



HR MAGAZINE | FALL 2020

Companies Try a New Approach to Diversity, Equity and Inclusion: Honest Conversations

For years, organizations have spent billions of dollars on DE&I programs that have largely failed. But there's something different going on now.

By Theresa Agovino | August 28, 2020

isgusted and saddened by the May killing of George Floyd while in police custody, Jaime Irick wrote a letter about racism to his team of

D more than 6,000 employees at PPG. The executive explained how he learned about the subject from his Black father, who protested segregation in the 1960s, and how he would lead the unit in conversations about recent events.

As a result, discussions about the typically taboo subject sprung up all over at the Pittsburgh-based maker of paints and specialty materials.

"What surprised me was how many people wanted to tell their stories," says Irick, vice president, architectural coatings, U.S. and Canada. "There's just a lot of people who are unaware [about racism]."

Tatiana Berardinelli was shocked when she heard Black colleagues describe being gripped by fear after being pulled over by police while driving, and others explain how they worried about their children's safety when the kids left the house.

"These things never came to my mind," says Berardinelli, PPG human resources director, global architectural coatings, U.S. and Canada.

PPG already has a variety of diversity, equity and inclusion (DE&I) initiatives, though it doesn't break out statistics on people of color. But Berardinelli says these conversations are different from PPG's other DE&I endeavors.

"What we haven't done before is have these open discussions and understanding of our colleagues' experiences," she says.

It's an emerging phenomenon in corporate America. "We're talking about racism," Berardinelli says. "We never talked about this before."

A May 2020 report from McKinsey & Co. found that while overall employee sentiment on corporate diversity was 52 percent positive and 31 percent negative, **sentiment on inclusion was markedly worse**, at only 29 percent positive and 61 percent negative. This encapsulates the challenge that even diverse companies face in tackling inclusion. **Hiring diverse talent isn't enough—it's the workplace experience** that shapes whether people remain and thrive.

Empathy and Inclusion

The formerly verboten topic is starting to be more openly and broadly discussed at companies all over the U.S. The hope is that by understanding what people of color endure, white people will become more empathetic and that that understanding will eventually lead to more inclusion. Such honesty has been largely missing from failed diversity efforts that have cost billions of dollars. Companies are still pumping money into traditional exercises like unconscious-bias training as part of their response to Floyd's killing, as well as issuing ubiquitous statements proclaiming that Black Lives Matter, donating to social justice organizations and promising more diverse hiring

But experts say the brutal and public nature of Floyd's death has caused a reckoning that can lead to advances in diversity if companies build on the moment with frank conversations about race. Companies are supplementing these dialogues with expert guest speakers, book clubs and websites with tools to help employees learn more about racism.

"People would say, 'Black people exaggerated the race card' because they couldn't see it," says Eric Ellis, president and chief executive officer of Integrity Development Corp., a West Chester, Ohio-based consulting firm. "Most people couldn't believe the [George Floyd video] because it was so vicious. Now they can't unsee it."

Fostering productive conversations won't be easy. Forty-three percent of U.S. workers believe discussions about race are inappropriate at work, according to data from the Society for Human Resource Management (SHRM).



The

'People in the majority may not be aware of their unconscious bias.'

Jaime Irick

Right Response

It's crucial for leaders to discuss what happened to Floyd and others because their deaths remain on employees' minds. "Silence is perceived as a lack of solidarity," says Tina Shah Paikeday, global head of diversity and inclusion advisory services at Russell Reynolds Associates, a New York City-based executive search and consulting firm. Shah Paikeday acknowledges that some executives may find it difficult to broach such a sensitive topic. She advises them "to lead with vulnerability" and concede that unease.

The chief executive of Choice Hotels, Pat Pacious, asked his employees for their grace when he addressed them about Floyd's death. "He didn't know what to say, but he knew he had to say something," says Corinne Abramson, the company's national inclusion director. "It was more about listening."

It's unclear whether recent corporate efforts to shine a light on injustice are having any positive impact. While more than 80 percent of organizations have released or will release a statement to employees about racial injustice and the protests against it, more than two-thirds (67 percent) have not gathered the thoughts of their workforce on those issues, according to SHRM research.

