

Companies Must Make to Advance Racial Justice

by

Mark R. Kramer

June 04, 2020

Summary. In the wake of George Floyd's tragic death in Minneapolis, major corporations have been voicing their support for racial justice in the United States. But we are way past the point when words alone suffice. Actions are needed. Corporations can and should make 10 concrete commitments to...more

In the wake of the killing of George Floyd in Minneapolis, many major corporations are tweeting out statements of concern and support for the Black community. That's a start, but what is needed at this moment is action. We cannot pretend that most major corporations in America — and their shareholders — have not benefited from the structural racism, intentional inequality, and indifference to suffering that is behind the current protests. Corporate America and the Business Roundtable have an obligation to go beyond tweets and quotes by committing to an agenda that will advance racial equity in meaningful ways.

Some changes cost virtually nothing; others may create short-term costs. But solid research has shown that the changes that do cost money actually create shared value and lead to both greater long-term corporate profitability and a more prosperous, equitable, and sustainable society. Now is the time to reset expectations for a new and better "normal" to which we can eventually return. Here are 10 commitments that corporations can and should make that will help achieve racial equity.

1. Commit to anti-racism personnel policies and racial-equity training.

Adopt a no-tolerance-for-racism policy like Franklin Templeton's, which led to its swift, recent termination of Amy Cooper following her altercation with Christian Cooper, an African-American bird watcher, in Central Park in New York City. And to back those policies, provide racial equity training for all employees — from the CEO and board to hourly workers. White privilege has blinded so many of us to understanding the ways that racism is built into our society, our economy, and our own lives. Change, for each of us, must start with our own learning journey, and resources are plentiful.

2. Commit to pay equity.

There is no longer any excuse for disparities in the wages paid to people of color and especially to women of color whose pay is twice discounted. Conduct a wage equity audit, and make the adjustments needed to achieve fair and equitable pay. For example, PayPal makes adjustments regularly throughout the year to maintain equity. Studies have shown that closing the racial pay gap would increase U.S. GDP by 14%, or more than \$2 trillion.

3. Commit to giving employees a voice.

Ensure representation of hourly employees, women, and people of color in all employment policy decisions. Consider employee representation on your board — it's a legal requirement in Germany and is one reason why its economy recovered more strongly from the Great Recession than America's and has weathered the Covid-19 pandemic with only 4% unemployment.

4. Commit to supporting full participation in democracy.

Make Election Day a paid holiday. Help your employees register to vote by registering them at work.

5. Commit to lobbying for good.

It is no secret that corporate lobbying shapes many of our laws. Commit at least 50% of your lobbying expenditures to drafting and supporting bills that would improve conditions for communities of color by increasing access to quality education and training, rebuilding infrastructure, protecting consumers, ending racial oppression, rebuilding the safety net, achieving criminal justice reform, and making police more accountable. Remember, always that it is the people mostly deeply affected by these deficits who can best define the problems and necessary solutions. And if your business model relies on immigrants who live, work, and pay taxes in the United States, you owe it to them to stand up for their rights and support a path to citizenship.

6. Commit to paying a living wage.

The national minimum wage hasn't been raised in a decade and has not nearly kept up with inflation. This has had a disproportionately negative impact on Black workers, who must routinely hold multiple jobs just to survive. States that have raised minimum wages to \$15 an hour have seen their economies grow and thrive.

It's not as expensive as you might think. Research has shown that the companies that pay well and offer good benefits and treat their hourly employees with respect are more profitable. Walmart raised entry-level worker wages to \$12 an hour and saw productivity rise while turnover fell, generating a net increase in corporate earnings.

Eliminate last-minute variable shift scheduling that denies employees a 40-hour work week and disrupts their lives. The Gap found store sales increased 7% when it instituted stable scheduling with two weeks of advance notice.

7. Commit to paid parental and sick leave.

Most women of color cannot afford to take significant periods of unpaid leave from their jobs when they have a child. Given what we know about the critically important role maternal

bonding plays in shaping brain architecture and establishing childhood well-being in the first years of life, it's clear that the lack of maternal care has lifelong consequences. The absence of paid sick leave is an even larger problem and one of the reasons people of color have been disproportionately exposed to Covid-19. Providing paid parental and sick leave to all employees can help businesses support thriving and productive workforces.

8. Commit to full health care coverage for all employees and support national health care.

Corporations spend twice as much providing employees with health care as they pay in taxes. It puts U.S. businesses at a massive global competitive disadvantage, consumes money that might have gone to higher wages, and is causing employers to offload more and more of health care costs on employees. As a result, the take-home pay of people fortunate enough to have employer-sponsored coverage is much less.

Ensure that living wage actually ends up in employees' pockets by reducing their contribution and supporting national health care coverage that would reduce the burden on corporations and would ensure that those without insurance — many of them people of color — are covered. Covid-19, which has disproportionately killed Black and Latinx workers, has underscored the need for equity and universal coverage in health care.

9. Commit to an employee emergency relief fund or low-cost loan program.

Nearly 40% of Americans — disproportionately people of color — lack the savings to cover even a \$400 emergency expense. And that was before Covid-19 destroyed the fragile economic balance that millions of employees struggle to maintain. Their only recourse is to turn to extortionist payday lenders or to run up high-interest, credit-card debt.

When there is an emergency, a few hundred dollars advanced by the employer can be life-changing for employees. In addition, consider paying wages weekly instead of biweekly — many employees cannot last two weeks between paychecks — or use PayActiv that enables employees to access money they have earned before payday.

10. Commit to democratize employment applications.

Eliminate the box for “felony conviction” on job application forms, which disproportionately excludes people of color. Eliminate testing for marijuana use and other drugs if not required by law or the nature of the job. Join the companies such as EY, Google, and Whole Foods that no longer require a college degree for jobs that do not actually need higher education. Develop programs to hire, train, mentor, and advance Black youth without high school degrees who face the highest rates of unemployment, yet have been proven to be productive and loyal employees when supported through effective management programs such as those documented by Talent Rewire.

These commitments won't eliminate structural racism, quell protests, or stop continued violence against the Black community, but they are changes within the power of every company that will make a profound difference. These 10 potent commitments could make our companies more profitable, grow our economy, profoundly transform millions of lives for the better, and lead us to become a more equitable, resilient, and prosperous nation. Any one of them will make a difference. How many commitments can your company make?