BUILDING A MORE CIVIL & JUST SOCIETY

Lessons from Leaders for Leaders: Innovative People Approaches
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Executive Summary: 
Creating Equal Opportunity in 
Society and the Workplace

“I strongly believe in free enterprise and capitalism, but we need to recognize that corporations exist because society allows us to exist... Businesses have a fundamental responsibility to do things that will improve society while generating a profit.”
—Ken Chenault, Chairman and Managing Director, General Catalyst, and Former Chief Executive and Chairman, American Express

Moving forward in addressing economic, racial, and health disparities within society and the workplace requires a shift in mindsets and innovative approaches to people that create behavioral change and build trust. Capitalism, in order to be sustainable, must be capable of creating economic opportunity for individuals and communities. The journey of creating and fostering a great company and building a more civil and just society starts with creating equal opportunities in education, upward mobility, wealth creation, and advancement in the workplace. This isn’t about altruism; it is about competitive advantage, sustainable economic growth and, most importantly, providing prosperity for all Americans. To ensure their own sustainability, which means attracting and retaining the brightest, most diverse talent, requires organizations to be socially responsible in serving their communities.

The COVID-19 pandemic has exaggerated the economic issues such as pay equity, housing, the survival and resiliency of small businesses, and health care disparities that directly and disproportionately affect women, people of color, and low- to moderate-income communities. We are at a time where societal recognition of what constitutes a fair and just economy and acceptable and unacceptable corporate behavior have risen to prominence in the public debate.

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 meet the challenges of racism, economic opportunity, childhood education, health care, workplace equality, and corporate governance and drive lasting change in their own firms, communities, and in society.

The consensus from participants: acting to create a better society and address the inequities of opportunity is now an essential part of doing business. It is an intentional people-oriented strategy.
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 injustices in today’s society and attempt to create a fairer and people-centric workplace. Among those insights:

**It begins at the beginning.** Investment in high-quality early education can yield a range of long-term economic and social benefits such as higher wages, less crime, and higher graduation rates. Recognizing the importance of high-quality early education programs to a child’s development is a fundamental building block of a more civil and just society—and a more productive one. By championing early learning, business leaders can provide immense opportunity for the next generation and keep the US a top destination for business.

“Business leadership matters whether you’re at the CEO level, mid-management level, from a volunteer standpoint, from an advocacy standpoint, from an awareness standpoint—it all matters. Producing these kids that can successfully enter the K-12 systems, succeed beyond that, and economically and socially have mobility to go through our society... truly is the root of a civil and just society.”

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

**You need to go beyond diversity of numbers and build a culture of inclusiveness that allows diverse talent to thrive, contribute, and move up in the organization.** A culture in which employees can understand, learn, grow, and work with each other fosters an environment of trust and harmony and leads to greater engagement, stronger communities, and ultimately improved productivity and sustainable growth.

“Companies depend on talent—the most important asset. And that talent is what is present throughout the country. There’s talent everywhere. Great talent. The real issue is what companies do, what individuals do, to ensure that talent has the opportunity to be the best that it can be.”

—Maurice Jones, Chief Executive Officer, OneTen

**Your talent pipeline is a good place to look for signs of inequality and unequitable employment and promotion outcomes.** To advance underrepresented talent, leaders need to be held accountable for creating more diverse talent pipelines. Talent takes time to develop, and that means paying attention now to your pipeline with an eye towards nurturing diverse talent and creating advancement opportunities. The overrepresentation or underrepresentation of different demographic groups within some occupations and roles is an important contributor to wage disparities and limited advancement opportunities.

“The ability for corporations to be successful in the future is directly tied to their commitment to investing in diverse talent. You won’t continue to be successful if you don’t have the brightest, diverse ideas and minds around the table. Companies that don’t do their part to support the
communities they serve aren’t going to attract today’s younger Gen Z and millennial populations because they’re not going to want to work at the company—which would leave you with two challenges: you can’t attract the talent, and you won’t have the best ideas at the table.”

