Transforming Business Beyond COVID-19

An Equity Fluent Leadership Playbook

Created by the Center for Equity, Gender and Leadership (EGAL) at the UC Berkeley Haas School of Business

Authors: Abigail Mackey, Kellie McElhaney, and Genevieve Smith

Equity Fluent Recovery

/ˈekwədē/ˈflo͞ənt/rəˈkəv(ə)rē/
Noun

A recovery in which business leaders commit to using their power and position to address the vast inequities that have been exposed and exacerbated by COVID-19. Recognition that these inequities have been perpetuated through our business models necessitates that business is part of the solution and of rebuilding. Leading inclusively is not only a moral imperative, it's a strategic business imperative, as well.

PART II:
The Companies Leading and Lagging in Recovery

In "Part I: The Need for Equity Fluent Recovery," we discussed the impact of COVID-19 on the health and livelihoods of workers of color and female workers. We created a framework for understanding equitable recovery that helps distinguish business actions that are pushing us towards a new normal that addresses systemic barriers to equality (an "equity fluent" recovery) versus one that perpetuates extreme inequities.

Part II is an evaluation of the COVID-19 response and recovery actions implemented by Fortune 100 companies to date. We present how these actions stack up against our vision for an equity fluent recovery and highlight gaps that need to be addressed in order to achieve it.

PART I

How is COVID-19 impacting communities of color and women? How do we define equitable recovery?

PART II

Are the actions of companies driving towards an equitable recovery?

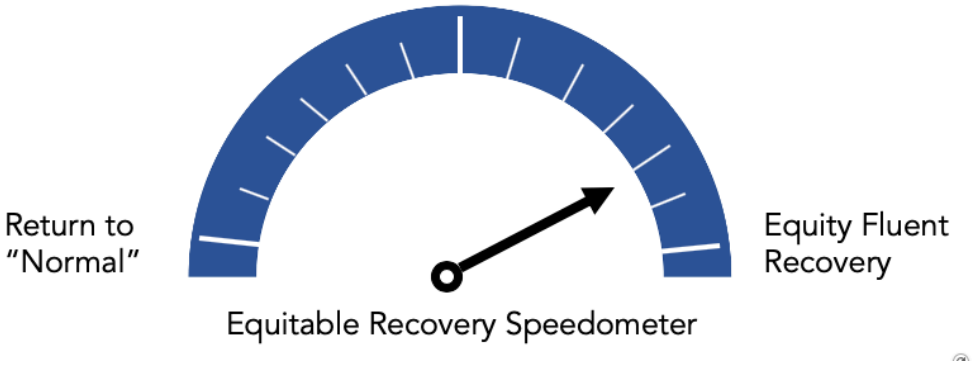
PART III

What can we learn from past crises when it comes to designing equitable recovery?

PART IV

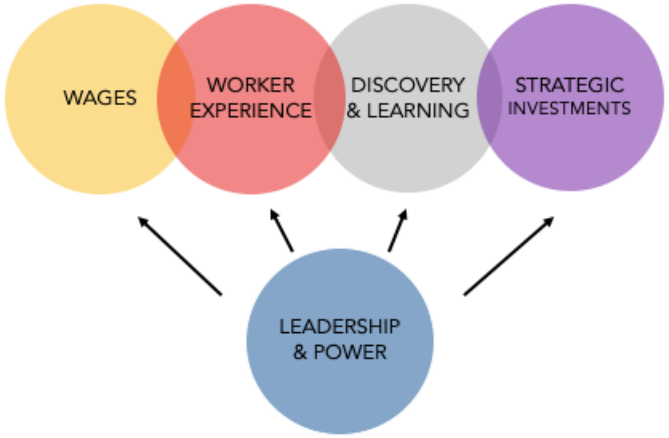
What are the transformative actions that are needed now for equitable recovery?

A Guide for Navigating the Playbook



EGAL's Equitable Recovery Speedometer

The speedometer is a framework for identifying what actions are leading to a return to the previous normal and what actions are moving us towards an equity fluent recovery. While all efforts are needed, we are most inspired and excited about those that move us towards the right side of the speedometer.



