BUILDING A MORE CIVIL & JUST SOCIETY

Lessons from Leaders for Leaders: Organizational Impact & Social Change

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Executive Summary

A New and Better Path Forward to Address Inequality

“Our work on racial equity is not separate to the vision of our business. It’s actually a part of it.”

—Matthew McCarthy, Chief Executive Officer, Ben & Jerry’s

Capitalism—the economic system that has unleashed unprecedented prosperity principally through its fostering of entrepreneurial innovation—is under question and even under attack. Factors such as crony capitalism and wealth and wage inequality have been undermining its effectiveness and the faith that people have in it. The COVID-19 pandemic has exaggerated the economic issues that directly and disproportionately affect women, people of color, and low- to moderate-income communities.

Providing equal opportunity for all Americans is fundamental to sustaining capitalism. It is a leadership responsibility, a moral obligation, and a business imperative. Americans today are placing their trust in business leaders to deliver the necessary change to provide an equal and level playing field for opportunity and prosperity.

In March of 2021, The Conference Board convened CEOs across the corporate landscape in a virtual conference, Building a More Civil & Just Society: Organizational Impact on Social Change Issues, to offer insights and actionable steps to address the challenge of racism, economic opportunity, childhood education, health care, workplace equality, and corporate governance and drive lasting change in their own firms, communities, and society.

The consensus from participants: addressing the fundamental challenge of racism, providing equal opportunity, and building a more just society is not only a social good in itself but an essential part of doing business. It must be an intentional strategy. It isn’t about politics, partisan preferences, or altruism; it is about sustainable business growth, workforce engagement and productivity, customer loyalty, competitive advantage and most importantly providing prosperity for all Americans. They believe businesses need to identify a new, better path to move forward in addressing equal opportunity both within the firm and in society while recognizing progress will be a continuous journey requiring courage and persistence.

“When you have that many people who believe that the system isn’t working for them, I think it threatens the very foundation, the pillars of our democracy. Democracy needs to be about rising above your own self-interest.”

—Dan Schulman, Chief Executive Officer, PayPal
Insights for What’s Ahead

The business leaders participating in the conference shared lessons and perspectives they and their organizations have learned as they confront the inequity and injustices in both today’s society and the business environment. Among those insights:

- **Profit and purpose are not at odds with each other. You drive shareholder value by driving stakeholder value.** Large multinational companies such as Procter and Gamble, Newell Brands, Unilever, and PayPal have shown that profits with principals can be a winning strategy if authentic and executed well.

  "One of the myths of being a just company or a stakeholder driven company is that ‘I have to give up performance. You know, this is going to come back to bite me in the markets.’ And we’ve just found that’s not the case."

  —Martin Whittaker, Chief Executive Officer, JUST Capital

- **Taking a stand does entail risk, but joining and changing the conversation on inequality is becoming an essential part of the relationship with customers and employees. Silence on social issues or simply not responding is a vanishing option**—there is no way a major consumer brand can avoid the major controversies underway. The drivers are not politics or partisan preferences but rather workforce, investor, and customer engagement; competitive advantage; and ultimately business growth. There may be backlash, but getting the conversation started creates understanding and empathy. It takes courage and persistence.

  “There’s a lot of divisiveness on these issues, and we don’t have all the answers. And we’ve got to be okay wading in even though sometimes our point of view may not be fully popular with everybody.”

  —Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation

- **Set a clear “North Star” to guide your people on the equality journey. Control what you can control—look inside first, then look outward.** Start addressing racism and racial and gender underrepresentation by identifying the issues within your own corporate walls through dialogue with employees and leveraging analytics to assess the current state within.

- **Chose progress over perfection and action over observation.** Racial equality, climate change, and equal economic opportunity can sometimes appear as abstract societal issues too large and complex for any one organization to make a difference. It is a journey, and progress both within your organization and in society will be incremental.

- **Becoming a more socially responsible company requires an intentional strategy that includes setting objectives and metrics and ensuring accountability to meet goals.** Behind the words and commitment, you need to have thoughtful plans on how purpose will be governed, executed, and measured.
• Make it personal. Look within yourself to drive change. Real progress is only made when a leader says: “I am going to make a difference.” Leadership and personal commitment matter, and change starts with the leaders themselves and their ability to communicate purpose with passion and authenticity, which can drive meaningful behavioral changes

“It starts with the individual. I think one of the things you’ve got to ask yourself is: What are the personal behaviors that you think you need to change? In your business life and personal life, have you tolerated prejudice and bias? Look at yourself, within yourself. You can drive tremendous change. And don’t wait for someone else to do it. You’ve got to do it.”

—Ken Chenault, Chairman and Managing Director, General Catalyst, and Former Chief Executive and Chairman, American Express

• Listening is the first—and sometimes the hardest step—to begin building the foundation of a more just organization. Business leaders know uncomfortable conversations are hard, but uncomfortable listening can be even harder. Don’t assume you know what the issues are, rather go out and talk to and listen to stakeholders.

• Embrace new partnerships and ways to collaborate. Sometimes nontraditional partners provide the best ideas and courses of action. External collaborations strengthen the company brand and connection to the community while also building a future talent pipeline. Partnerships between competitors, industry sectors, big and small firms, government, academia, customers, and communities can create a business and social ecosystem that drives outcomes which far exceed the scope of what any single organization can achieve.