—Sekou Kaalund, Managing Director, JPMorgan Chase

Pay equity is often thought of as a “one-and-done” event—but its importance extends well beyond HR. Organizations committed to the concept of pay equity integrate it into their basic mission, values, and recruitment and retention strategies to drive progress. Pay equity and fair compensation and hiring practices benefit organizations by strengthening economic performance, but organizations need to be more conscious and intentional about closing the racial and gender pay gap. It’s been estimated that collective action to improve gender parity could add $13 trillion to the global GDP by 2030.1

Focusing on alternative credentialing not only widens the pool of qualified candidates for in-demand skills but sends a signal to diverse populations that there are additional and nontraditional pathways to success. The benefits of using alternative credentials include widening the pool of qualified candidates, increasing the diversity of applicant pools, and opening nontraditional pathways to success.

“It’s often said everybody is born with potential but not the same opportunity. I think that we’re seeing employers recognizing that hiring young people from what aren’t the same traditional pathways that they’ve always recruited from, young people who have grit and persistence, really are the kind of people that you need if you’re going to have a great organization, a great company.”

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

A more holistic view of employee wellness extends beyond traditional health issues and requires an innovative approach to an array of issues such as pay equity, job opportunity, inclusiveness, employee burnout, and benefits. Leaders need to shift mindsets to create behavioral change and a better way to work. Many organizations tend to overlook the connection between physical/mental health and financial health as well as the overarching health of their community. Ensuring a living wage for all employees is not only an economic issue but also a health issue.

Focusing on a people-centric approach and a commitment to real stakeholder capitalism goes beyond a moral obligation; it is about competitive advantage and sustainable economic growth. Conference participants agree that what was in the past is not working. Society needs something better.

1 COVID-19 and Gender Equality: Countering the Regressive Effect. McKinsey Global Institute, July 2020
“(The unequal impact of the COVID-19 pandemic) points to issues of community: What communities provide opportunity and what communities do not? And when you ask that question, you have to ask the question, ‘Why?’ Why is America such a divided nation, where the color of your skin can determine where you live and the opportunities you have? It can determine the quality of life you have and how long you live. And that’s led us to focus a lot of our efforts around issues of structural racism.”

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

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 second in the series, 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. (The first, Lessons from Leaders for Leaders: Organizational Impact & Social Change focuses on the leadership lessons from the conference.) For resources, including research and webcasts, visit our Building a More Civil & Just Society content hub.
Creating Equal Opportunity in Society and the Workplace

Building a more civil and just society begins with equal opportunity in early education and beyond: in housing; access to health care; and fairness, equity, and upward mobility on the job. To paraphrase Dr. Martin Luther King, while philanthropy is commendable, business and society should not overlook the circumstances that make philanthropy necessary.

The private sector, spurred by rising expectations of stakeholders, from employees to customers to investors to society in general, is uniquely positioned to provide game-changing opportunities that can level the playing field.

For example, the financial services sector can do much more to provide disadvantaged people with access to capital for housing, wealth creation, and business opportunities. In their own self-interest, businesses can ensure that talent, especially people of color and women, receive equal pay, and perhaps more importantly for the long term, equal opportunity for advancement and access to better paying jobs. For example, research by The Conference Board finds that among workers with a bachelor’s degree, Black workers are severely underrepresented in high-paying occupations and industries.

While the COVID-10 pandemic has hit every community in the United States, it hasn’t hit every community equally. This has created a sense of urgency around disparities in terms of access to healthcare, the economic crisis, and the issues that have been raised by the movement for racial justice following the death of George Floyd.

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: acting against inequality is not only a social good in itself but is now an essential part of doing business. It isn’t about politics, partisan preferences, or altruism; it is about sustainable business growth, workforce engagement and productivity, customer loyalty, and ultimately competitive advantage.

The business case for becoming a more equitable and just organization is fairly straightforward: your customers, your present and future talent, and your investors see social engagement as a pathway to sustainable growth. However, 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 the ability to fully engage the workforce.2

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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
People want to do business with, and work for, companies they see as adding to solutions. The talent of the future prefers a company that is focused not just on shareholder value but commits to a broader social purpose.

### 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.
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 many 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
Lessons from Leaders for Leaders—Innovative People Approaches

“The number one constituency I serve is my employees. The single biggest competitive advantage that any company has is the skill-set and the passion of their employees. . . If you have the best talent, you will serve customers better than your competitors. . . if you serve your customers better, then eventually, your shareholders will be served better as well.”