EGAL's Equity Fluent Spheres of Influence

The five spheres of influence categorize areas of action that are critical to an equity fluent recovery. They are used throughout the playbook to group clusters of actions, whether it is the recovery responses of corporations or the recovery plays for which we at EGAL are advocating.

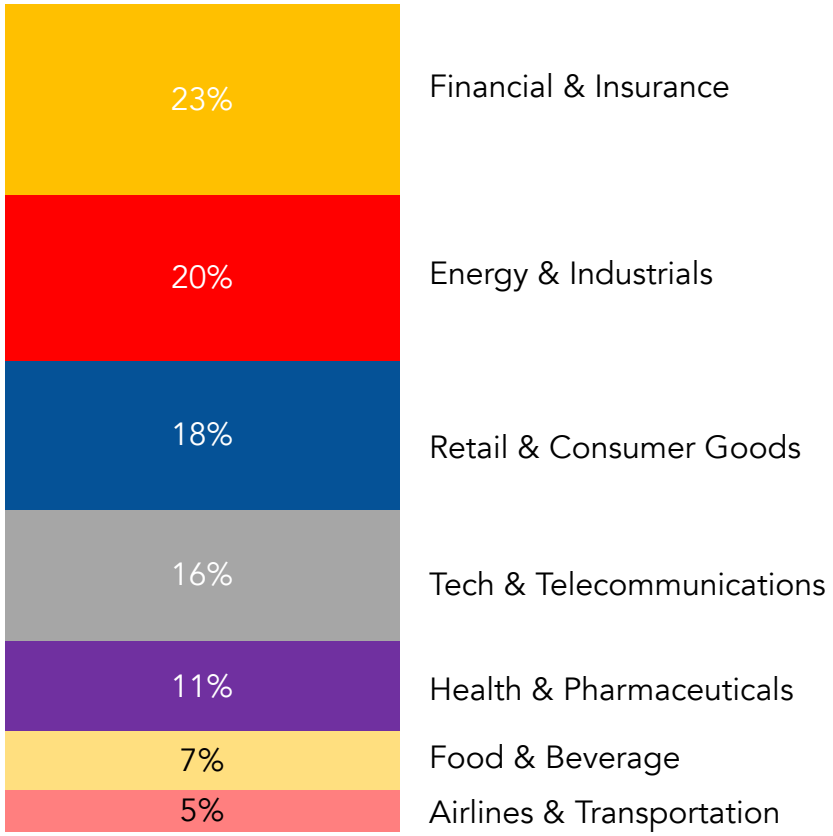
Analysis Approach

To better understand where corporate responses have fallen on EGAL's Equitable Recovery Speedometer, we reviewed the actions to date of Fortune 100 companies in their response and recovery efforts to COVID-19. See Annex A for a full list of companies reviewed. Actions were found through a variety of public sources, including company websites, news articles, company reports, press releases, and SEC disclosures.

Over 370 actions were recorded that targeted different areas of EGAL's Spheres of Influence. These actions cover a wide range of players along the value chain, including shareholders, leadership, workers, supply chain players, customers, and communities. Externally mandated actions have largely been excluded from this analysis due to their widespread adoption, including company-mandated social distancing and the provision of personal protective equipment.*

**Actions analyzed are largely voluntary, but in some cases may be required. The Families First Coronavirus Response Act applies to companies with fewer than 500 employees. This would exclude Fortune 100 companies. This means that changes to paid leave for workers are largely voluntary among this group.*

Fortune 100 Companies Analyzed by Industry Affiliation



Recovery Actions by Sphere of Influence

The graph below shows the percentage of Fortune 100 actions that fall within each sphere of influence. We have also included a list of efforts under each sphere that captures the vast majority of company responses.

