How America's Largest Employers Advance Economic and Social Mobility

An analysis of career outcomes for millions of U.S. workers

Introduction

In 2023, Business Roundtable and the Burning Glass Institute (BGI) partnered to examine the career outcomes for millions of U.S. workers at America's largest companies[1] to examine whether large employers are successfully providing economic opportunity to their workers.

To find out, BGI analyzed the wages and career histories of 16 million American workers at the largest U.S. employers, including the workforces of Business Roundtable member companies. The analysis shows that America's largest companies provide considerable mobility for their workers.

In terms of economic mobility, large employers:

- Lift 1.4 million employees into the middle class every year.

- Deliver a lifelong wage premium for employees who start their careers at a large employer, with an even larger premium if they stay with the employer for a longer period of time. On average, this wage premium over the course of a career amounts to enough to pay for a child's college education.

These benefits are enjoyed by a broad base of employees at large companies:

- Hundreds of thousands of workers without four-year college degrees move into management each year as companies increasingly utilize skills-based employment practices.

- The wage premiums enjoyed by workers at large firms hold across educational levels, with the greatest advantage conferred on those with no more than a high school degree.

- 1.8 million non-white workers entered the middle class over the last five years.

- More than 3.6 million women entered the middle class between 2018 and 2022.

Put more simply, large employers, including those led by Business Roundtable members, play a vital role in powering social and economic mobility for American workers, which helps keep the U.S. economy strong, producing greater prosperity for all.

America's Largest Companies Elevate Americans to the Middle Class

From 2018 to 2022, BGI estimates that 7.1 million American workers at the large employers included in this study moved into jobs with middle-class wages, averaging out to just over 1.4 million workers per year.[2]

While economic pressures brought on by the global COVID-19 pandemic led to a dip in these figures in 2020, the rate of those entering the middle class has recovered at impressive speed, with 1.5 million

workers entering the middle class in 2021, and 1.8 million doing so in 2022. These numbers tell a story not just of post-pandemic recovery but of explosive post-pandemic growth that far exceeds pre-pandemic middle class attainment numbers.

Starting Your Career at One of America's Largest Employers Has Lifelong Wage Benefits

One of the main drivers for workers to pursue college, select a career field, change jobs and seek out training is the prospect of earning a better wage. Implicit in that list is the choice of where to start their career, and our analysis shows that while often-overlooked, the choice of where one starts their career has not just short-term but lifelong impacts on wages.
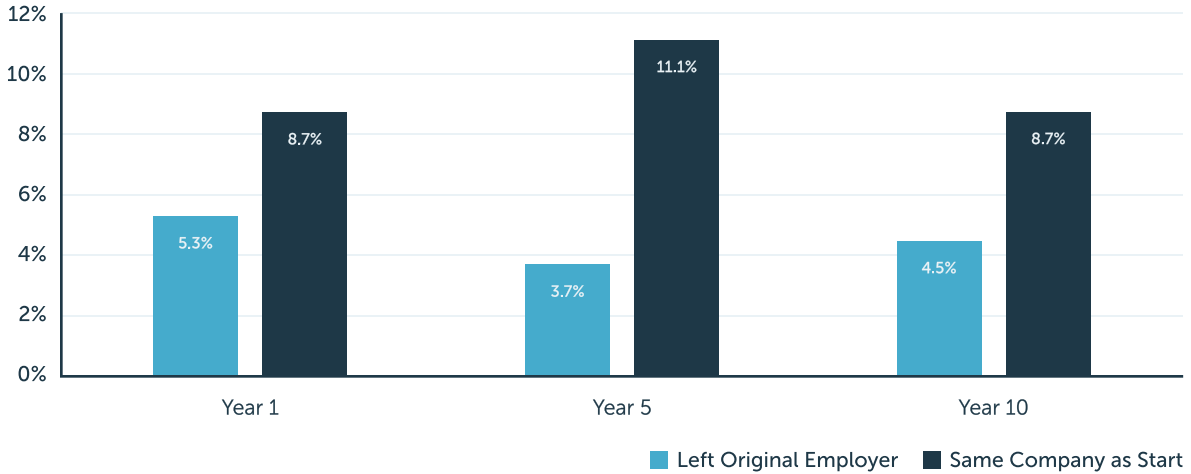
Data from this research shows that workers who start their careers at large companies earn an approximately 5 percent greater salary over the course of their careers than those starting at small and medium-sized employers. The benefit of starting at a large company is even greater for those who remain. Workers who stay at the same large company experience a wage premium after five years that is more than double that of workers who left their original employer.