—Dan Schulman, Chief Executive Officer, PayPal

The COVID-19 pandemic has exposed the racial inequities that conference participants identified as long present in US society. 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 injustices in both today’s society and the business environment. Among those insights and lessons:

It begins at the beginning. Investment in high-quality early education can yield a range of long-term economic and social benefits such as higher wages, less crime, and higher graduation rates. By championing early learning, business leaders can provide immense opportunity for the next generation and keep the US a top destination for business. Recognizing the importance of high-quality early education programs to a child’s development is a fundamental building block of a more civil and just (and productive) society. Neuroscience shows that an individual’s early years (85 percent of brain growth occurs in the first three years) are critical to future development. Adults, especially those dealing with individuals in the earliest of years, play the role of chief architect of interactions that shape development. Conference participants believe business leaders can—and must—play a leading role in facilitating these programs because they have a direct impact on creating a more civil and just society as well as improving their current and future workforce.

“Business leadership matters whether you’re at the CEO level, mid-management level, from a volunteer standpoint, from an advocacy standpoint, from an awareness standpoint—it all matters. Producing these kids who can successfully enter the K-12 systems, succeed beyond that, and economically and socially have mobility to go through our society … truly is the root of a civil and just society in my opinion.”

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

What’s critical to this whole situation is to approach this from a business perspective to look at the challenges and determine solutions collaboratively with the federal leaders, the state leaders, and also the providers. And we need to ensure that all children have quality early care.”

—Jo Kirchner, Chief Executive Officer, Primrose Schools
Collaborating to Address Early Childhood Development

Steve Odland, CEO of The Conference Board, took an interest in education during his community involvement in Memphis as CEO of AutoZone and a member of the business organization Memphis Tomorrow. While investigating incarceration rates in the area, he and other CEOs determined that poor early education was a significant factor. Most of the accredited early childhood learning programs were in wealthier neighborhoods with low-income Black communities severely underserved. One solution they devised was for more businesses to offer in-house childcare centers for their employees. While they found that this often presents liability and space issues and is too costly for businesses, partnering with local organizations to establish high-quality early education programs emerged as a viable and effective solution. Teaming with the University of Memphis in a “train-the-trainer” type program, the initiative represented an innovative step to help address a critical need for early childhood care in the community.

Jo Kirchner, CEO of Primrose Schools, recognizes that quality early education is often too costly for governments to handle alone. While serving as co-chair on the Early Care & Education Consortium, Kirchner and other members convened private sector childcare business leaders and other childcare associations in several states to devise a flexible framework that states can use to implement quality childcare programs. “Business leaders have to get involved. The federal government and the state governments on their own are not going to bring the solution,” says Kirchner. “It needs to be very collaborative and state-by-state. And we’re starting to see that happen.”

Sensitivity to Childcare and Eldercare solutions

The issue of affordable quality childcare has a direct link to an engaged, healthy, and productive workforce. Without a stable childcare sector, more than 11 million working parents with children under the age of three will struggle to remain in the workforce or return to work—something that will ultimately impact the US economic recovery. Even before the pandemic, there was a national shortage of quality childcare centers. Most of the industry was made up of small independent owners, and only about 10 percent of the industry consisted of regional and national chains. For those independent owners, the pandemic increased operating costs by 47 percent as attendance crashed.

More women have dropped out of the workforce than men during the pandemic with daycare centers closed and schools running virtually. This coronavirus-induced exodus shows how women are disproportionately responsible for care giving and other domestic work, which is unpaid. Many predict that this shift will set women back by a generation in terms of career advancement and pay equity. Women are also overrepresented in face-to-face service occupations and made up the majority of workers in the sectors most impacted by COVID-19 and therefore face higher job losses and slower recovery of those jobs.
Organizations need to innovate to ensure that all working parents have the resources and support they need to remain or return to the workplace, such as providing on-site childcare or employer-sponsored childcare benefits.

- Enlightened companies understand that child and elder care comes with very different responsibilities and expectations for the caregiver. How companies provide relevant resources and support for these two different groups is important. A mandatory parental leave policy and flexibility will level the playing field by reducing bias/stereotyping of women in the workplace. Language is important—do not distinguish between maternity leave or paternity leave, just call it parental leave.

- Bristol Myers Squibb found that members of its employee/business resource groups were eager to help tutor children of fellow employees during the pandemic. The volunteers have brought the entire organization together, says Ann M. Powell, the company’s Executive Vice President and Chief Human Resources Officer. “They’re providing education programs; they’re helping those who feel isolated and connecting with them. This was a learning for me—the power of our people in business resource groups.”

