

Question

How are organizations pushing the Diversity, Equity, Inclusion needle in 2021 after the wake of so much that has happened from social injustice?

Introduction

In the wake of the murder of George Floyd and the subsequent Black Lives Matter movement, many firms across the nation have made an active effort to address and improve upon their diversity, equity and inclusion policies. Firms that have been successful in addressing the systemic racism in America and the extent to which it has transcended into their own organizations are taking a two-pronged approach to addressing such inequities. These firms are both (1) ensuring change within their own organizations by setting tangible goals for improving DEI and (2) are investing in consistently underrepresented and disadvantaged POC communities.

Internal Approach to DEI Advancement

Internal approaches to improving DEI in the workplace include implementation of implicit bias training programs, correcting all gender and race-based pay inequities, improving upon the demographic make-up of suppliers such firms rely on, and ensuring improved racial diversity from entry-level employees to the C-suite.¹

Prior to the murder of George Floyd, Michigan State University did not have any training in place regarding Diversity, Equity and Inclusion. In the wake of the series of social injustices that happened in May 2020, the university administration acknowledged the anger of POC community members and immediately acted on this concern.² In less than one month, the university introduced the plan for mandatory implicit biases and DEI training for all students, faculty, and staff.³ The training's purpose was to help "further [one's] knowledge and baseline understanding of how we all can work together toward an equitable and inclusive university for ourselves and future generations of Spartans."⁴ As a result, the university observed a significant decrease in hate crimes including discrimination and implicit bias.⁵

In terms of the corporate world, American Express has further advertised and improved upon its pay-equity plan in response to the BLM movement. In 2020, American Express invested to achieve "full pay parity, reaching 100% pay equity for colleagues across genders globally and across races and ethnicities in the U.S."⁶

Industries from across the spectrum, from banking to beauty, have also made strides in incorporating DEI into their relationships with suppliers. JP Morgan, for instance, has said it will be "pressuring its suppliers to increase spending with Black- and Hispanic-led companies." If suppliers do not comply with these demands, JPMorgan would first downgrade its contract from preferred or "Gold Status" to "regular." Even so, requirements need to be specific and measurable as only 40% of suppliers have agreed to increase such spending and there is limited clarity on what the threshold is for a "significant" investment in these communities might be.⁷ Conversely, an example of a more measurable supplier requirement comes from Estee Lauder which said it will "double the amount it spends on sourcing ingredients, packaging and supplies from black-owned businesses over the next three years," setting clear quantifiable benchmarks that must be met.⁸

Estée Lauder has also stated exactly how they will improve diversity within their internal organization. The organization said it would reach U.S. population parity of black employees in *all levels* in the next five years, "to

have about 13% of its workforce be Black” and “require that diverse candidates are considered in all executive director and above positions before a hiring decision is made.”⁹ Lauder also intends to establish stronger partnerships with black organizations like the National Black MBA Association for recruiting, “double diverse recruits in the next two years” and “make sure brand creative teams have black members.”¹⁰ Such public timelines and expectations are essential to ensuring commitments to a cause as these firms are now held accountable by themselves and their general public/consumer base.

External Approach to DEI Advancement

External approaches to DEI advancement vary but typically revolve around investing in communities facing the brunt of racial and thus economic injustice. Such large investments in these communities are the result of c-suite level action, as they are key members with authority to spend such sums of money on these programs and have the influence to explain the legitimacy of such programs.¹¹

JP Morgan Chase CEO Jamie Dimon, among other c-suite executives, are the first in their firm to advertise and launch its POC investment program in which the firm will “commit to \$30 billion over the next five years to provide economic opportunity to underserved communities, especially the Black and Latinx communities.”¹² This commitment is broken down into a multi-pronged approach to promote affordable housing, grow Black and Latinx businesses, improve financial health and access to banking in Black and Latinx communities, among others. Thus, a company’s commitment to DEI goes beyond the internal policies of the company itself but also into which communities such companies are making an active effort to invest in.

Goldman Sachs led an even more niche and specified initiative to invest in such POC communities by investing \$10 billion to support black women.¹³ Through investments in “job creation, housing, healthcare, education and access to capital, the initiative aims to impact one million Black women by 2030,” in addition to a set aside \$100 million for philanthropic causes focused on Black women. Whereas Morgan Stanley said it gave “\$5 million to the NAACP Legal Defense and Education Fund in response to racial injustice and matched all U.S. employee donations to the organization.”^{14,15}

Beyond investment banking companies, there is growing evidence that corporations as a whole have become more aware of the need to support and invest in POC communities. For instance, in their \$30 billion commitment to racial equity, Google donated \$50 million to dominant black colleges as part of their commitment to fill the diversity gap in tech. Additionally, PayPal has invested \$500 million in Black and Latinx financial institutions and venture capital funds.

Conclusion

Institutions across the nation have made an active effort to improve upon DEI initiatives due to mounting pressure from the BLM movement. This executive summary gives examples of effective DEI policies instituted in higher education and corporations from big banks to the cosmetic industry. The best DEI policies are ones that have clear-cut goals and public timelines for improving their internal governing structure coupled with targeted investments in POC communities often given fewer opportunities for economic mobility due to systemic injustices.

Endnotes

- ¹ McKinney, J. (2021, October 29). *How 12 black dei trailblazers are driving change at corporations after the George Floyd Murder*. [Black Enterprise](#).
- ² Stanley, S. (2020). *May 29, 2020: Message to the campus community on the shocking events in Minnesota*. May 29, 2020: Message to the campus community on the shocking events in Minnesota | Office of the President | [Michigan State University](#).
- ³ Stanley, S. (2020). *June 4, 2020: A message to MSU alumni and donors*. June 4, 2020: A message to MSU alumni and donors | Office of the President | [Michigan State University](#).
- ⁴ Stanley, S. (2020). *Oct. 26, 2020: Mandatory dei learning for MSU Campus Community introduced*. Oct. 26, 2020: Mandatory DEI learning for MSU campus community introduced | Office of the President | [Michigan State University](#).
- ⁵ [2021 Annual Security & Fire Safety Report](#) - [police.msu.edu](#). (2021).
- ⁶ *American Express announces \$1 billion action plan to promote racial, ethnic and gender equity for colleagues, customers and Communities*. [American Express](#) - Home. (n.d.).
- ⁷ Ward, M. (2021, October 13). *JPMorgan pressures massive supplier network to increase spending with black and Hispanic businesses. refusal could spell trouble*. [Business Insider](#).
- ⁸ Collins, A. (2020, June 9). *Estée Lauder says it will hire more black employees over next five years*. [WWD](#).
- ⁹ Ghosh, P. (2021, March 4). *Beauty Giant Estee Lauder Launches Division to oversee diversity pledges*. [Forbes](#).
- ¹⁰ Collins, A. (2020, June 9). *Estée Lauder says it will hire more black employees over next five years*. [WWD](#).
- ¹¹ KPMG. (2021, March 4). *Reimagine the workplace to make diversity, Equity & Inclusion a post-pandemic priority*. [KPMG](#).
- ¹² *JPMorgan Chase commits \$30 billion to advance racial equity*. [JPMorgan Chase & Co.](#) (n.d.).
- ¹³ *One million black women*. [Goldman Sachs](#). (n.d.).
- ¹⁴ *Morgan Stanley commits \$5 million to NAACP Legal Defense and Education Fund*. [Morgan Stanley](#). (2020, June 9).
- ¹⁵ Heeb, G. (2021, March 10). *Goldman Sachs says it will invest \$10 billion to support black women - here's how other U.S. banks have responded to racial justice protests*. [Forbes](#).