Conference participants believe that committing to a more civil and just society that provides equal opportunity is an economic and social imperative. But progress can only be accomplished if businesses see part of their mission as contributing to the overarching health of their communities. It is about allowing society and communities to thrive so businesses can thrive too.

About This Report

For over 100 years, The Conference Board has helped the world’s leading companies, and society at large, navigate crises and develop reasoned solutions for our country—and these times are no different. In March of this year, The Conference Board convened CEOs in a virtual forum, Building a More Civil & Just Society. This report, the first in the series, focuses on the leadership lessons from the conference. The second, Lessons from Leaders for Leaders: Innovative People Approaches focuses on strategies and tactics organizations can adopt as they move toward providing greater opportunities for individuals to achieve a more equitable society and workplace. For more resources, including research and webcasts, visit our Building a More Civil & Just Society content hub.
BUILDING A MORE CIVIL & JUST SOCIETY

A New and Better Path Forward to Address Inequality

“It’s good for business to be investing in the community. People want to work in a community in which they want to live. That can only be accomplished if businesses see part of their mission as contributing to the overarching health of their community.”

—Dr. Richard Besser, President and CEO, Robert Wood Johnson Foundation

Sure, words matter, but actions matter most. Climate change, racial injustice, workplace inequality, lack of equal economic opportunity, unequal access to capital, and a general sense of divisiveness in US society are among the growing threats to business models and social cohesiveness. The expectation from stakeholders—customers, employees, shareholders, and society—is for business leaders to commit to action to address these challenges. CEOs are being looked to for leadership on many of society’s thorniest and seemingly intractable issues.

The pandemic has exposed economic issues—such as pay equity, housing, the survival and resiliency of small businesses, and health care disparities—that directly and disproportionately affect people of color, women, and low- to moderate-income communities. More women have dropped out of the workforce than men during the pandemic with daycare centers closed and schools running virtually. In a postpandemic environment, business leaders are aware that something more is expected of them and their organizations. However, it is not always clear what that “something” is, especially given that many social issues may be relatively unchartered territory for companies.1

In March of 2021, The Conference Board convened CEOs across the corporate landscape in a virtual conference, Building a More Civil & Just Society: Organizational Impact on Social Change Issues, to discuss actionable steps to meet the challenges of racism, economic opportunity, childhood education, health care, workplace equality, and corporate governance.

The consensus from participants: addressing these important challenges is not only a social good in itself but an essential part of doing business. It isn’t about politics, partisan preferences, or altruism; it is about sustainable business growth, workforce and customer engagement, productivity, competitive advantage, and most importantly, providing prosperity for all Americans. Plus, business-case analyses often do not account for how lack of diversity, equity, and inclusion (DEI) CAN become a strategic risk to the business, whether in terms of brand reputation, innovation, or ability to fully engage the workforce.2

1 Paul Washington, Merel Spierings, Investors and Companies in Addressing Today’s Social Issues, the Conference Board, October, 2020

2 Laura Sabattini, PhD, Patti P. Phillips, PhD, The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion (DEI) and Business Results, The Conference Board, April 2021
“The obligation that an organization has to care for their people, care for their communities, in addition to their shareholders and also their consumers, is just growing in expectation,” says Ellyn Shook, Chief Leadership and Human Resources Officer at Accenture—adding that the majority of employees are looking to their CEO and their organizations to lead on these issues.

And as stakeholder expectations rise, responding to social change issues, especially in the public arena, presents an opportunity, albeit one that is not without some risk, to improve employee and customer engagement, demonstrate a commitment to corporate values, and meet emerging investors’ demands. If done authentically, meeting these expectations can lead to improved profitability and sustainable national economic growth.

### ISSUE FOCUS

**Inequality by the Numbers**

- In 2019, the poverty rate for the United States was 10.5 percent, the lowest since estimates were first released for 1959, but poverty rates for Blacks and Hispanics remain elevated compared to Whites. The poverty rate for Blacks was 18.8 percent; for Hispanics, it was 15.7 percent, and for Whites 7.3 percent.—US Census Bureau

- The US has wider wealth disparities between rich and poor than any other major developed nation. At $147,000, the median White family has 41 times more wealth than the median Black family and 22 times more wealth than the median Latino family.—The Institute for Policy Studies

- Between 1963 and 2016, families in the bottom percentile of wealth went from having no wealth on average to being about $1,000 in debt, while the top 10 percent saw their wealth increase fivefold, and the wealth of the top 1 percent increased sevenfold.—Urban Institute

- Black communities never fully recovered from the Great Recession of 2008. Even at record lows, in recent years the Black unemployment rate consistently remained twice as high as the rate for Whites, and the Black homeownership rate is now as low as it was before the Fair Housing Act of 1968.—National Urban League

- More than five million workers who lost their jobs during the pandemic also lost their families’ health insurance, affecting as any as 27 million people. With Black workers losing jobs at twice the rate of Whites, the racial health insurance gap has drastically widened.—National Urban League

- Middle-class incomes have grown at a slower rate than upper-tier incomes over the past five decades. From 1970 to 2018, the median middle-class income increased from $58,100 to $86,600, a gain of 49 percent. By comparison, the median income for upper-tier households grew 64 percent, from $126,100 to $207,400. The share of US adults who live in middle-income households has decreased from 61 percent in 1971 to 51 percent in 2019.—Pew Research
• On average women make $0.82 on every dollar earned by men; Black women 64 cents;Latinas 53 cents. According to the World Economic Forum, it will take over 257 years to close the pay gap if we continue to go at the same pace that we’re going.—US Census Bureau