You need to go beyond diversity of numbers and build a culture of inclusiveness that allows diverse talent to thrive, contribute, and move up in the organization. Diversity, equity, and inclusion are not just about the numbers; rather, it is about the interaction of diverse employees. Having a culture in which employees can understand, learn, grow, and work with each other fosters an environment of trust and harmony. In an inclusive workplace, everyone feels respected and valued for being who they are; people trust that they can speak up and be fairly treated; and they share a sense of belonging. However, inclusion is not a steady state. It is continuously created through the ways people behave and the organization operates. In an inclusive workplace, people can do their best work and organizations can gain the full benefit of a diverse workforce. Believing that every person, from any ethnicity or culture group, has extraordinary talent and potential while providing them with the services and programs to advance their career will build a space where people feel like they belong and can be most productive.

“Companies depend on talent—the most important asset. And that talent is what is present throughout the country. There’s talent everywhere. Great talent. The real issue is what companies do, what individuals do, to ensure that talent has the opportunity to be the best that it can be.”

—Maurice Jones, Chief Executive Officer, OneTen

“Leadership to me is about making sure that people feel that they belong to the mission of the organization, that they just don’t work for an organization. People want to belong to something. You set in motion as

a leader the culture of the organization...That’s what good organizations are all about—culture. It should be inclusive, provide opportunity for everybody to grow and advance. Put an extreme amount of effort into the safety and well-being of all employees, especially on the frontline. And a key part of leadership in my view is providing a talent pipeline for people in the organization to continue to expand their horizons, expand their opportunities, to move up in the organization.”

—Michael Dowling, Chief Executive Officer, Northwell Health

“When I looked at our representational data, while we had about 33 percent people of color—Blacks, Hispanics, and Asians—the number who were actually people managers, directors, VPs was significantly lower. So, I felt we had to really break whatever glass ceiling there was and really get the right representation. We also started a lot of dialogue with our employees of color, be they Black Americans or Hispanics, and what we kept hearing back was that they felt they could not bring their whole selves to work, and they felt they lead double lives.”

—Ravi Saligram, President and CEO of Newell Brands

### Leadership in Action

**Newell Brands: Committing to Diversity of Thought to Drive Innovation**

To drive innovation, you have to have diversity of thinking, says Ravi Saligram, President and CEO of Newell Brands. “You can’t have people who look like you, talk like you, feel like you—then you’re just going to repeat the same stuff,” says Saligram. “If you believe that diversity drives innovation, and innovation drives good business results... it becomes a business imperative.” That conclusion is supported by research by The Conference Board which found that the most innovative companies studied—those with a track record of continual innovation—were more than twice as likely (50 percent) as those that were less innovative (19 percent) to describe their company as highly inclusive.4

Building a diverse workforce is one thing; cultivating an inclusive culture that actively encourages people to express their unique perspectives—that is, an organization where “diversity of thought” consistently sparks innovation—is far more challenging. Saligram says his focus was to start at the top by instilling a sense of urgency around inclusion within his senior management team and then driving it down through the ranks. “For us, the journey has really just begun, though we are making great progress, but this has got to be within the DNA of the company. And it has to cascade. It’s got to start with the top, the leadership team has to believe in it.”

Your talent pipeline is a good place to look for signs of unequitable employment and promotion outcomes. To advance underrepresented talent, leaders need to be held

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accountable for creating more diverse and equitable talent pipelines. To make real change and ensure companies are engaging in equitable practices, leaders need to make a long-term commitment to invest in creating an inclusive and equitable workforce and a culture that allows all talent, but especially people of color and women, to thrive. Talent takes time to develop and that means paying attention to your pipeline now with an eye toward nurturing diverse talent. Think about what your organization is doing today to give women and people of color the right experiences and provide multiple access points to leadership positions.

Traditional approaches to gender diversity only scratch the surface of what it takes to help women move ahead. For one thing, women need both male and female sponsors—having only other women as mentors can hold them back. Further, many programs have been too focused at an individual level. Effectiveness requires a holistic corporate-wide approach because, without a culture change within and throughout an organization, “second-generation” gender bias, stereotypes about women’s leadership abilities, and lack of access to male networks will continue to systemically impede women’s advancement.5

“The ability for corporations to be successful in the future without tapping into a wide array of diverse talent is very small. You’re not going to continue to be successful if you don’t have the brightest, diverse ideas and minds around the table...If the company is not upholding responsibilities for the communities which it serves, you’re not going to attract these Gen Z’s and millennials because they’re not going to want to work at the company. So now you have two challenges: you can’t attract the talent, and you don’t have the best ideas at the table.”