Wage Premium From Starting Career at Large Firm
(Controlling for Education Level, Occupation, Industry)

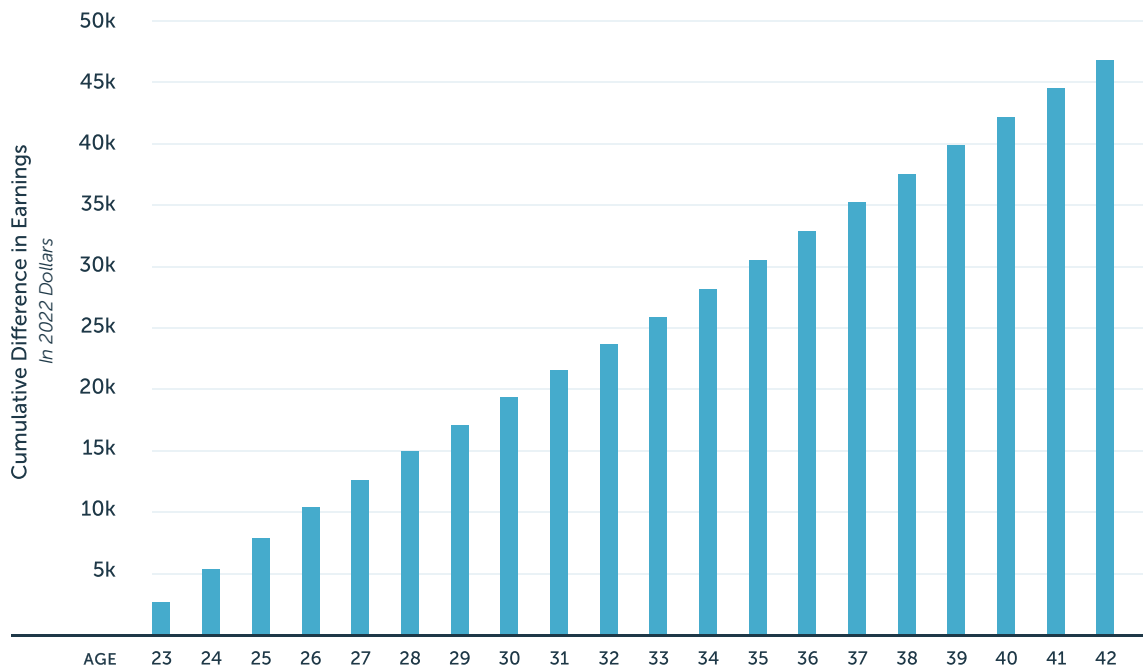| YEARS INTO CAREER	1	5	10	15	20
Wage Premium	~5.3%	~4.3%	~4.2%	~4.5%	~4.4%
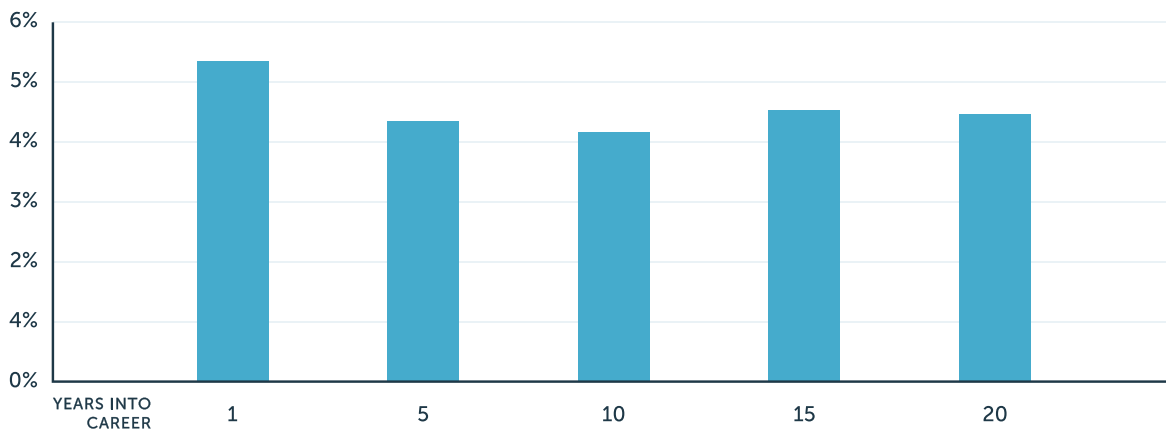
The right start can be life-changing for workers and their families. When tracking the pay progression for a large-company employee who begins their career making a $30,000 annual salary, the 5 percent sustained wage premium the employee experiences over a 40-year career at one of America's largest employers adds up to over $150,000 in additional lifetime earnings. In practical terms, the sustained wage premium a parent earns by starting their career at a large firm can put their child through college.