• In the fourth quarter of 2020, the median gender pay gap for women over 24 with a bachelor’s degree or higher qualification meant that women earned 75 percent of what men did. In the first earnings decile, it was 87.6 percent, but in the top decile, it expanded to 72.3 percent, suggesting systemic bias against women with high qualifications.—Oxford Analytica

• After accounting for demographic, geographic, and educational differences, the wage gap between Black men and non-Latino White men with at least a bachelor’s degree was 18 percent in 2010. By 2019, that gap had grown to 24 percent, largely due to growing labor market segmentation.—The Conference Board

• Among workers with a bachelor’s degree, Black workers are still underrepresented in high-paying occupations and industries, such as the tech sector, and overrepresented in relatively lower-paying industries and jobs, such as counselors and social workers. Black workers with a bachelor’s degree are also much more likely to work in jobs that do not require a college degree, such as drivers and security guards.—The Conference Board

• Black workers are especially underrepresented in occupations and industries that have experienced the highest growth in pay in recent years. The tech sector, for example, shows a large increase in the number of top earners in the past decade. However, only 4 percent of top earners in this group are Black.—The Conference Board

• The minimum wage does not provide a living wage for the majority of US families. A family of four with two working adults and two children would need to work nearly two full-time minimum wage jobs each to earn a living wage. However, a single parent with two children would need to work the equivalent of 3.5 full-time jobs—139 hours per work week, or more hours than there are in five days—to earn a living wage at a minimum-wage job.—Massachusetts Institute of Technology’s Living Wage Calculator.

• High-school dropout rates are least among Whites and highest among Hispanics, while college enrollment rates are least among Blacks and highest among Whites. The high-school dropout rate has grown more similar among these three groups, while the disparity in college enrollments rate has grown sharply.—Stanford Center on Poverty & Inequality
Conference participants believe businesses need to identify a new, better path to move forward in addressing social justice both within the firm and in society while recognizing progress will be a continuous journey requiring courage and persistence.

“It’s about making the economy stronger, making our community stronger, making our clients stronger, and also creating companies—or maintaining companies at least—where the talent of the future wants to work … They see we’re focused on not just shareholder value, but on how we contribute, our role in society, and how we are truly impacting the communities we serve.”
—Sekou Kaalund, Managing Director, JPMorgan Chase

“The business community using their power, their voice, their trusted position in society can go a long way in bridging this divide in a nation that’s more polarized that it’s ever been.”
—Dr. Richard Besser, President and CEO, Robert Wood Johnson Foundation

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**About the Conference**

**Building a More Civil & Just Society: Organizational Impact on Social Change Issues**

The COVID-19 pandemic, the ensuing economic crisis, the death of George Floyd and seismic street protests are driving a change in public consciousness. Hosted by The Conference Board in March of 2021, the *Building a More Civil & Just Society Conference* brought together leading CEOs and business executives from across US industries to offer actionable insights on driving lasting change in their own firms, communities, and in society. They discussed what it takes personally and organizationally to meet the underlying challenges of economic opportunity, childhood education, health care, workforce skills development, and workplace equality. The participants included:

**Business and Societal Leaders**

By order of appearance at the conference:

Laura A. Jana, MD, Pediatrician, Health Communicator & Author, Penn State University/Jana Ventures
Jo Kirchner, Chief Executive Officer, Primrose Schools
Marc Morial, President and Chief Executive Officer, National Urban League
Gigi Dixon, SVP and Head of External Relations, Wells Fargo
Sekou Kaalund, Managing Director, JPMorgan Chase
Shelley Zalis, Chief Executive Officer, The Female Quotient
Tami Simon, Senior Vice President and the Global Corporate Consulting Leader, Segal
Marc Pritchard, Chief Brand Officer, Procter & Gamble

Dan Schulman, Chief Executive Officer, PayPal

Matthew McCarthy, Chief Executive Officer, Ben & Jerry’s

Dr. Richard Besser, President and CEO, Robert Wood Johnson Foundation

Michael Dowling, Chief Executive Officer, Northwell Health

Ann M. Powell, Executive Vice President and Chief Human Resources Officer, Bristol Myers Squibb

Ellyn Shook, Chief Leadership and Human Resources Officer, Accenture

Lucinda “Cindy” Baier, President and Chief Executive Officer, Brookdale Senior Living Inc.