#Wages
- Temporary pay bumps (i.e. hazard pay)
- Bonus and incentive payments
- Permanent worker raises
- Compensation for schedule changes and location closures due to COVID-19

#WorkerExperience
- Temporary changes to paid time off for sick leave
- Temporary changes to paid time off for caretaking
- Layoffs, furloughs, and hiring decisions
- Flexible and remote work changes
- Changes to healthcare coverage

#Leadership&Power
- Reductions in Board compensation
- CEO pay cuts and deferrals of pay
- Senior staff pay cuts
- Suspension of bonus or incentive pay for executives

#Discovery&Learning
- Shifts in manufacturing to produce COVID-19 supplies
- New services for child and elder care
- Launch of new products and services during COVID-19
- Design and execution of public-private partnerships and intercompany partnerships

#StrategicInvestments
- Philanthropic giving and donations
- Suspension of stock buybacks/dividend payments
- Investments in supply chain partners
- Establishment or scaling up of worker relief funds
- Increasing credit services and resources (specific to financial institutions)

Key Gaps in Recovery Implementation

We have focused our analysis on where there are both initial company efforts and major gaps standing in the way of achieving an equity fluent recovery. Actions analyzed are those that directly impact onsite and low-wage workers of color and female workers. These groups tend to be in frontline roles that lack teleworking options. Below is a snapshot of the gaps in company-led responses to COVID-19 and the opportunities that exist for companies to take the lead on.

1

WORKER EXPERIENCE

Changes to company paid leave policies are the most generous to salaried workers and exclude time workers need (especially hourly workers) to care for their families throughout recovery.

2

WAGES

Changes to worker pay during the pandemic are falling short in paving the way for the long-term economic security of people of color and women.

3

LEADERSHIP & POWER

Prevailing leadership structures at companies have remained unmoved and executive pay cuts have been in short supply.

4

STRATEGIC INVESTMENTS

Companies have centered philanthropic funding in COVID-19 responses, keeping their larger, in-house investment strategies unchanged and lacking in equitable recovery priorities.

5

DISCOVERY & LEARNING

Innovation and partnerships to combat inequitable outcomes to COVID-19 have yet to fully address the immense economic impact the virus is having on workers of color and female workers.

#WorkerExperience

38% of Fortune 100 companies have changed their paid leave policies during COVID-19 to offer more sick and care days to workers.

82% of US domestic workers entered the pandemic without a day of sick leave.[1] This necessitated changes to paid leave policies (one of the most prevalent responses of Fortune 100 companies) as the pandemic set in. Changes to policies range from five days to 26 weeks in additional time (with the higher end of the spectrum being largely restricted to headquarters and salaried staff). The most common form of paid leave offered among companies as a result of COVID-19 is two weeks of additional time for full-time and part-time workers. Most companies are restricting this time to employees who test positive for COVID-19 or are being required to quarantine. 31% of companies with enhanced leave policies have not publicly disclosed the details of those policies, including employee eligibility and days offered.

CAT

LEADING THE FIELD

Caterpillar, a construction and equipment manufacturer, is offering its union workers two weeks of additional paid leave for any reason (including sick leave and caretaking time) during COVID-19. This is on top of the two weeks workers receive if they have been instructed to self-quarantine by an authority. This policy also allows for ten weeks of additional time off for caring for children at two-thirds of that employee's salary. Learn more here.

#WorkerExperience

Major Gaps in Reaching an Equity Fluent Recovery

Care leave is largely being left out of COVID-19 responses.

Only 19% of Fortune 100 companies have included care of elderly, children, or family members as an accepted reason that a worker can use additional paid time off during COVID-19. Workers who are on the frontlines and onsite are less likely to have access to this benefit compared to salaried and HQ staff (and are more likely to be workers of color and female workers). This means that workers who have children staying home due to school/daycare closures, who have expanded childcare or eldercare responsibilities, or who need to take care of sick family members don't have the time they need.

Expanded paid sick leave policies tend to be highly restrictive and are not paired with changes to healthcare benefits.