—Sekou Kaalund, Managing Director, JPMorgan Chase

“Organizations looking for equitable talent outcomes need to ask themselves questions like ‘Are the talent outcomes equitable across difference?’ and ‘Are our engagement survey results equitable across difference?’ It’s one thing to cut data across race and gender, but we want to also look at data in terms of all the women in the organization: to what degree did they get promoted versus to what degree did all the men in the organization get promoted? It’s interesting to look at representation as a percent but also look at outcomes as they relate to equity across difference.”

—Susan Johnson, Chief Diversity & Inclusion Officer, The Hartford

advancement opportunities. As some groups remain concentrated in higher-status and better-paid positions and industries, their wages will remain, on average, higher. DEI and human capital initiatives that seek to increase diverse representation can help reduce wage gaps driven by job segmentation; examples of specific practices include:

- Require diverse candidate slates for each job posting and don’t proceed with interviews until the requirements are met. Use diverse panels to conduct interviews. Contact external recruiters if needed.

- Decrease bias in hiring and compensation decisions by including blind resume reviews, not asking about salary history, or limiting candidates’ ability to negotiate salary.

- Increase pay transparency during hiring processes and set consistent salary ranges that are based on objective, standardized criteria limiting variations by individual manager or function.

- “Follow the talent where they are” by providing flexible, remote working options to workers across levels or even establishing satellite office locations in other regions. This will expand and diversify the pool of high-quality talent, including those who might not be willing or able to relocate to tech-concentrated geographies.

**Identify and address barriers to talent mobility and/or advancement to senior leadership and higher paid roles** Increasing diverse representation is an important first step but more needs to be done to address gender- and race-based inequality and wage gaps. DEI and HR initiatives that promote more diverse representation in senior leadership roles can help bridge this gap and include the following:

- Ensuring equal access to key developmental relationships such as mentors, sponsors, networks.

- Developing transparent communication practices around advancement, mobility, and high-visibility assignments. Organizations with remote or dispersed workers should ensure the information reaches those outside the main office or headquarter locations.

- Monitoring succession planning and promotion practices to ensure all qualified internal candidates are considered.

Pay equity is often thought of as a “one-and-done” event—but this goal should be embedded across the enterprise, not just in HR. Organizations committed to the concept of pay equity integrate it into their basic mission, values, and recruitment and retention strategies to drive progress. Pay equity and fair compensation and hiring practices benefit organizations by strengthening economic performance, but organizations need to be more conscious and intentional about closing the racial and gender pay gaps.

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gap. It’s been estimated that collective action to improve gender parity could add $13 trillion to the global GDP by 2030. The data shows that gender parity is a key to growth at the global, community, and business levels. And the negative economic impact of gender inequality was only exacerbated by the pandemic, with more women than men dropping out of the workforce as daycare centers closed and schools went virtual. Talking about opportunity and opening windows for advancement should be happening at all levels and across all functions of an organization. Pay equity should not be treated as a separate action item but rather integrated into your company’s DNA and emphasized in communications with both employees and customers.

Some companies have created a gender equality index to standardize reporting of gender-related data. It tracks the number of women on a company’s board, the percentage of women in pipeline roles for senior leadership positions, the percentage of women promoted, gender pay-gap metrics, and whether policies that contribute to an inclusive culture such as paid parental leave are in place, among other information. An important step is to share the data both internally and externally.

On a national scale, the tide has slowly begun to turn. At least 10 countries currently have legislation to address the gender pay gap: Australia, Austria, Belgium, Finland, France, Germany, Iceland, Spain, Sweden, and the United Kingdom. The US lags these countries in terms of public policy and requirements around gender equity even as the private sector ramps up action.

“On average women make $0.82 on the dollar [earned by men]; Black women 64 cents on the dollar; Latinas 53 cents on the dollar. 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. The pandemic has disproportionately impacted women and even more so women of color... We do need consciousness [before] we can talk about next-step solutions for change.”

—Shelley Zalis, CEO of The Female Quotient

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Racial Wage Gaps—It Goes Beyond a Paycheck

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.