Maurice Jones, Chief Executive Officer, OneTen

Ken Chenault, Chairman and Managing Director, General Catalyst, and Former Chief Executive and Chairman, American Express

Martin Whittaker, Chief Executive Officer, JUST Capital

Shelly McNamara, Chief Equality & Inclusion Officer, Procter & Gamble

Susan Johnson, Chief Diversity & Inclusion Officer, The Hartford

Ravi Saligram, President, Chief Executive Officer, Newell Brands

Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation

The Conference Board

Steve Odland, President & Chief Executive Officer, The Conference Board

Lori Murray, President, Committee for Economic Development, The Conference Board

Dana Peterson, Chief Economist, The Conference Board

Rebecca Ray, Executive Vice President, Human Capital, The Conference Board

Paul Washington, Executive Director, ESG Center, The Conference Board

Dr. Rohini Anand, former SVP Corporate Responsibility and Global Chief Diversity Officer, Sodexo; Senior Fellow, Human Capital, The Conference Board

David Dye, PhD, Program Director, The Conference Board

Ronald Williams, Chairman of the Board of Trustees, The Conference Board

Regina Brayboy, Senior Fellow, Human Capital, The Conference Board
The Politics around Social Change Issues

The Conference Board is nonpartisan but no stranger to issues that involve a political dimension. We publish research about issues such as climate change, sustainability, economic opportunity, and social change impact under the aegis of our Centers in Human Capital; Environmental, Social & Governance; Marketing and Communications; and Economy, Strategy & Finance. We cover issues such as sustaining capitalism through equal opportunity, health care, regulation, education, training and upskilling, and tax reform through our public policy center, the Committee for Economic Development. We understand that the decision about how to respond to a given social change issue often breaks along political lines. However, our March 2021 conference and this report are not meant to express a view on social change as it pertains to the political realm; instead, our participants and this report focus on why and how business organizations are responding to social change issues. It is not about politics, right or left or center. It is about the long-term viability of business and sustainable economic growth.
Leaders Respond to Social Change Issues

Shining a spotlight on pay equity, housing, the survival and resiliency of small businesses, and health care disparities has elevated societal recognition of what constitutes a fair and just economy as well as unacceptable and acceptable corporate behavior. The business leaders participating in the Building a More Civil & Just Society: Organizational Impact on Social Change Issues conference shared lessons and perspectives they and their organizations have learned as they take action to confront the inequity and injustices in both today’s society and the business environment. Among those lessons:

Profit and purpose are not at odds with each other. You drive shareholder value by driving stakeholder value. The choice is not a binary one, but conflicting tensions do need to be managed. Many organizations however remain stuck in an outdated mindset that sees profit and purpose as competing ends. Large multinational companies such as Procter and Gamble, Newell Brands, Unilever, and PayPal have shown that profits with principals can be a winning strategy if authentic and executed well. The financial gains, particularly through the impact on employee recruitment, retention and productivity, customer loyalty, and reputation can be significant. Success comes from integrating purpose into core business strategy, rather than treating it as an ad hoc add-on.

“We are ultimately trying to shift mindsets…One of the myths of being a just company or a stakeholder driven company is that “I got to give up performance. You know, this is going to come back to bite me in the markets.” And we’ve just found that that’s not the case.”

—Martin Whittaker, Chief Executive Officer, JUST Capital

“People want to work for companies that are part of the solution. And what that’s going to mean is that we’ve got to balance both the short-term need for financial returns with looking at what are the long-term gains. I think the companies that we look back on and say were the great companies of our time, were the ones that really integrated a focus on this throughout the entire franchise.”

— Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation
Ben & Jerry’s: Linked Prosperity

Ice cream maker Ben & Jerry’s business growth strategy is driven by the concept of “linked prosperity” which aims to eliminate inequity and promote equal opportunity by ensuring benefits accrue to a broader range of people than traditional beneficiaries—most of whom have been White. To foster racial diversity, Ben & Jerry’s is lowering the barriers for potential franchisees to become a partner by adjusting requirements and actively helping potential Black franchisees gain access to capital. Other elements of Linked Prosperity include paying a livable wage and supporting family dairy farms and smallholder agricultural producers. Ben & Jerry’s also considers the mission of its suppliers when selecting them. New products are an opportunity to deliberately think about what vendors to partner with by making racial equality a criterion in the selection process.

“Our work on racial equity is not separate to the vision of our business. It’s actually a part of it,” says CEO Matthew McCarthy. “There are a number of things we’re doing both outside the company and inside the company, quite frankly, to make sure that our vision of linked prosperity is one that all people benefit from.”

Newell Brands: A Commitment to Inclusion Leads to Improved Performance

Shortly after the death of George Floyd, Ravi Saligram, CEO of Newell Brands, whose products are found in more than 90 percent of US households and include iconic brands such as Mr. Coffee and Rubbermaid, made a public and impassioned statement condemning the repetitive acts of violence against people of color. In doing so, he set out to instill a culture of inclusivity in his organization that inspired workers and produced bottom-line results. Following the initial downturn in the first half of 2020 due to COVID-19, Newell Brands saw an increase in sales, with earnings per share rising to 12 percent and $1.4B in positive cash flow. This reinforced his belief that genuine efforts to create stakeholder value will also create shareholder value.

“You’ve got to put together a road map because you’re not going to get there overnight,” says Saligram. “You’ve got to look at your representation figures... You need to understand: What are your issues, and what are you trying to solve? But more than anything, be genuine and don’t promise things you can’t deliver.” Saligram also advises taking a look at your board and making sure it is diverse: “It starts with the board.”
Why Capitalism Needs to Keep Evolving to Fuel Sustainable Growth

“When you have that many people who believe that the system isn’t working for them, I think it threatens the very foundation, the pillars of our democracy. Democracy needs to be about rising above your own self-interest.”

—Dan Schulman, Chief Executive Officer, PayPal

Capitalism—the economic system that has unleashed unprecedented prosperity principally through its fostering of entrepreneurial innovation—is under question and even under attack. Factors such as crony capitalism and wealth and wage inequality have been undermining its effectiveness and the faith that people have in it. The COVID-19 pandemic has exaggerated economic issues—such as pay equity, housing, the survival and resiliency of small businesses, skills training, and health care disparities—that directly and disproportionately affect women, people of color, and low- to moderate-income communities.