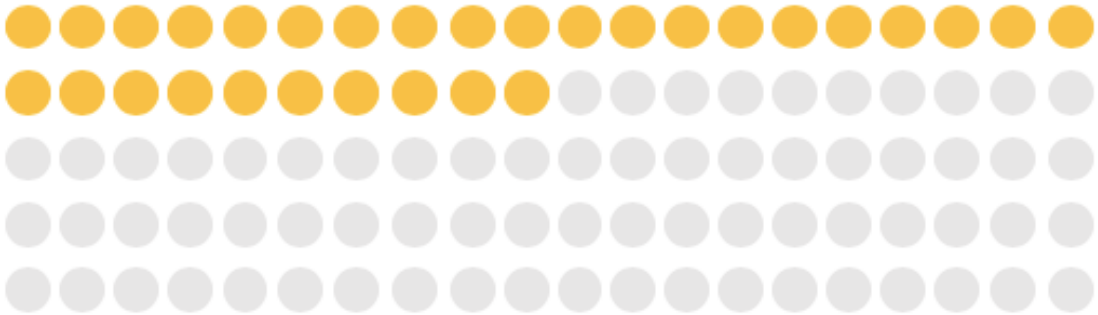
Some companies are requiring employees to be diagnosed with COVID-19 before taking sick leave. Knowing gaps in testing among communities of color, this poses major obstacles to employees accessing the time they need if they are sick. Only 12% of Fortune 100 companies are offering some form of additional health benefits during COVID-19. These benefits when offered have taken many forms including virtual health services, waiving copays, and extending health benefits to furloughed workers.

Expanded sick leave policies and other worker benefits are set to expire soon.

Policies enacted by companies to date have by and large been temporary provisions of benefits without long-term commitments. Many have already expired or are set to expire within the coming months. Benefits have included extended paid leave, compensation for reduced work schedules, providing childcare services, and employee emergency funds. These benefits are needed by workers of color and female workers over the lifetime of the pandemic and beyond it.

#Wages

30% of Fortune 100 companies are offering some form of additional compensation during COVID-19 to essential and onsite workers.



The most common forms of compensation increases are temporary pay bumps for hourly employees (usually $2 per hour) and one-time bonuses. Both forms of these pay increases have been largely considered "hazard pay" and are targeted at onsite workers. 67% of companies offering additional compensation are in retail and consumer product goods. The majority of companies that have yet to offer pay bumps or additional compensation have essential and onsite workers.

Charter COMMUNICATIONS

LEADING THE FIELD

Charter Communications, a mass media and telecommunications company, has provided every frontline field technician and customer service call center worker with a $1.50 per hour raise during COVID-19. Unlike most increases instituted during COVID-19, this raise is permanent and part of an ongoing commitment for all Charter employees to make a minimum of $20 per hour (exceeding the industry norm of $15 per hour). Learn more here.

#Wages

Major Gaps in Reaching an Equity Fluent Recovery

Compensation increases are mostly temporary changes to employee pay during COVID-19.

Only three Fortune 100 companies have committed to extending pay increases beyond the next few months. Many policies already expired in May, which means workers - who are disproportionately people of color and women – are still being exposed to COVID-19 and are not being compensated with hazard pay.

Compensation increases are unlikely to match increased risk as a result of working onsite during COVID-19.

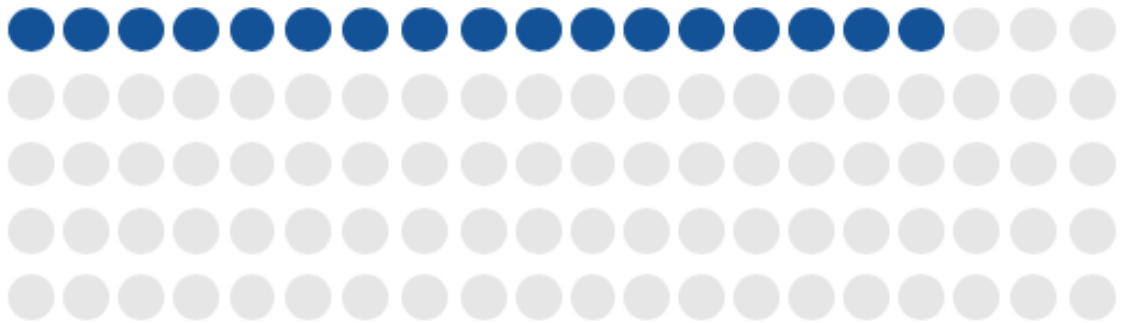
One-time bonuses that range from $150 to $1,000 are relatively low when compared to the healthcare costs that result from increased exposure to COVID-19. This is especially true considering that hourly and service industry workers – who are disproportionately people of color and women - are less likely to have employer provided health insurance. Even when factoring in COVID-19 pay bumps for workers in industries like retail and food service, most workers are still not making a living wage.