Wage Premium vs. Tenure at Large Employer

	Year 1	Year 5	Year 10
Left Original Employer	5.3%	3.7%	4.5%
Same Company as Start	8.7%	11.1%	8.7%

Legend: Left Original Employer / Same Company as Start

Cumulative Earning Differences at America's Largest Companies

For the median earner at year 1 in this research sample.

Cumulative Difference in Earnings
In 2022 Dollars

AGE: 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42
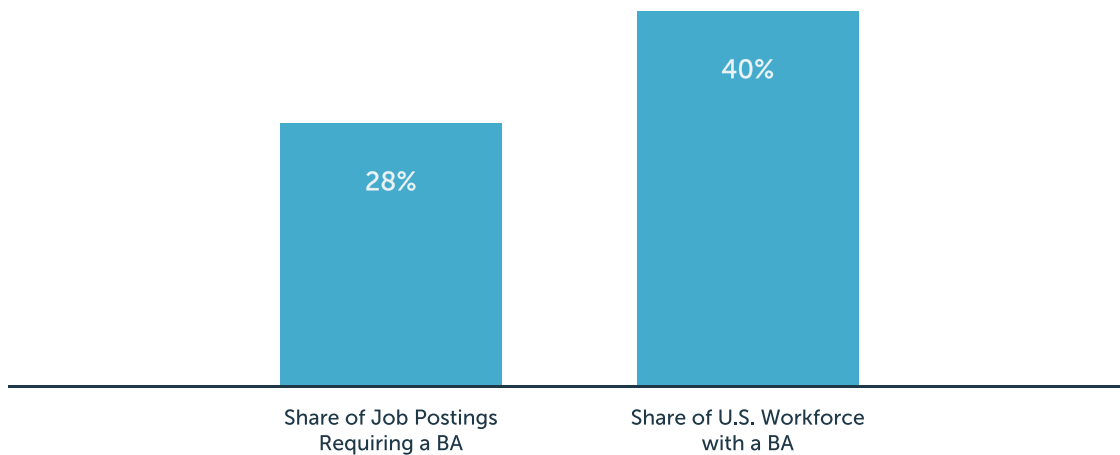
Benefits Are Enjoyed by a Broad Base of Employees

