

Corporations become the unlikely financiers of racial equity

BY HALELUYA HADERO

The Associated Press

In the months since the police killing of George Floyd sparked a racial reckoning in the United States, American corporations have emerged as an unexpected leading source of funding for social justice.

Corporate giving to racial equity causes has far outpaced donations from foundations and individual philanthropists since Floyd's killing in May, according to the philanthropy research organization Candid.

Companies donated or pledged about \$8.2 billion of the \$12 billion in total contributions that were earmarked for racial equity — the “first time direct corporate giving to racial equity causes has reached this magnitude” — said Andrew Grabois, Candid's corporate philanthropy manager.

Sizable commitments have come from corporations ranging from JPMorgan Chase, PayPal and Mastercard to Microsoft, Salesforce and the National Football League. Those pledges don't even count other minority-focused investments, like a JPMorgan initiative to lend to minority home buyers and small businesses, that could eventually benefit the corporations themselves.

The trend signals a shift for large corporations, fueled by the evolving expectations of younger employees and consumers about corporate responsibilities to social causes. Advocates say the corporate money won't be enough to soon achieve the racial equity in hiring, housing and policing or the investment in Black communities and institutions that they've sought. But it marks a start.

“The world is changing, and the expectations of how companies engage are changing,” said Brandee McHale, Citi's head of community investing and development.

The catalyst, of course, was the graphic and widely viewed killing of Floyd last May at the hands of the Minneapolis police, with video footage showing the former officer Derek Chauvin pressing his knee against Floyd's neck for about nine minutes. This month, jury selection has been proceeding in Chauvin's murder trial.

“When George Floyd was killed, consumers and stakeholders called on companies to invest in issues related to racial equity, and many responded,” Grabois said. “Direct corporate funding for racial equity and justice has become exponentially larger — and more urgent — than what companies have committed to in the past.”

Companies tend to be big donors during times of crisis. But traditionally, Grabois noted, large corporations funded mainly educational and cultural groups, while donating comparatively little to racial equity causes.

Dipanjan Chatterjee, a brand analyst at Forrester Research, suggested that “long-simmering anguish and anger, agitated by a relentless political rhetoric that overtly flirted with white supremacy, created a perfect storm for Floyd's death to transform Black Lives Matter from a political to a human issue.”

Since late May, Grabois said, financial commitments by companies to racial equity causes have grown “exponentially larger” than any other cause other than COVID-19. A report by McKinsey & Company, which tracked corporate responses from May to October, found that of the top 1,000 U.S. companies, 18% made internal commitments, like diversifying their hiring, and 22% pledged to promote racial equity through donations or other means.

Including pledges of business investments, the report found \$66 billion was committed to such causes. Nearly 80% of those commitments targeted affordable housing and business development, with 86% of the money coming from the financial services industry.

For some brands, like Ben & Jerry's, the donations were extensions of long-standing commitments to racial justice. For others, the pandemic and protests led them to face “the kinds of really difficult social issues” that many had previously preferred not to engage with, said Melissa Berman, CEO of Rockefeller Philanthropy Advisors.

Berman suggested that some pressure has come from millennial and Generation Z consumers who increasingly want the money they spend and invest to be used in ways consistent with their values. A survey last year by the research firm YPulse found that 69% of these younger buyers believe that brands should engage with the Black Lives Matter movement.

See *Equity* / C2

Illustration by 123RF

COVID-19 has been enormous setback in closing wage gap

To honor Women's History Month, I reached out to Luann Abrams, founder and co-CEO of CEOX, an organization that connects highly qualified female CEO-ready candidates to CEO and board roles, and Tia Newcomer, a life sciences board member and executive who writes LinkedIn articles with a series called “A Woman in the Boardroom and C-Suite: Observations, Learnings and Brutal Setbacks.”

The topic: Will COVID19 make the gender wage gap and

INSIDE BUSINESS

By Katy Brooks



workforce equity worse?

Before COVID-19, women's earnings and leadership trends were glacially moving in a better direction. The 2020 Pay-Scale Gender Pay Gap Report shows U.S. women earned 81 cents for every dollar earned by men. That's a decrease by only 7 cents since 2015. Pay-Scale also says median salary

across all industries for men is still 19% higher than that of women and at this pace of progress it will take about 100 years to catch up.

Enter COVID-19.

Newcomer sees it as an enormous setback. In her LinkedIn blog, she writes that 5.4 million women's jobs have disappeared since February 2020 — accounting for more than half of all net jobs shed by the U.S. economy over the course of the pandemic. Nearly 2.1 million women have dropped out of the labor force

entirely in that time. What she finds telling is that there are three working mothers unemployed for every father.

When families have children, it's often the woman who stays home and leaves the workforce. This is often due the simple economics of which parent's income is higher. Higher percentages of women work in lower-paying jobs where layoffs have been more severe throughout the pandemic.

And impacts to women of color are even worse. The Center for American Prog-

ress cites the economic effects of COVID-19 on women of color has exacerbated financial disparities for minority families. They conclude “mothers in lower-income families — disproportionately women of color — are far more likely to be breadwinners than mothers in higher-income families.” An estimated 70% of mothers in families with the lowest earnings are primary or sole breadwinners, compared with 31% of mothers in families with top incomes.

And once women return to work, wage loss may continue.

Those who had to leave the workforce may be asked to explain the “gap year.” Women who had to put their careers on hold or were laid off may experience bias against being a working mother or viewed as more expendable.

This means that some women reentering the workforce may earn less than before they left. According to Pay-Scale, women often incur a pay penalty upon returning to work after an absence — 7% less on average for the same position.

See *Wage gap* / C2