Compensation increases are not inclusive of all labor that goes into production and services.

Very few companies are offering hazard pay or pay bumps to contracted or temporary labor. While some companies are offering more flexible payment terms to supply chain partners, workers in the supply chain have not been part of changes to compensation and are the least likely to have access to employer-provided healthcare benefits.

#Leadership&Power

17% of Fortune 100 companies have instituted executive-level pay cuts or deferrals.



27% of companies that are laying off or furloughing employees have not disclosed pairing these cutbacks with reductions to executive pay. Reductions in compensation have primarily focused on C-suite level executives and board members as measures to weather decreased liquidity and revenue during COVID-19. Cuts focus on executive base salary, not other components of pay like stock options. The range of percentage cuts to or deferrals of base salary is 5% to 100%. For companies that disclosed the level of pay cuts to executive compensation, the average cut to pay is 53%. The industry with the highest percentage of companies changing executive pay is the airlines industry. 80% of the industry's companies in the Fortune 100 are temporarily reducing executive pay.

LEADING THE FIELD

At General Electric, Senior Vice Presidents have pledged 25% of their salaries to a relief fund to help employees impacted by COVID-19. The CEO is also voluntarily giving up their 2020 salary. Learn more here.

#Leadership&Power

Major Gaps in Reaching an Equity Fluent Recovery

Executive pay cuts are either short-term or are deferrals that will be paid out at a later date.

No Fortune 100 company has made a long-term commitment to reducing the large inequities between how executives and workers are compensated. The average ratio of CEO pay to median worker pay in the Fortune 100 is 306.[2] Some companies mentioned using funds from executive pay cuts to weather the COVID-19 storm or to temporarily increase cash liquidity, but direct connections to longer term employee welfare are few. One company is deferring executive pay to be paid out at a later date.

COVID-19 has placed increasing power in the hands of technology companies.

COVID-19 has been a boon for many tech companies as their services become more and more critical in a contactless world. Amazon, for example, has doubled its profits: its CEO has made $34 billion during COVID-19 so far.[3] With this level of power and profits, America's largest tech firms should be scaling up resources to people of color and women, both within the company and in surrounding communities. The profits these firms are earning have not been matched with an equal sized commitment to worker benefits and pay during COVID-19.

Most companies have not committed to respecting the right of workers to freely associate during COVID-19.

A handful of companies have been working actively with unions during COVID-19 to design support tools for workers. United Auto Workers is coordinating with manufacturers to design and implement re-opening procedures. However, 50% of Fortune 100 companies do not have a formal policy recognizing the right of workers to freely associate, collective bargain, and unionize. Commitments to respecting these worker rights have been broadly left out of COVID-19 company policy commitments, despite spikes in union organizing.

#StrategicInvestments

67% of Fortune 100 companies have dedicated funding or in-kind donations to communities impacted by COVID-19.

The primary way Fortune 100 companies are investing in the COVID-19 response is through philanthropic donations and CSR activities. Philanthropic giving ranges significantly from a few thousand donations of personal protective equipment to multi-million-dollar funding commitments to community groups, external initiatives, and NGOs. These donations cover a wide-range of areas including the immediate healthcare response, support to frontline healthcare workers, small business grants, the technology and education gap, and food insecurity.

Goldman Sachs

LEADING THE FIELD

Goldman Sachs has issued $500 million in loans to provide emergency assistance to small businesses across the country. This funding has been deployed through CDFIs, Minority Depository Institutions, and other mission-driven lenders. According to its website, 49% of capital deployed has been targeted at majority minority areas. Learn more here.