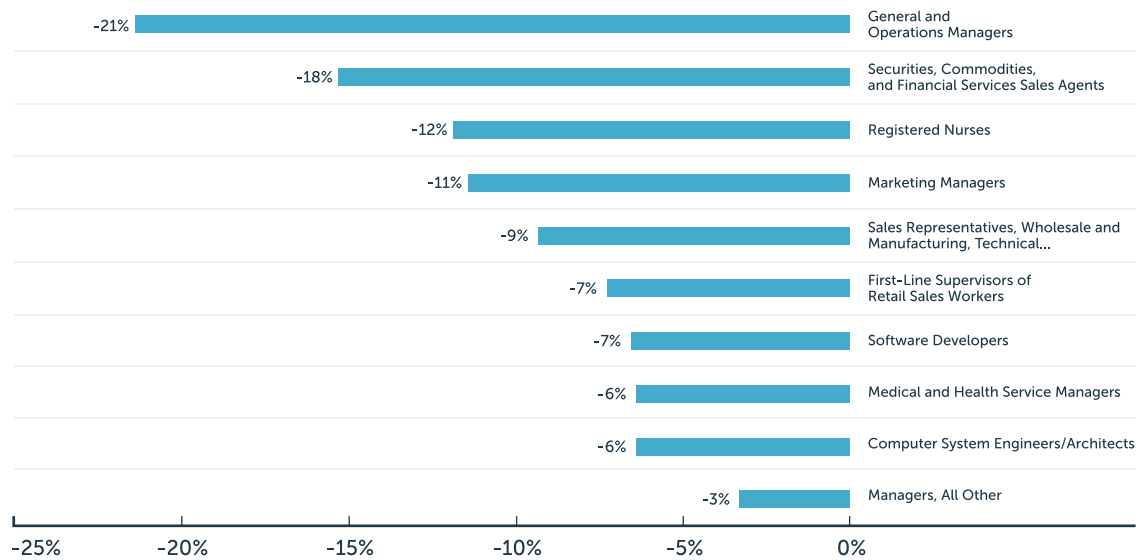## Increasing Opportunity for Workers Without College Degrees

Skills-based employment practices are among the strategies companies are using to cast their nets wider for talent, especially in middle-skill jobs.[3] To support employers, Business Roundtable operates the *Multiple Pathways Initiative* in which around 80 of its member companies participate to implement skills-based hiring.[4]

Skills-based talent strategies are vital to expanding jobs and economic opportunity to a larger base of the American workforce. In 2022, almost three-quarters of the job advertisements we studied did not require a bachelor's degree – translating to over 700,000 available jobs at America's largest companies accessible to applicants without a degree. In fact, far fewer jobs at these firms required a bachelor's degree than the share of the U.S. workforce with **at least a bachelor's degree** *(28 percent vs. 40 percent respectively) [Bureau of Labor Statistics].*

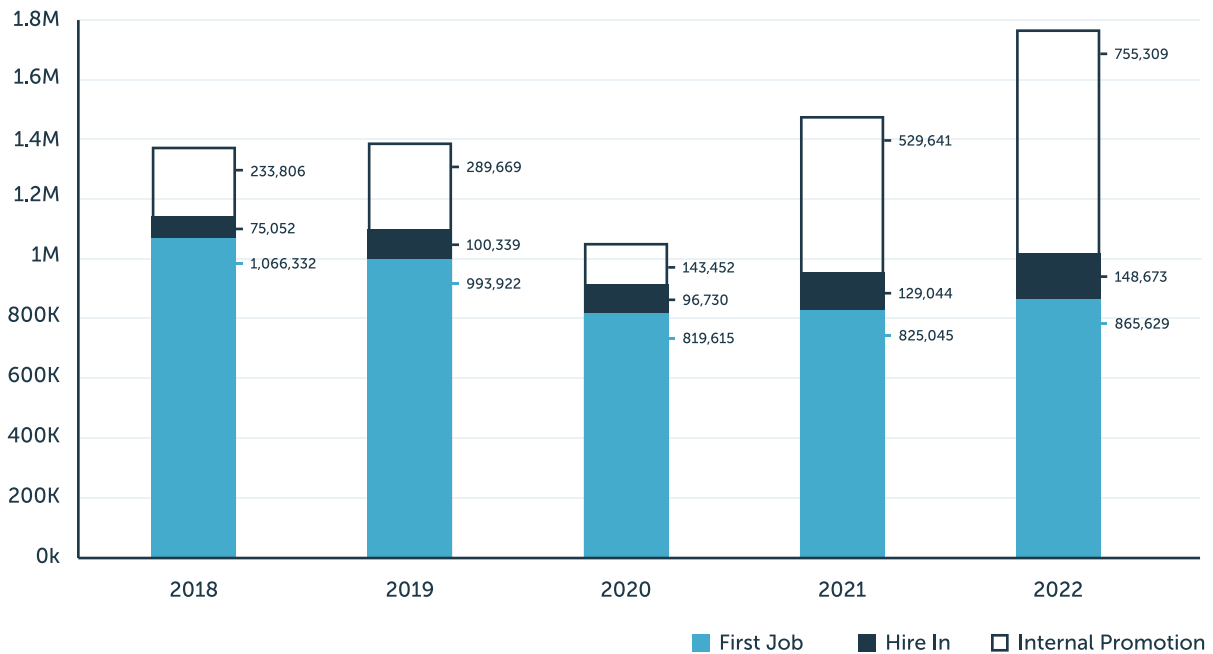**Degree Requirements vs U.S. Workforce Educational Attainment**