Chart 1

Views on American Capitalism

Only about a quarter of respondents believe our current form of capitalism “ensures the greater good of society, and 29 percent believe it “produces the kind of society they want for the next generation” or that it “works for the average American.”

Source: Amidst Crisis, What Americans Want from Corporate America Just Capital’s 2020 Survey Results, October 2020
Providing equal opportunity for all Americans is fundamental to sustaining capitalism. It is a leadership responsibility, a moral obligation and a business imperative. Americans today are placing their trust in business leaders to deliver on the necessary change required to provide an equal and level playing field for opportunity and prosperity.

Conference participants identified a few of the reforms needed to make capitalism sustainable: improving education at all levels; countering rising corporate short-termism; moving to a stakeholder capitalism model; setting the nation’s proliferating debt on a downward path; and bringing greater efficiency to regulations and the regulatory process.

Source: Amidst Crisis, What Americans Want from Corporate America: Just Capital’s 2020 Survey Results, October 2020.

Taking a stand does entail risk but joining and changing the conversation on social issues is becoming an essential part of the relationship with customers and employees. Silence on social issues or simply not responding is a vanishing option—there is no way a major consumer brand can avoid the major controversies underway. Supporting certain causes will not please everyone, but understand you can’t be all things to all people anyway. Engage in a way that is consistent with the values of your organization and your people, and ensure there is no contradiction between what you state and what you support through your actions.

One point repeatedly stressed by conference participants: taking a stand on social change issues isn’t about politics, partisan preferences, or altruism; it is about business
growth, workforce engagement and productivity, customer loyalty, competitive advantage, and most importantly, providing prosperity for all Americans. There may be backlash, but getting the conversation started ultimately creates understanding and empathy. The success of campaigns to address inclusion, diversity, and equal opportunity issues can be measured by the change in corporate reputation, trust, purchase intent, and actual changes in purchases. And yes, it takes courage, conviction, and persistence to stay the course.

“We try for our values to not be political values...Standing up for inclusion, assuring that nobody is discriminated against, and that to me doesn’t seem to be a left issue or a right issue, a red or a blue issue. It seems to be a red, white, and blue issue in my mind. These are American values. CEOs shouldn’t necessarily get involved in politics, but they should be involved in standing up for the values and their mission as a company.”

—Dan Schulman, Chief Executive Officer, PayPal

“There’s a lot of divisiveness on these issues, and we don’t have all the answers. And we’ve got to be okay wading in even though sometimes our point of view may not be fully popular with everybody.”

—Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation

LEADERSHIP IN ACTION

PayPal: Enforcing Company Values Brings a Backlash

PayPal has an acceptable use policy that bars any group that advocates for violence, hatred, or racial intolerance, be they on the left or right, from using its platforms, including Venmo, to send or raise money, something CEO Dan Schulman, says clearly aligns with company values. But it hasn’t been easy in the face of backlash from all sides as the firm tries to interpret and enforce a line between allowing free speech but not hate speech or calls for violence.

“I have been criticized as being an activist CEO,” says CEO Dan Schulman. “I just think of myself as a responsible citizen trying to maintain a modicum of decency on our platform...At times it results in death threats to me and a ton of hate mail. I think standing up for your values is an absolutely crucial thing to do. Because if values are just something you have on the wall, it’s just propaganda. You’re better off having no values honestly, if you’re not going to stand up for your values.”
Procter & Gamble: Doubling Down Against the Backlash

In recent years Procter & Gamble has run several advertising campaigns—“My Black Is Beautiful,” “The Talk,” and “The Talk, The Look, and The Choice”—to make people think about the role, perception, and treatment of the Black community in society. The campaigns have not been without their detractors. “The Black community can’t eliminate systemic racism on its own; the White community needs to step up. And that’s what we decided to do. Now is the time not to be just nonracist but to be anti-racist,” says Marc Pritchard, the company’s Chief Brand Officer.

One particular campaign, “The Talk,” which deals with the conversation that Black parents have with their children about bias and racism, and in some cases, the danger that they may face because they’re Black.

The campaign created significant backlash in traditional and social media, with some viewing the campaign as anti-police. In one scene, a young Black woman is with her mom and says “I’m a good driver,” and the mother replies that this is not about her daughter getting a ticket but rather her not coming home after an encounter with police. “That sparked some concern by some that thought we were really attacking police, which we weren’t,” says Prichard. “We were trying to spark a conversation about that situation.”

“There were some who said, can you edit that part out? And we said, no, because that’s reality. And we need to have a conversation about that.” External pressure was mounting, however. “We had a big choice to make. We have to decide: are we going to just back away? And we decided, no, we’re not going to back away. In fact, I remember going to our CEO at the time, David Taylor, and I said, ‘Hey, here’s the situation.’ And we actually doubled down. We went right at it from a PR standpoint. We ended up working with ABC’s hit show Blackish, and they did an entire show on “the talk.”

“This is about conversation because conversation leads to understanding, understanding leads to empathy, empathy leads to change in attitude, and change leads to action,” says Pritchard.
ISSUE FOCUS

Taking a Stand on Social Issues Matters to Organizations Because They Matter to Employees, Customers, and Investors.