Research by The Conference Board shows that wage gaps by race, ethnicity, and gender remain large. While large educational attainment differences are an important contributor, large pay gaps remain even when comparing workers with similar educational background. After accounting for demographic, geographic, and educational differences, the wage gap between Black men with at least a bachelor’s degree and non-Hispanic White men with the same was 18 percent in 2010. By 2019, that gap had grown to 24 percent, largely due to growing labor market segmentation. Compounding these trends, Black workers are especially underrepresented in occupations and industries that have shown the highest pay growth in recent years. The tech sector, for example, shows a large increase in the number of top earners in the past decade, and only 4 percent of top earners in this group are Black.

**Chart 1**

**Occupation and industry segmentation does not fully explain the gaps**

Full-time wage workers with a bachelor’s degree: Remaining wage gaps relative to non-Hispanic White men, after accounting for differences in demographic, educational, geographical, industry, and occupational characteristics, 2017-19 average

- Hispanic women: 18.0%
- Black women: 16.0%
- Asian women: 13.6%
- Black men: 12.9%
- Hispanic men: 11.4%
- White women: 11.0%
- Asian men: 4.0%

Note: The values represent the percent wage difference with non-Hispanic White men.
Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota
Leadership in Action

**PayPal: Upping Employees’ Disposable Income for a Truly Living Wage**

Even before 2020’s trauma and upheaval, PayPal CEO Dan Schulman was already on a mission to upgrade capitalism, seeing the financial health of employees as essential for the health of PayPal’s organizations, for the economy, and for society. PayPal did an assessment of the economic hardships faced by their workforce that led them to fundamental policy shifts such as lifting wages, creating paths to ownership in stocks, and lowering health costs. The driving force behind the changes was recognition that if employees are financially stressed, they can’t focus on the job or pour themselves into the mission and vision of the company. Paying at or above market rates may not be enough. PayPal CEO Dan explains: “CEOs can’t rely on the market to be sure that their own employees are experiencing a degree of financial health. We actually need to put into place metrics to measure that, and then take action based on individual circumstances.”
“We really need to understand: ‘Are our employees financially healthy or not?’ We came up with a metric. . . to measure the financial health of our employees. We called it net disposable income (NDI). NDI is how much money somebody has left over after they pay all of their taxes and essential living expenses. The NDI for our entry-level and call center employees ranged between four and six percent. . .For someone to have a degree of financial health, their NDI needs to be twenty percent. We had to increase their NDI by four to five times from where they were. . .We slashed the cost of healthcare benefits by sixty percent. . .We gave every single employee restricted stock, so they can enjoy in the success of the company. . .and we raised wages where that was necessary.”

Focusing on alternative credentialing not only widens the pool of qualified candidates for in-demand skills but sends a signal to diverse populations that there are additional and nontraditional pathways to success. A college degree has long been thought to be the primary credential for professional careers and a ticket to employment. However, many employers have come to realize that degrees may not offer comprehensive insight into what an individual can do. Relying on a few tried-and-true credentials (e.g., degrees and defined years of experience) while ignoring some of the alternatives available is not being inclusive and may result in lost opportunities to upgrade the skill levels of new hires and your existing workforce. Employers can draw upon their internal data to demonstrate the successes of alternative credentialing inside their organization to hiring managers, talent acquisition professionals, and others, and overturn assumptions.  

“It’s often said everybody is born with potential but not the same opportunity. I think that we’re seeing employers recognizing that hiring young people from what aren’t the same traditional pathways that they’ve always recruited from—young people who have grit and persistence—really are the kind of people that you need if you’re going to have a great organization, a great company.”

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

“This is more than being just about hiring and promoting. It’s about changing practices that the companies engage in to make sure that those practices are more equitable, to make sure that those practices actually create the kind of environment that will enable Black talent without four-year degrees to thrive...If we could put Black Americans in family-sustaining jobs, if we could help train and upskill people and develop a set of innovative practices, we could make real progress.

—Maurice Jones, Chief Executive Officer, OneTen

A more holistic view of employee wellness extends beyond traditional health issues and requires an innovative approach to an array of issues such as pay equity, job

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opportunity, inclusiveness, employee burnout, and benefits. Leaders need to shift mindsets to create behavioral change and a better way to work. While lock downs due to the pandemic have been a widespread stressor and, in many cases, a traumatic event, they have increased awareness among employers of the importance of the mental health of their people. In addition, leaders gained a greater appreciation of the differing mental health impacts on different communities. They can use these insights to ensure that an organization’s mental health interventions account for diversity.