28%	40%
Share of Job Postings Requiring a BA	Share of U.S. Workforce with a BA

Decrease in Share of Occupations With Bachelor's Degree Requirement, 2017-2022

Occupation	Decrease
General and Operations Managers	-21%
Securities, Commodities, and Financial Services Sales Agents	-18%
Registered Nurses	-12%
Marketing Managers	-11%
Sales Representatives, Wholesale and Manufacturing, Technical...	-9%
First-Line Supervisors of Retail Sales Workers	-7%
Software Developers	-7%
Medical and Health Service Managers	-6%
Computer System Engineers/Architects	-6%
Managers, All Other	-3%

Considering an individual's full skillset and not just whether they completed a college degree has expanded talent pools for employers, and employees are benefiting too. Over the past five years, 1.5 million workers without four-year degrees moved into management or supervisor roles, with internal promotions representing nearly half of these transitions. The percentage of workers who entered the middle class via internal promotion within these large companies has more than doubled in this period, from 17 percent in 2018 to 43 percent in 2022 — an increase that signals a significant advancement in the prospects for employees to enter the middle class through regular promotions with their employer, rather than requiring dramatic career shifts. Notably, 2022 saw nearly equal numbers of workers entering the middle class via internal promotions and workers' first jobs, signaling the robustness of these multiple paths to middle class entry.

Many of the roles which serve as vehicles into the middle class have historically had less upward momentum. For example, over 700,000 workers entered the middle class through jobs in the retail sector. Another million workers entered the middle class through sectors such as General Medical and Surgical Hospitals, Courier/Express Delivery Services and Restaurants. In the current hiring environment where service workers are in high demand and skills-based candidate assessments are on the rise, service-based roles are becoming highways to the middle class.

Movements Into Middle Class for Workers Across all Educational Levels

	2018	2019	2020	2021	2022
Internal Promotion	233,806	289,669	143,452	529,641	755,309
Hire In	75,052	100,339	96,730	129,044	148,673
First Job	1,066,332	993,922	819,615	825,045	865,629

■ First Job   ■ Hire In   □ Internal Promotion

A skills-based approach to hiring and promotion is beneficial for both large firms and the often-overlooked non-degreed worker, helping America's largest companies expand their talent pools and retain that talent by providing a pathway for social and economic mobility. Moreover, the wage premium from starting and staying at a large company is true for workers across all education levels. Said differently, a worker hired into a large company with no more than a high school diploma secures approximately the same premium as they would from obtaining an associate's degree.

In fact, within America's largest companies, workers with no more than a high school diploma experience the largest lifetime sustained wage premium. The 6.4 percent sustained wage premium earned by job holders with a high school diploma points to the inherent field-leveling nature of working at America's large companies.