Some company pronouncements about racism sparked negative reactions that highlighted corporate America's failure to create equitable workplaces. For example, after Floyd's death, Morgan Stanley's chief executive, James Gorman, promoted two Black women to senior roles and pledged \$25 million to create a diversity institute at the investment bank. A few days later, Marilyn Booker, a former

head of diversity and inclusion and longtime executive at the bank, sued for systemic racial discrimination, alleging her budget was consistently cut and her efforts blocked. Only 2 percent of the bank's senior executives are Black. The firm has pledged to fight the charges.

Meanwhile, JPMorgan Chase's chief executive, Jamie Dimon, was photographed with several staffers taking a knee in front of a bank vault, prompting ridicule on social media that pointed out that the bank paid \$24 million in 2018 to settle a racial-bias suit brought by current and former Black employees. Only 4.4 percent of the bank's executives are Black, the firm reports.

Executives at AssetMark Financial Holdings Inc. have been thinking about how to bolster the company's commitment to DE&I and don't want to make a knee-jerk decision, says Esi Minta-Jacobs, vice president of human resources at the Concord, Calif.-based money management firm.

"We want to make sure it's impactful," she explains. The firm is considering using its expertise in money management to start a financial literacy program for underserved communities, for example.

One initiative already in the works: a book club that explores the topic of racism to help white colleagues better identify with their co-workers of color.

"You can mandate diversity, but you can't mandate inclusion," Minta-Jacobs says. "Inclusion is about behavior, relationships. You have to change hearts and minds."

According to 2018 research by Russell Reynolds Associates, 69 percent of chief diversity officers track **employee survey results**, but only 28 percent of them believe that formal employee surveys drive **D&I strategy** and only 35 percent measure **employee demographic data**, the most important outcome of their D&I strategy.

Disappointing Result

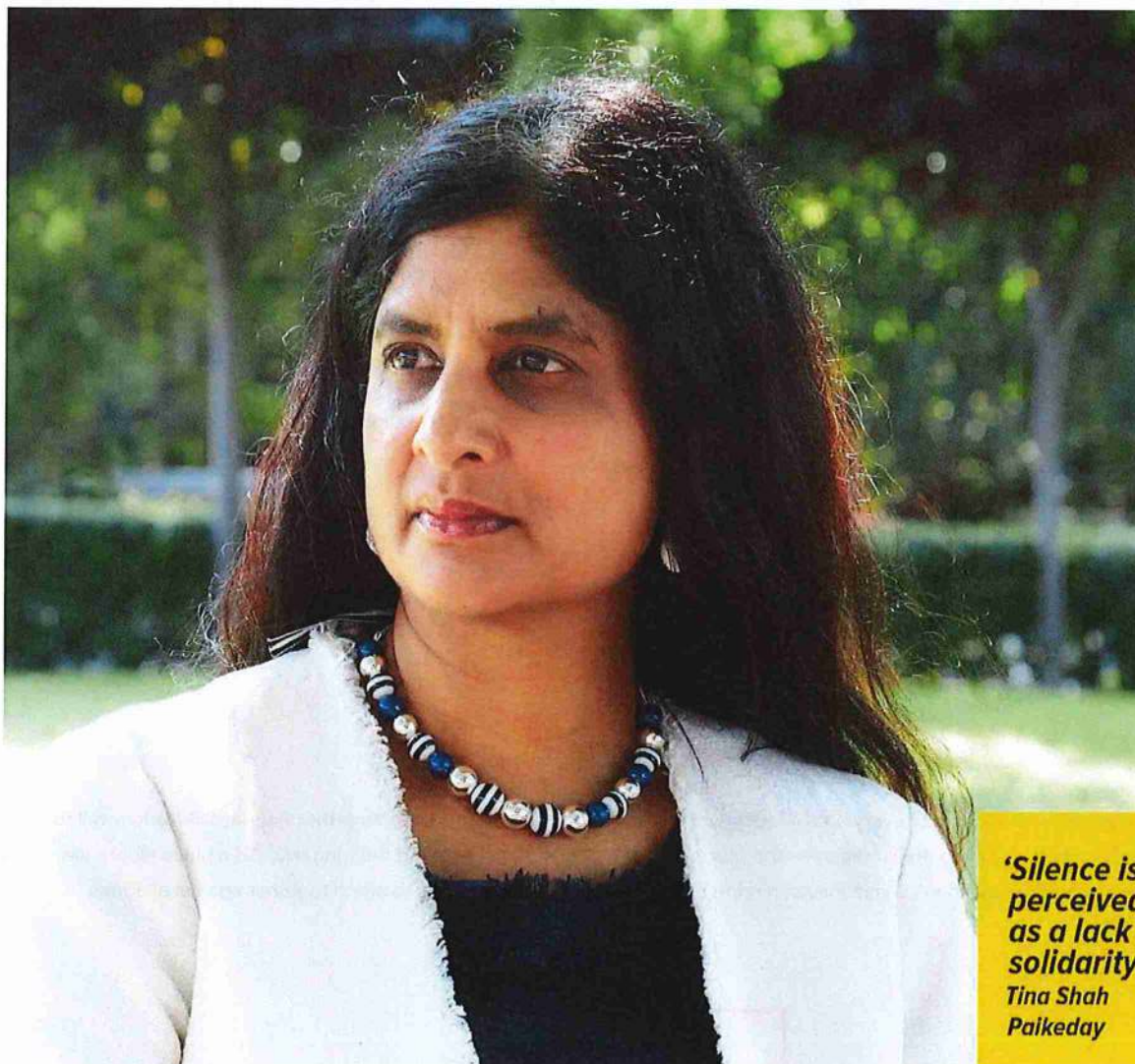
Companies spend \$8 billion a year on diversity training, according to consulting company McKinsey & Co. But experts say these organizations have little to show for it. Many have policies dictating that a certain number of women and people of color must be considered for all job openings and that interviewer panels must be diverse. Some employers have increased those numbers