“We’re talking about culture change when we talk about well-being, not just programs and initiatives and libraries of resources. It’s ok to talk about feelings and health in the workplace. What I think we need to see is more confidence and bringing these ideas forward to our leadership teams and our boards and connecting the importance of wellness to business results.”

—Ellyn Shook, Chief Leadership and Human Resources Officer, Accenture

Many organizations tend to overlook the connection between physical/mental health and financial health as well as the overarching health of their community. Ensuring a living wage for all employees is not only an economic issue but also a health issue. If an individual is economically secure, they do not have to make a choice between their health and other necessities. Such an approach requires more flexible and innovative workplace policies and benefits. Given that people tend to join organizations that are committed to addressing social issues and putting their employees first, businesses need to invest time and resources in the overarching health of their workforces and the communities in which they operate.

“I really, really hope that there’s a cultural shift that takes place that no longer glorifies the ‘overwork’—working through the weekends and sending emails at midnight or one o’clock. I really hope that sustainable success and efficiency replaces that, because that’s just not a smart way to work. I think that successful companies will take all of this, they’ll embed wellness, focus into their culture, they’ll story tell around it, they’ll put actions in place. And it truly will be a differentiator for those companies and those workforces that get that established as part of their culture going forward.”

—Ann M. Powell, Executive Vice President and Chief Human Resources Officer, Bristol Myers Squibb
Bristol Myers Squibb: Easing Stress and Attacking Burnout

Ann M. Powell, the company’s Vice President and Chief Human Resources Officer says the firm came up with innovative ways to move away from the pressures and “unhealthy work habits” induced by the pandemic. The company suffered from an “always on” culture, including “long meetings with your days starting early and ending late with no break from sitting in front of a camera for 12 hours at a time and not even standing up; meetings through lunch and so on.”

To combat these unhealthy work habits, the company has:

- Declared every Friday afternoon a “quiet time” with no scheduled meetings and time for reflection and catch-up to prevent work spilling over into the weekend;
- Instituted a “quiet week” at random times throughout the year, basically an extension of “quiet” Fridays;
- Encouraged employees to be more thoughtful about emails and hitting the “reply all” which floods in-boxes with not-so-relevant communications; and
- Asked leaders to be more selective about who needs to be in meetings to eliminate “spectators”—large numbers of people who do not contribute directly to the conversation.

Moving Forward: Reasons for Optimism

Progress in addressing economic, racial, and health disparities within society and the workplace requires a shift in mindsets and innovative approaches to people that create behavioral change and build trust. Attracting and retaining the brightest, most diverse talent requires organizations to be socially responsible in serving their communities. The journey of creating and fostering a great company and building a more civil and just society starts with creating equal opportunities for education, upward mobility, wealth creation, and advancement in the workplace. This isn’t about altruism; it is about competitive advantage, sustainable economic growth, and most importantly, providing prosperity for all Americans. Conference participants agree that what was in the past is not working. Society needs something better. But there is reason for optimism. Societal recognition of what constitutes a fair and just economy and acceptable and unacceptable corporate behavior has never been so prominent in public debate.

“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 well—the whole new generation of social entrepreneurs that are coming up. And we certainly are in a moment in our society where we need that energy, and that spirit, and that optimism.”

—Brandee McHale, Head of Community Investing and Development, Citi, and President, Citi Foundation:
Additional Resources from The Conference Board

Resource Hub
Building a More Civil & Just Society

Publications
Wage Gaps by Race, Ethnicity, and Gender Are Growing, forthcoming 2021
The ROI of Inclusion: How to Align Diversity, Equity, and Inclusion (DEI) and Business Results, April, 2021
Brave New World: Creating Long-Term Value through Human Capital Management and Disclosure, December, 2020
Insights for Investors and Companies in Addressing Today’s Social Issues, October, 2020
Meeting the Upskilling Challenge: Training in the Time of COVID-19, Committee for Economic Development, July 2020
Diversity Reporting under the Spotlight, July 2020
Different in Degree: Closing the Talent Gap with Alternative Credentials, June 2020
Director Notes: Maximizing the Benefits of Board Diversity, Governance Matters, June 2020
Higher Expectations: How Organizations Engage with Social Change Issues, August 2019

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.