Sustained Wage Premium by Education Level

The wage premium from starting a career at a large firm holds for workers across all education levels
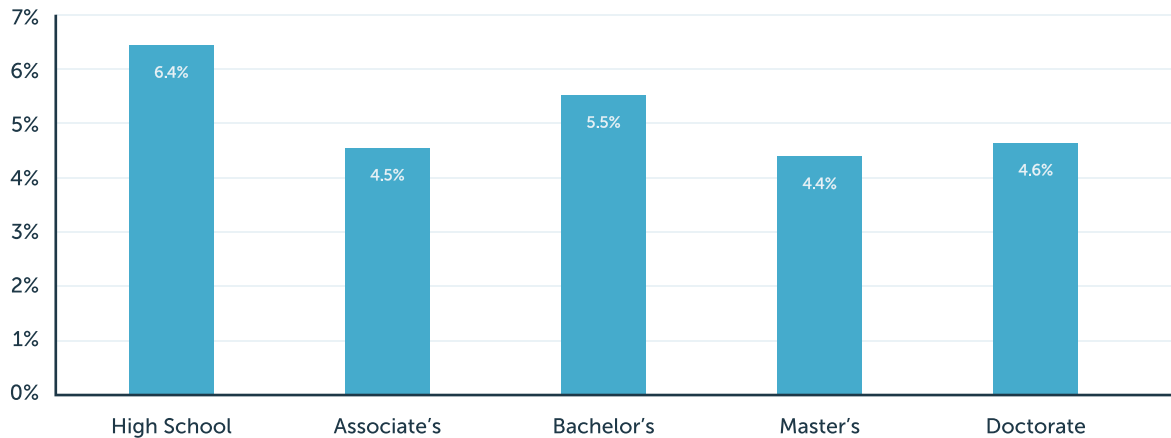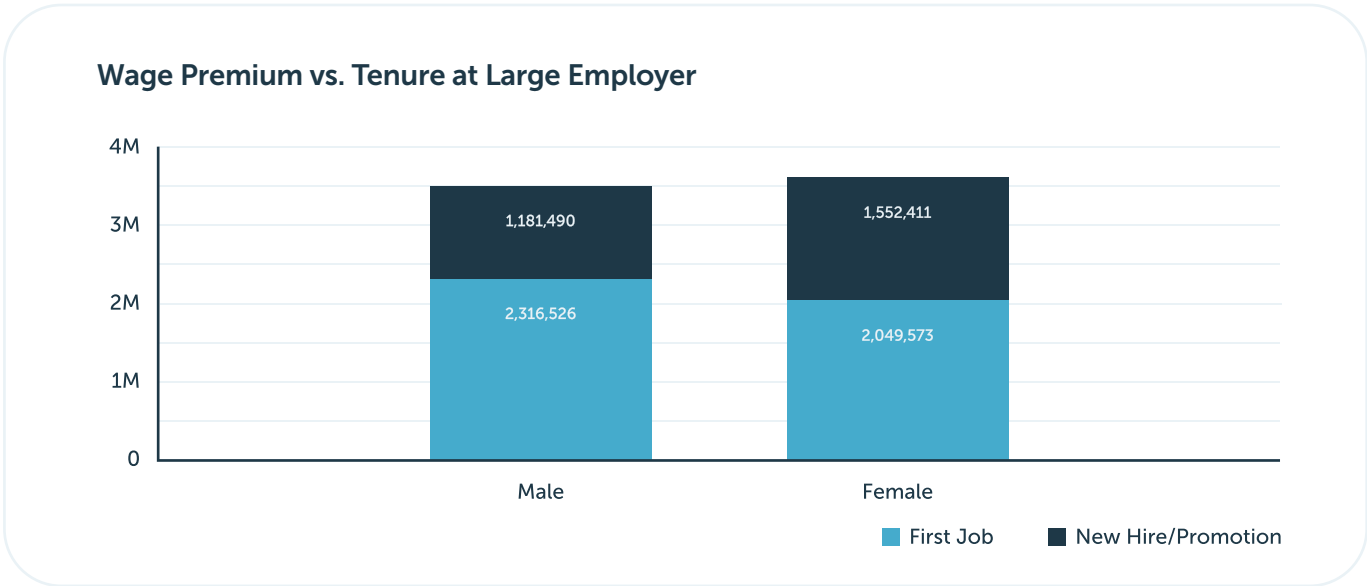