Organizations around the world are no longer solely judged on their profitability or product quality but also on the quality of their relationships with customers, employees, investors, owners, and communities, many of whom expect organizations to play a role in social change conversations. The challenge for business leaders is to determine the costs and benefits, and thus the overall impact, of taking a stand on the social change issues that affect their stakeholders and the communities in which they operate. Research by The Conference Board shows employees have high expectations. 3

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Chart 3

Higher Expectations: 99 percent of respondents expect organizations to respond to social change issues

Do you think organizations should respond to social change issues?

- Yes: 72%
- Sometimes: 27%
- No: 1%

Table 1

Employees expect both a public and internal response to many social change issues that affect them in the workplace

How do you think your organization should respond to the following issues?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Both Publicly and Internally</th>
<th>Publicly Only</th>
<th>Internally Only</th>
<th>Should Not Respond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (e.g., female leadership, MeToo movement, pay equity)</td>
<td>73</td>
<td>6%</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>Disabilities (e.g., ADA accommodations)</td>
<td>71</td>
<td>6%</td>
<td>21%</td>
<td>2%</td>
</tr>
<tr>
<td>LGBTQ (e.g., marriage equality, violence)</td>
<td>64</td>
<td>6%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>Well-being (e.g., physical and mental health, mindfulness)</td>
<td>62</td>
<td>5%</td>
<td>30%</td>
<td>3%</td>
</tr>
<tr>
<td>Ageism (e.g., employment of people over 40)</td>
<td>57</td>
<td>4%</td>
<td>33%</td>
<td>6%</td>
</tr>
<tr>
<td>Poverty (e.g., hunger, homelessness, shrinking middle class)</td>
<td>57</td>
<td>8%</td>
<td>12%</td>
<td>23%</td>
</tr>
<tr>
<td>Veterans (e.g., PTSD, services, substance abuse)</td>
<td>56</td>
<td>6%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Race Relations (e.g., racism, violence #BlackLivesMatter movement)</td>
<td>56</td>
<td>6%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Unemployment (e.g., joblessness, underemployment)</td>
<td>45</td>
<td>9%</td>
<td>14%</td>
<td>32%</td>
</tr>
<tr>
<td>Immigration (e.g., refugee crisis, undocumented workers)</td>
<td>35</td>
<td>6%</td>
<td>19%</td>
<td>40%</td>
</tr>
<tr>
<td>Religion (e.g., freedom, attire, violence)</td>
<td>3</td>
<td>5%</td>
<td>29%</td>
<td>33%</td>
</tr>
<tr>
<td>Drug Usage (e.g., opioid epidemic, marijuana legalization)</td>
<td>31</td>
<td>4%</td>
<td>41%</td>
<td>24%</td>
</tr>
<tr>
<td>Nationalism (e.g., representative democracy, violence)</td>
<td>30</td>
<td>6%</td>
<td>17%</td>
<td>47%</td>
</tr>
<tr>
<td>Sizeism (e.g., weight bias)</td>
<td>26</td>
<td>4%</td>
<td>29%</td>
<td>41%</td>
</tr>
<tr>
<td>Gun Control (e.g., legislation, rights)</td>
<td>22</td>
<td>6%</td>
<td>15%</td>
<td>57%</td>
</tr>
</tbody>
</table>

N=513
Note: Dark blue shading indicates the highest ranked response, lighter blue shading indicates the second highest.
Set a clear “North Star” to guide your people on the equality journey. Control what you can control—look inside first, then look outward. Start addressing racism and racial and gender representation by identifying the issues within your own corporate walls through dialogue with employees and leveraging analytics to assess the current state within. Determine at what level the internal glass ceiling exists. Organizations do not need large budgets or extensive resources to start initiatives such as creating a space for employees of color to share ideas and inform their organization what can be done. You don’t need to reinvent the wheel. Use the same lessons, abilities, and analytical approach that led to your business success and apply them more broadly to the issues most important to your stakeholders.

“We, as leaders of a company, cannot rely on the government to address all the ills that face our society, the problems that we all wrestle with. We need to work hand in hand. We need to step up and address the things that we control directly...to recognize the things that we can control and the way that we can make a real difference. If enough of us do that, we can change the world that way.”

—Dan Schulman, Chief Executive Officer, PayPal

**LEADERSHIP IN ACTION**

**Procter & Gamble: Stepping Up before Stepping Out to Fight Bias**

Preparing to celebrate the tenth anniversary of the 2006 launch of Procter & Gamble’s iconic “My Black is Beautiful” advertising campaign, leaders at the company felt that to speak with authority publicly they needed first to ensure their own company was living the message. They found they had work to do.

“We had been doing work before that (the anniversary), particularly within our own walls, because we had found we really weren’t doing a good enough job when it came to racial equality and racial representation within our own walls,” says Marc Pritchard, Chief Brand Officer, Procter & Gamble. “We really took a hard look at ourselves, and we tried to identify what were the systems that were in place that were causing this, where we had had outsized attrition among the Black community.” Something had to change internally.

“We actually came out inside our company in what we called a “stepping up event,” where we declared that we were going to be the best company in the world for Black employees, Black consumer brands, and Black consumers. So, this was a commitment. And then we did a lot of work to try to get to a place where we felt internally, we had enough of a foundation to be able to express our point of view externally.”