#StrategicInvestments

Major Gaps in Reaching an Equity Fluent Recovery

Banks and financial institutions are relying on investment strategies that fail to factor in the needs of people of color and women.

Some banks have dedicated funding (in both grants and loans) to Community Development Financial Institutions (CDFIs) as a strategy for reaching minority-owned and women-owned businesses. However, most banks are utilizing a "first come, first serve" motto in lending under the Paycheck Protection Program. This approach often means large corporations receive most of the limited resources over minority-owned and women-owned businesses. Very few banks have publicly disclosed racial- and gender-disaggregated data on distributed relief funding.

Potentially destructive financial strategies like stock buy backs are still being used, but less so.

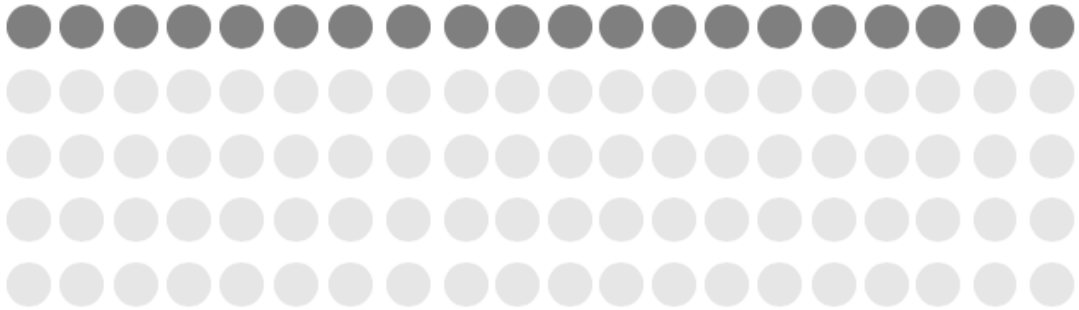
19% of Fortune 100 companies have suspended stock buybacks and/or dividends during COVID-19. This includes seven major banks in the Fortune 100. But the vast majority of companies have not suspended these practices or made plans to change them into the future. This could be detrimental to workers of color and female workers as stock buybacks and dividend payments substantially reduce the resources companies have to invest in worker pay and benefits.[4]

Investments in workers of color and female workers along the supply chain are low.

Very few companies spoke about deliberately supporting minority-owned and women-owned businesses in procurement practices and COVID-19 investments. While supplier diversity programs exist at many companies, the level to which these programs are supporting, funding, and elevating minority-owned and women-owned businesses during the COVID-19 crisis remains unclear.

#Discovery&Learning

20 Fortune 100 companies have established new partnerships during COVID-19 to combat health and economic impacts from the crisis.



These partnerships have taken many forms and have been a collaboration both between private sector players and public-private joint ventures. Some companies are partnering with governments to shift manufacturing to produce needed personal protective equipment and sanitizer (some of this has been voluntary and some production has been mandated under the Defense Production Act). Apple has joined forces with Google to produce contact tracing technology. Microsoft is working with the Washington State Department of Health on strengthening health data management. Some companies are partnering up to move labor supply to areas of higher demand (see example on the right).

Albertsons®

LEADING THE FIELD

Albertsons, a grocery company, has partnered with businesses across the US to hire workers that have been recently furloughed or let go as a result of COVID-19. Albertsons is working with 17 companies in high risk industries, including food service and hospitality, to fill 30,000 job openings at its stores. Learn more here.

#Discovery&Learning

Major Gaps in Reaching an Equity Fluent Recovery

Public-private partnership models are making progress on health infrastructure, less so on combatting economic inequality.

Companies have joined hands with public entities to scale up COVID-19 testing, contact tracing, and the production of needed supplies. However, these types of partnerships have not been extended on the same scale to combatting issues like small business closures and childcare services. We know that the crisis happening today has devastating impacts not just on the health of people of color and women, but also on their economic livelihoods.