Increasing Inclusivity in the Middle Class

The data are clear: large employers are an economic mobility engine for non-white workers. Within the past five years, America's largest companies lifted nearly two million non-white workers into the middle class; more than two-thirds of those workers were Black or Hispanic. More than 40 percent of those workers reached the middle class via promotion.

Middle Class Entrants From Large Firms by Race/Ethnicity, 2018-2022
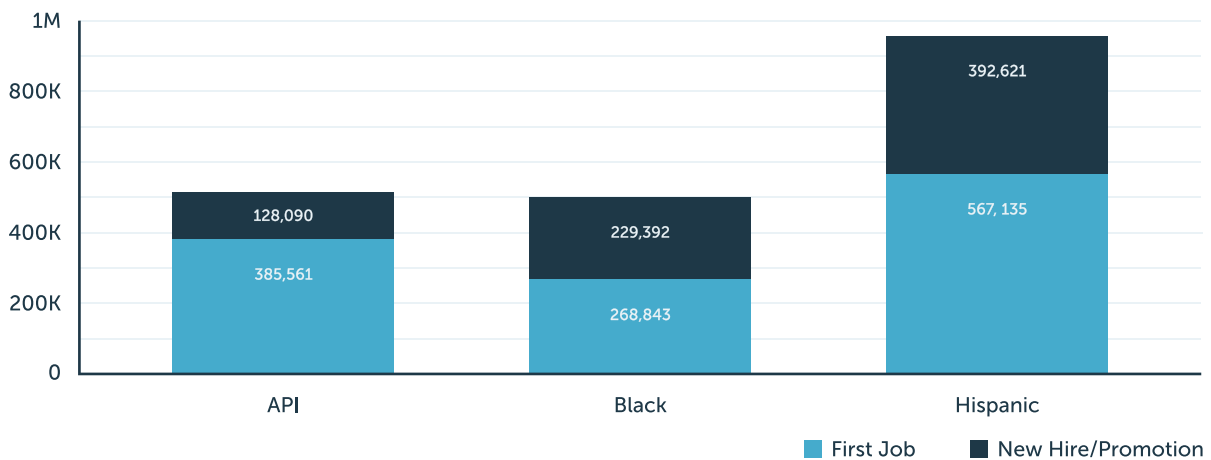
Women experience heightened economic mobility from careers at America's largest employers, too. Between 2018-2022, over 3.6 million women entered the middle class through employment at large companies.

Wage Premium vs. Tenure at Large Employer

	Male	Female
New Hire/Promotion	1,181,490	1,552,411
First Job	2,316,526	2,049,573

First Job ▪ New Hire/Promotion

In Closing

Business Roundtable member companies are advancing economic mobility, and those benefits are enjoyed by a broad base of their workers. America's largest companies are reliable vehicles for upward mobility into the middle class.

Simply starting one's career and remaining at one of the country's largest companies earns workers a sustained wage premium – one large enough to put a child through college for many workers.

Beyond this, measures of mobility hold for workers without college degrees and across education levels. America's largest companies also uplift millions of women and diverse employees in their workforces.

Large employers, including those led by Business Roundtable members, open pathways to opportunity for American workers and their families – powering a stronger workforce for increased growth and prosperity for all.

Methodology

Identifying Large Companies

The findings are based on an analysis of the wages and worker career histories of 16 million American workers across BRT member companies and America's other largest employers. "America's largest employers," "large companies" and similar terms refer to BRT member firms and other U.S. firms with over 10,000 U.S. employees.

Demographic Identification

The report infers worker gender, race and ethnicity using user-provided profile information from BGI's worker profiles dataset. Representation and pay equity measures are calculated by using this gender, race and ethnicity data associated with these workers' profiles.