Overall, companies are better at hiring people of color than they are at promoting them, but hiring is still poor. White people make up 65 percent of entry-level jobs in corporate America, while people of color represent 32 percent of those posts, according to a study by McKinsey and nonprofit LeanIn.org. The inequity increases with power: White people account for 81 percent of vice president posts, compared with 19 percent for people of color. Only 14 percent of C-suite positions are held by people of color, with women of color holding only 4 percent. White men hold 68 percent of C-suite positions, with white women accounting for 18 percent. There are only three Black CEOs in the *Fortune* 500.

The social unrest has been a powerful incentive for companies to bolster their diversity efforts, though there's another powerful force sweeping the U.S. that could undermine those intentions: the recession brought on by the COVID-19 pandemic. Millions of people have lost their jobs, and the downturn has taken an especially devastating toll on people of color. Many companies are struggling to stay afloat

and may not have the financial or management bandwidth to dedicate to diversity programs. Others didn't prioritize diversity even in good times. Less than half—47 percent—of companies in the S&P 500 had a chief diversity officer or similar post at the end of 2018, according to a study by Russell Reynolds.

There's another potentially complicating factor: Vast amounts of employees are now working from home because of the pandemic, and it's unclear whether that will impact the reinvigorated diversity efforts. Some suggest delicate conversations about race lose their impact in a virtual setting. Distance also makes it more challenging to forge meaningful mentoring and sponsorship bonds.



**'Silence is
perceived
as a lack of
solidarity.'**

**Tina Shah
Paikeday**

But Shah Paikeday says companies have been more proactive about reaching out to telecommuting employees and keeping them engaged. That mindset could help diversity efforts, she says.

Companies also are using more technology in their diversity efforts. For example, Comcast Corp. has been broadcasting to its entire staff talks with experts on racism, including Ibram X. Kendi, best-selling author of *How to Be an Antiracist* (One World, 2019).

The bigger obstacle to achieving more diversity in the workplace is that companies are overthinking their approaches, says Pamela Newkirk, author of *Diversity, Inc.: The Failed Promise of a Billion-Dollar Business* (Bold Type Books, 2019). "We treat diversity like we're trying to hire diverse people from another planet," she says. "If the boss says you have to do better, people will do better. You have to know your success is riding on it."**A Lack of Power**

The commitment must come from senior levels, and those leaders must ensure that it's taken seriously. Having DE&I leaders isn't enough unless they're empowered by the C-suite to bring real organizational change

Typically, however, DE&I leaders lack influence. "It's often a marginalized role with high turnover," Newkirk says.

Only 35 percent of chief diversity officers say they have employee demographic data, leaving the majority without necessary information to support their work, according to the Russell Reynolds report. It also found that DE&I often isn't an integrated part of companies' business strategy.

That runs counter to what's good for profits. A 2018 McKinsey & Co. report found that organizations with diverse boards and executive teams were up to 35 percent more likely to financially outperform their less-diverse competitors.