The commitment to equal opportunity and equal representation now runs through the firm’s entire supply chain from product supply to distribution and even Procter & Gamble’s creative and media supply chain. Vendor credentials are reviewed in terms of diversity, touching all kinds of dimensions (race, gender, LGBTQ, age, etc.), and the company makes investments accordingly. Says Prichard: “Just getting to equality means all boats rise. It drives economic value as well as being good for society.”
Chose progress over perfection and action over observation. Racism, climate change, and equal economic opportunity can sometimes appear as abstract societal issues too large and complex for any one organization to make a difference. However, if society is struggling with these issues, so are your employees. The important lesson is to make a start, knowing the issues of inequality and fair opportunity cannot be solved overnight. It is a journey, and progress both within your organization and in society will be incremental. What matters is persistence. Progress will look like many different things, starting with companies recognizing internally that inequalities exist and then gathering data/information that is actionable to address these disparities. Your commitment is not the finish line, it is a start.

“We don’t have all the expertise we need to tackle structural racism within our company. And I would suggest that most companies, particularly if they are predominantly White-led, likely don’t have that expertise. That’s okay. I don’t need to be the expert. I do have to set the vision and the expectation of how we’re going to transform our business going forward, and then actively create and support opportunities to bring people with expertise in to help all our employees own and do that work.”

—Matthew McCarthy, Chief Executive Officer, Ben & Jerry’s

Becoming a more socially responsible company requires an intentional strategy that includes setting objectives and metrics and ensuring accountability to meet goals. Behind the words and commitment, you need to have thoughtful plans on how purpose will be governed, executed, and measured. Companies that have committed to change find the most effective approach is when the concept of being a good corporate citizen is not off to the side in its own stand-alone vertical. Rather it is integrated throughout the company and embedded in strategy and culture. The strategy has five basic components: 1) recognition of issues internally; 2) gathering data and information; 3) public disclosure; 4) taking action based on that information; 5) and measuring impact. Start by asking:

1. How can we best utilize our core business to better people’s lives?
2. What is our role as an investor in our community? How can we best maximize the impact of our strategic philanthropy in our own community?
3. What is our role as an employer? How can we meet the rising expectations of our workforce to foster inclusivity and engagement?
4. How can we best use our corporate voice to influence and change behaviors within the organization, our community, and society in general?

“Leadership makes a difference. And what people need to commit to is: We’ve got to stay persistent. We’ve got to hold each other accountable. We’ve got to hold our leaders accountable. And I think that we can make a difference this time. And what we need to understand is we’re running out of time. So, the sense of urgency has to be very high.”

—Ken Chenault, Chairman and Managing Director, General Catalyst, and Former Chief Executive and Chairman, American Express
**Plugging the Gaps: Data Helps Drive the Equality Commitment**

Diversity, equity, and inclusion (DEI) metrics and analytics are important tools for organizations to identify gaps and track DEI progress internally. If you are unsure about whether your organization is at risk for pay disparity, conduct an audit to identify and correct wage gaps. In recent years, several businesses have publicly announced taking this step, including Amazon, Apple, Cisco, Gap Inc, and Microsoft, to name a few. While each company can benefit from an initial internal analysis to identify the right demographic variables and the best ways to break down the data for the organization, research by The Conference suggest a few ways to get started:

- Compare worker demographic groups (e.g., by gender, race/ethnicity) to identify potential variations in:
  - Representation in specific roles, functions, and leadership level;
  - Hiring, retention, and attrition metrics;
  - Employee engagement, inclusion, and intent to stay metrics; and
  - Talent mobility and advancement metrics.
- Examine how potential variations may change over time and monitor progress both short- (6 months to 1 year) and long-term (2-5 years).
- Include wage and representation gaps analysis when evaluating the results of key initiatives that support your DEI strategy, such as inclusive leadership and unconscious bias training.

**Make it personal. Look within yourself to drive change. Real progress is only made when a leader says: “I am going to make a difference.”** Leadership and personal commitment matter, and change starts with the leaders themselves. Their ability to communicate purpose with passion and authenticity can drive meaningful behavioral changes and connect with their employees, communities, and other stakeholders to create a more equitable and just workplace and society.

Making it personal also means staying focused on self-care including one’s own physical and mental health. To lead, to sustain your creativity, complex problem solving, and to be compassionate, you have to be at your best. So, find whatever it is that enables you to sustain yourself and guard it, whatever it takes. For example, a recent survey by The Conference Board found 33 percent of executives were unable to keep up their health regimen and were unable to do what they normally do such as annual physicals, dental exams, and preventative tests because of the pandemic.5

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4 Racial Wage gaps report TCB forthcoming
5 TCB study references in Survey: 60 Percent of US Workers Concerned About Their Mental Health in Pandemic’s Aftermath (prnewswire.com)
“It starts with the individual. I think one of the things you’ve got to ask yourself is: What are the personal behaviors that you think you need to change? In your business life and personal life, have you tolerated prejudice and bias? Look at yourself, within yourself. You can drive tremendous change. And don’t wait for someone else to do it. You’ve got to do it.”