Using Profiles Data to Estimate Real-Life Employees

To estimate the number of real-life employees represented by each profile from our data, the analysis applies weights to each profile. The weights are created based on the ratio of employees to profiles or the estimated ratio based on industry and the total number of profiles associated with the company. To set these weights, actual current or most-recent employee counts are scraped from the web for a set of publicly listed companies. These counts are then merged with profile counts for those companies in our data to create a dataset containing the actual employee count and profile count for a set of 1300 companies of various sizes. Using this dataset, a weighted linear regression is carried out for each industry with the log number of employees as the dependent variable and the log number of profiles as the independent variable. Companies that have greater profile representation are given more weight to avoid overfitting on data outliers. Using the regression outputs, the number of employees for each company is estimated and then divided by the number of profiles that are associated with that company as of 2022. This metric then represents a company-specific estimate of the number of employees each profile in the data represents. For companies where the actual employee count is available, the report uses this number to get the estimate of employees per profile.

Identifying Movement Into the Middle Class

Using Glassdoor data, the report matches estimated salaries to over 23 million profiles and constructs wage panels for each profile over the course of their job history. For this analysis, the research specifically studies the period from 2018 through 2022. In each year, researchers looked at the number of employees that started a new job at a large company, which includes first jobs, transfers from other companies, and transfers and promotions from within a company. A worker is counted as being elevated into the middle class if: (a) their first job pays above the middle-class threshold, or (b) they are switching into a job that pays above the middle-class threshold from a job that pays below the threshold. The middle-class threshold is separately calculated for each state and year.

- Each state is assigned a threshold in each year equal to two-thirds of the state's size-adjusted median household income as calculated from the American Community Survey. The size-adjusted median household income of a state represents the average economic well-being of individuals in that state. This measure is calculated by dividing the household income by the square root of the household size – this measure commonly *represents* individual income after accounting for economic efficiencies that arise from larger households, as well as the effects of having dependents.

Assessing Wage Premiums at Large Companies

For the profiles to which researchers match estimated annual salaries, researchers create a dummy variable where the profile started at a large company within one year of the most recent of two events: either the start of their work history or their graduation from college. A sample of profiles and their wages at 1, 5, 10, 15 and 20 years into workers' histories is taken. Wages are converted to 2022 dollars using the CPI-U.

Using this sample, a linear regression is performed with log wages as the dependent variable and the dummy variable for starting at a large company, the career year and the interaction of starting at a large company and the career year as the independent variables of interest. The worker's educational attainment, occupation and industry at the calendar year of the wage observation are included as fixed effects (except when they are variables of interest themselves). If the coefficients are not statistically significant at a threshold of $p < 0.1$, they are considered to be equal to 0. Using the regression outputs, wage premiums can be constructed for each career year by adding the coefficient on the large company start dummy variable to the coefficient on the interaction of the dummy variable and career year. This regression analysis of the data can be repeated to look at subset-specific effects based on specific values for variables such as educational attainment, occupation and whether the employee stayed at the starting employer.

Identifying Jobs Without Educational Barriers

To analyze degree requirements, researchers use a very restricted set of job postings. The report limits the sample to postings found on company websites to mitigate possible concerns about possible fake or duplicate job postings or changes in usage of large job boards. When a posting does not specify any education requirement, the requirement is inferred from the average educational requirement for the occupation among postings that do specify an education level. Among these job postings, analysts calculate the share that mention requiring a bachelor's or advanced degree.

Endnotes

1. "America's Largest Employers," "Large Companies," and similar terms refer to Business Roundtable member companies and other U.S. employers with over 10,000 U.S. employees.

2. The definition of middle class is adjusted by state and year. In 2022, the threshold for the middle class ranged from $24,000 (Mississippi) to $55,000 (Washington, D.C.). The average for all 50 states and D.C. was $30,000. Values represent individual incomes, not households.

3. *Skills-Based Hiring Is on the Rise*

4. *https://www.businessroundtable.org/workforceskills*