"People just don't believe it," Ellis says. He maintains that executives' tendency to put short-term gains in front of long-term strategy blocks them from prioritizing diversity. He also believes that unconscious bias plays a role in excluding people of color from the workplace.

Ellis is a fan of unconscious-bias training, though detractors say it can make white employees feel uncomfortable.

"You can't solve it if you can't admit it," Ellis says. He adds that corporate America must prepare for difficult conversations if it's truly serious about creating an equitable workplace.

Irick agrees and will be instituting unconscious-bias training in his division. "The majority of people doing the hiring aren't minorities," he says. "People in the majority may not be aware of their unconscious bias."

(<https://togetherforwardatwork.shrm.org/>)



@Work

Together, we can create racial equity.

It's time for equality for all, across every area of society. That's why SHRM has introduced **Together Forward @Work**, a call to action to bring racial equity to the workplace—the place we know best and have served the longest. And a place where we, our members, and our business community can bring our unique professional talents to stand together against all forms of social injustice.

LEARN MORE

(https://togetherforwardatwork.shrm.org/?_ga=2.167780449.1766471939.1596397693-1474510536.1594306739)

Transparency Is Key

More companies are publicly disclosing their DE&I results to hold themselves accountable for change, even though the statistics advertise the homogeneity of the C-suite. In an open letter, Chip Bergh, president and chief executive of Levi Strauss & Co., wrote, "We pride ourselves on being a progressive company that takes bold stances to promote equity, justice and inclusivity all around the world—but the hard truth is that we have not always lived up to these principles internally."

While 38 percent of the San Francisco-based clothing company's total U.S. workforce is non-white, there are no Black individuals on its corporate board or among its executive leadership team. Only 2 percent of its top 250 executives are Black, while 16 percent are Asian and 6 percent are Latino.

Levi Strauss announced several ways in which it plans to bolster its diversity, including conducting anti-racism and racial equity training and launching a career path program next year for retail/distribution center employees who aspire to join the corporate team.

"Transparency is a good first step, though it has to be backed up with action," says Tracy Layney, Levi Strauss' senior vice president and chief human resources officer. "Programs don't change unless there's accountability."

Many companies have what are commonly called employee resource groups as part of their DE&I efforts. They're designed for groups of colleagues with similar backgrounds to come together, share experiences and support one another. At many companies, the groups created for Black employees are proving instrumental in trying to push DE&I efforts forward.

At a VMware Inc. event, LaTrece Butler-Morton shared how her husband didn't want her and their teenage son to attend a Black Lives Matter protest because he feared for their safety. Her husband, who has experienced police violence firsthand, only acquiesced when white family friends vowed to protect them if anything happened. "We had to plead with him," says Butler-Morton, VMware's director of product lifecycle operations management. "I wanted to support my son."



She says she thinks that her white colleagues view the Black individuals who have died violently in racist incidents as being somehow different from their Black co-workers. "By sharing, I wanted them to see that it's all Black people who have fear, not just 'those Black people,'" says Butler-Morton, who is a member of the African American POD, or "power of diversity," community at the Palo Alto, Calif.-based software company.

A significant part of VMware's effort in the aftermath of Floyd's death was designed to ensure that its Black colleagues felt secure. The company created an intranet page that used the hashtag #wehearyou for them to share their feelings and concerns.

"We wanted to say, 'We understand that you're not OK,'" Butler-Morton says.

As part of the campaign, VMware has contributed to social justice organizations and will match employees' donations. It has also instituted more training on inclusion for its managers, and now both a woman and a minority must be considered for any open position. Previously, only one or the other had to be included.

Only 3.2 percent of the company's employees are Black. Tech companies are notoriously white and male, a homogeneity that stems from the white and male venture capital firms that finance them.

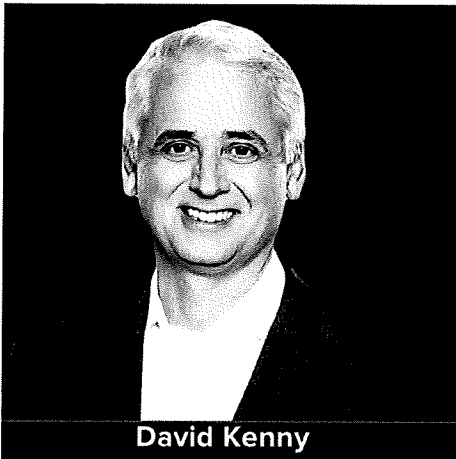
Shanis Windland, VMware's vice president of diversity and inclusion, acknowledges that the company's need to improve its record.