—Ken Chenault, Chairman and Managing Director, General Catalyst, Former Chief Executive and Chairman, American Express

Listening is the first—and sometimes the hardest step—to begin building the foundation of a more equitable and just organization. Business leaders know uncomfortable conversations are hard, but uncomfortable listening can be even harder. Don’t assume you know what the issues are, rather go out and talk to and listen to stakeholders. And that includes your employees, your clients, and your investors. Make sure you put people on this task who see their role as listeners and as change agents and are going to be able to work across the company to bring the best ideas forward. Make sure that you are creating a culture internally that allows individuals to be comfortable being uncomfortable.

“Ask and listen to your workforce regarding what they need but also what they value. And for the actions that you do put in place, connect it back to their feedback and thank them. This builds the trust and the reinforcement that you care, and that’s so foundational to this work.”

—Ann M. Powell, Executive Vice President and Chief Human Resources Officer, Bristol-Myers Squibb

LEADERSHIP IN ACTION

Accenture: Active Listening Leads to Action

Recently, Accenture, a global professional services company, decided to step back and broaden its perspective aspiring to be the most truly human company in the digital age. “That meant the company was going to help people be successful both professionally and personally... We were abandoning the idea that we were only going to think about allowing our people to show up as their authentic self at work. We want our people to show up as their authentic self in life,” says Ellyn Shook, Accenture’s Chief Leadership and Human Resources Officer.

To get there, Shook says, Accenture executives became much more intent listeners so they would “not apply what we thought was going to help our people get through this time but listening to what they needed.”

“We made a very significant decision to move beyond empathy and kind of declare that compassion is probably the most significant leadership characteristic of this time.” One result: after listening to employees, the firm decided to expand backup childcare benefits. It went beyond raising allowances and provided a physical resource by partnering with Bright Horizons, a childcare center operator, for a wide variety of online and in-person help to ease the stress on working parents.
Embrace new partnerships and ways to collaborate. Sometimes nontraditional partners provide the best ideas and courses of action. External collaborations strengthen the company brand and connection to the community while building a future talent pipeline. Partnerships between competitors, industry sectors, big and small firms, government, academia, customers, and communities can create a business and social ecosystem that drives outcomes which far exceed the scope of what any single sector or organization can achieve. Since companies are no experts at social and political issues, many work with partners to better understand the issues and then decide how their business can address them. For example, Ben & Jerry’s works with the American Civil Liberties Union and other NGOs and grassroots organizations to strategize and take action on issues such as criminal justice reform, refugee rights, and climate change.

“We truly are about the power of collaboration. I always say a company alone has power; collectively we have impact...Each and every one of us in our organizations has the power, responsibility, and accountability to create change, but when we can share the good, bad, and the ugly, we will go further faster.”

—Shelley Zalis, Chief Executive Officer, The Female Quotient

“There’s never been a more exciting time to be in the private sector. I think there’s never been a scarier time. Or a time of so much uncertainty, but I think that we really are redefining how we work collectively to solve problems, and I think that’s going to result in dramatically different results.”

— Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation

“This is a wonderful opportunity right now for health care organizations to work in partnership with other businesses. Because health is more than the absence of illness. Health results from issues around housing, unemployment, food issues. So, I think there’s a great opportunity now for non-health care businesses and health care businesses to come together to focus on what we can do in many of these communities.”

—Michael Dowling, CEO, Northwell Health

Moving forward: The reimagined society and a bias-free workplace

In the wake of 2020 with the pandemic, a recession, and racial reckoning, employees, customers, investors, and society in general are looking to companies with a renewed sense of urgency to recommit to creating communities and workplaces that provide equal opportunity and respect for individuals regardless of differences. It’s an economic and social imperative. But progress can only be accomplished if businesses see part of their mission as contributing to the overarching health of their community. It is not altruism. It is about business and allowing communities to thrive, so businesses can thrive too.
The lesson from leaders for leaders is that progress will take personal courage, persistence, vision, and of course, resource and time commitments to change attitudes and behaviors. Leading these changes will help create not only a more just society but also more just organizations that prove to be sustainable and profitable for decades ahead.

The final word belongs to Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation:

I think we’re on the cusp of a whole new wave of innovation, getting young people involved in their communities and seeing that that’s not just good for the community, but it’s a way for them to invest in themselves as the whole new generation of social entrepreneurs...And we certainly are in a moment in our society where we need that energy, and that spirit, and that optimism.
Additional Resources from The Conference Board

Resource Hub
Building a More Civil & Just Society

Publications
Wage Gaps by Race, Ethnicity, and Gender Are Growing, The Conference Board; forthcoming 2021

The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion (DEI) and Business Results, April, 2021

Under a Microscope: A New Era of Scrutiny for Corporate Political Activity, March, 2021

The Role of Business in Society: A European Perspective on Achieving a Sustainable and Inclusive Transformation, February, 2021

Brave New World: Creating Long-Term Value through Human Capital Management and Disclosure, December, 2020


Data-Driven Corporate Philanthropy: The Revolutionary Potential to Change Lives, November, 2020

Insights for Investors and Companies in Addressing Today’s Social Issues, October, 2020

Diversity Reporting under the Spotlight, July, 2020

Director Notes: Maximizing the Benefits of Board Diversity, June, 2020

About the Author

Charles Mitchell, Executive Director of Content Quality at The Conference Board is responsible for ensuring the objectivity, independence, accuracy, and business relevance of the organization’s research. In recent years he has spent considerable time in Asia-Pacific, working with our Councils to develop region-specific content and grow our programs there.