploying capital being Black. Venture capital firms were among the many organizations who expressed solidarity and statements of commitment to address systemic racism. In Morgan Stanley's annual survey of venture capitalists, 61% said that the Black Lives Matter movement impacted their investment strategy and 68% stated they were likely to invest in a culturally-diverse company in the next year. However, just 43% of VCs indicated that investing in diverse entrepreneurs was a firm priority.

An analysis of Crunchbase data between May 2019 and May 2021 indicated that statements of solidarity and shifting mindsets did not significantly translate to increased capital being deployed to Black entrepreneurs in the US[3]. From May 25, 2020 until the present, there were 150 Black-led companies who raised a funding round, representing 2.8% of all companies which raised, an increase of 16 companies. Black founders received just 1.2% of the total $160B of capital deployed to all founders during this time period. This is a dismal increase from 134 Black-led companies raising $1.4B between May 2019 and May 2020 (Table 2).

Table 2. U.S. venture capital investments between May 2019 and May 2021, by overall and Black entrepreneurs

	5/25/2020 – Present	5/25/2019 – 5/25/2020
All US-Based Founders		
Number of Companies Who Raised	5,385	5,436
Last Funding Amount	$160,203,077,084	$131,075,608,305
Black US-Based Founders		
Number of Companies Who Raised	150	134
Last Funding Amount	$1,848,377,746	$1,355,753,758
Percent of Black-Founded Companies Funded	2.8%	2.5%
Percent of Total Funding Given to Black Founder	1.2%	1.0%

Source: Crunchbase (2021)

Systemic barriers and biases that exclude Black entrepreneurs from accessing critical capital have been well-documented, and range from access to capital for friends and family rounds, insular and non-diverse networks and sourcing channels, requiring "warm intros," subtle biases in the evaluation of Black founders and their companies (being told they are "too early" or needing more traction), and significant differences in fundraising amounts.

[3.] The Kapor Center analysis included data only from founders and investors who were US-based to account for shifts in the US investment landscape. Investors were filtered for solely those who were venture capitalists (i.e., analyses excluded other investors, such as private equity firms, accelerators, angel investors, etc.) and analyzed the last funding round raised (vs. total amount raised).

How Do We Move Beyond One-time Commitments to Fundamental Change in Tech?

The data reveal that despite significant statements of solidarity for civil rights and financial commitments towards racial justice among tech companies, we have yet to see efforts translate into significant progress in the Black technology workforce and entrepreneurship. As we wrote previously, *"Bold and courageous solutions are needed to accelerate the pace of change, increase Black representation across the technology sector, and recognize the promise of technology to create solutions to social challenges and design a more equitable future."*

Three key recommendations provide a path forward:

1. **Goals, Data, and Accountability.** To make progress, setting explicit goals and holding tech company leadership accountable for meeting these goals is critical. Increasing Black representation will require rethinking the employee lifecycle from a lens of equity and racial justice. A comprehensive approach must include equitable strategies in recruitment, hiring, assignments, performance assessment, promotion, pay and building inclusive cultures, collecting and analyzing internal survey data through an intersectional lens, and providing accessible, fair, and confidential complaint mechanisms. Companies must also commit to transparent data reporting, tracking and internal accountability mechanisms, like tying C-Suite pay to meeting DEI goals.

2. **Capital, Capital, Capital.** Billions of dollars are being invested in tech companies each year and while initiatives and funds are important, they are a drop in the bucket. There is a troubling 'separate but unequal' quality to the tiny side funds launched by many multibillion dollar VC funds and more aggressive strategies to increase the dismal rates of investment in Black founders are needed. Just as with tech companies, the whole process of venture capital needs to be examined through a lens of equity. Firms must make deployment of capital to Black entrepreneurs and hiring Black investors a core priority, and similar to tech companies, commit to data reporting and tracking and accountability.

3. **Policy and Regulation.** Local, state, and federal policy is critical to addressing racial disparities and holding tech companies accountable for harmful and discriminatory practices. Investing in broadband, CS/STEM education and upskilling/reskilling/apprenticeship models can expand the pool of Black talent, while policies on data privacy, algorithmic bias, facial recognition, data collection, workforce diversity, worker protections and safety nets, progressive taxation, and anti-trust regulation all must be considered as critical to advancing racial justice and protecting Black communities.

> The Black tech workforce has grown by
> **just 1pct point**
> since 2016.
>
> **...**
>
> **150 Black-led companies**
> raised a funding round since May 2020,
> **only 16 more**
> than the previous year.
>
> **...**
>
> **1.2% of $160M**
> of total capital deployed since May 2020 went to Black founders.

Additional Data Resources:

- [Statements Made by Top Tech Companies](#) (TPInsights)
- [The Black Founder List](#)
- [Black Founder Funding Report](#)

Suggested citation:

Koshy, S., Hinton, L., Scott, A., & Dorsey, S. (2021). In a year of tragedy, injustice, and upheaval, have we seen progress in the quest for racial justice in technology?