"Black Lives Matter and coronavirus made people really think about how we're not doing enough about diversity and inclusion," Windland says. She adds that the company is committed to learning more about racism and will move to make more changes as it progresses. "This isn't going to be one and done," she says.

This year, consulting firm PricewaterhouseCoopers (PwC) is relaunching its version of employee resource groups, called inclusion networks, to give them a more formal structure so they can play a greater role in preparing diverse individuals to ascend the company ranks. The groups will now be a vehicle for training programs, including Path to Partnership, which is a three-year program that pairs promising executives with mentors and other forms of support to prepare them to become partners. However, this year PwC opted to double the time in the program for women and minorities to ensure they get the attention they need.

"We want to make sure they know they're on the road to partnership," says Shannon Schuyler, chief purpose and inclusion officer at PwC US. "We're calling out where we want our diversity to be. We're saying, 'This is what your partnership class is going to look like.'"

Walking the Walk



Nielsen Holdings Chief Executive Officer David Kenny caused a stir in early

2019 when he appointed himself chief diversity officer of the New York City-based information services company. He's a white man, and such posts are typically reserved for women or people of color. Kenny explains why he made the decision and what he's done since.

Why did you decide to become chief diversity officer?

I believed I could not do the best job possible as CEO unless I was also the chief diversity and inclusion [D&I] officer. Every decision we make to develop great products, develop the organization and represent the company externally requires D&I to be at the center of everything we do. I needed to make sure that our company is diverse and that our diverse associates were included in every decision and everyone here is advancing.

What changes have you made since you took over the role?

For executive leadership, we're now tying incentives to each leader's team diversity goals. Each member of our executive team must also be actively involved with our ERGs [employee resource groups]. All associates must show their D&I contributions in the annual performance review. It's also important that we're tracking the progress we're making, so in 2019 we added an inclusion index in our annual employee engagement survey.

The C-suite in corporate America is largely white and male despite the billions of dollars spent on D&I. Why?

Accountability is key to moving that needle, alongside investments in D&I programs that attract and create a pipeline of diverse talent. It's not enough to measure diversity in your total associate population. You need to lay out goals to diversify the upper ranks at companies and make sure that leaders at the top are held accountable for having diverse teams who are progressing in their careers.

Do you think the current focus on racial inequality will change anything?

I'm encouraged by the numbers of people protesting and demanding change. We need to stay active about changing the system. We need to engage policymakers and the government to build out comprehensive reforms, including policing and education. And here at work we need to make room for people to share stories of injustice, microaggressions and inequity and for others to listen and act to change wherever and however we can.

Do you think having more people working remotely will affect diversity programs?

We can widen the diverse slate of candidates regardless of location, opening up opportunities to the best talent wherever they reside.

The chief diversity officer is usually a woman or a person of color. What do you say to those who think that a white man doesn't have the right experience or authority for the role?

As CEO, I'm setting the example for the leaders on my team, that we are accountable for diversity and driving it through the company. I have an even greater responsibility to be an ally to individuals and advocate to change the system that has allowed racism to continue.

What advice would you give other CEOs who are considering becoming their company's chief diversity officer?

First, you need real humility—you can't understand the injustice until it happens to you. You have to listen and have people trust you enough to really share their story, because you can't learn without first understanding it. Then you have to accept that systemic racism exists. It's not your fault, but don't deny its existence.

Why must your senior management team join an ERG?

Being part of an ERG helps leaders understand our diverse associates and set the example for the rest of our associates. D&I isn't something you do in your spare time. It's critical to how we do business at Nielsen, and it starts with learning about the experiences of colleagues who are different from you. —T.A.

Theresa Agovino is the workplace editor for SHRM.

HR DAILY NEWSLETTER

News, trends and analysis, as well as breaking news alerts, to help HR professionals do their jobs better each business day.

Email Address



**CONTACT US (WWW.SHRM.ORG/ABOUT-SHRM/PAGES/CONTACT-US.ASPX) | 800.283.SHRM
(7476)**

© 2020 SHRM. All Rights Reserved

SHRM provides content as a service to its readers and members. It does not offer legal advice, and cannot guarantee the accuracy or suitability of its content for a particular purpose.

Disclaimer (www.shrm.org/about-shrm/Pages/Terms-of-Use.aspx#Disclaimer)