Care infrastructure models during COVID-19 and for a post-pandemic future are lacking.

The lack of care services and infrastructure in the US has been a major challenge for workers of color, especially female workers, before and during COVID-19. Target is providing backup care to both hourly and salaried team members during COVID-19. CVS is collaborating with a service-provider, Bright Horizons, to provide workers with access to child and elder care. However, only a small subset of companies are providing care services and even less are using this time to pilot and design new models of care that can work now and in a post-COVID-19 world.

Integrating equity into the design of products and services needs to be scaled up.

Very few companies are making it clear how equity is being centered in the design and distribution of new products and services being offered during COVID-19. For example, more flexible services offered by banks to customers (ex. payment forgiveness) are being done on a case by case basis. This could mean low income, minority, and female customers are left out due to lower access to banking networks among these groups and unconscious biases on the part of bank staff.

Summary – The Fortune 100 Recovery Response

Current responses in the Fortune 100 highlight how some companies are taking the lead in helping workers weather the storm of COVID-19. While exciting, more is needed to avoid returning to the "normal" that existed pre-COVID, one in which great inequities existed for people of color and women.

While relief is important, it does not on its own address how businesses are perpetuating inequities in the workplace and in the products / services they develop. Companies have the opportunity - and more importantly the responsibility - to look internally and critically examine how their own practices and policies are contributing to and amplifying inequities during COVID-19.

Visionary leaders can use this moment not only for critical self-reflection, but to explore, enable, and catalyze business as a force to advance an equitable and inclusive society. We cannot ignore this once-in-a-generation opportunity to enable business to thrive AND advance an equitable, inclusive society.

Playbook Part III

Before revealing the transformative plays that will put businesses on a path towards an equity fluent recovery, EGAL will explore the lessons available from past economic and health crises in the US in Part III. We will uncover how response approaches to these crises have either fostered a more inclusive future or failed to deliver on one.

By studying history, we can learn important lessons about recovery trends and the conditions under which workers of color and female workers can thrive in society and business.

Center for Equity, Gender and Leadership

The Center for Equity, Gender and Leadership at the Haas School of Business (University of California, Berkeley) is dedicated to educating equity fluent leaders to ignite and accelerate change. Equity Fluent Leaders understand the value of different lived experiences and courageously use their power to address barriers, increase access, and drive change for positive impact. Equity Fluent Leadership™ Playbooks deliver strategies and tools for business leaders to advance diversity, equity, and inclusion. The Playbooks serve as a bridge between academia and industry, highlighting and translating research into practitioner-oriented strategies.

Learn more @ haas.berkeley.edu/equity/

Annex A – List of Fortune 100 Companies Analyzed

1. 3M
2. AbbVie
3. AIG
4. Albertsons
5. Allstate
6. Alphabet
7. Amazon
8. American Airlines Group
9. American Express
10. Amerisource Bergen
11. Anthem
12. Apple
13. Archer Daniels Midland
14. AT&T
15. Bank of America
16. Berkshire Hathaway
17. Best Buy
18. Boeing
19. Capital One Financial
20. Cardinal Health
21. Caterpillar
22. Centene
23. Charter Communications
24. Chevron
25. CHS
26. Cigna
27. Cisco Systems
28. Citigroup
29. Coca-Cola
30. Comcast
31. ConocoPhillips
32. Costco Wholesale
33. CVS Health
34. Deere
35. Dell Technologies
36. Delta Air Lines
37. DuPont de Nemours
38. Energy Transfer
39. Enterprise Products Partners
40. Exelon
41. Exxon Mobil
42. Facebook
43. Fannie Mae
44. FedEx
45. Ford Motor
46. Freddie Mac
47. General Dynamics
48. General Electric
49. General Motors
50. Goldman Sachs Group
51. HCA Healthcare
52. Home Depot
53. Honeywell International
54. HP
55. Humana
56. IBM
57. Intel
58. Johnson & Johnson
59. JP Morgan Chase
60. Kroger
61. Liberty Mutual Insurance Group
62. Lockheed Martin
63. Lowe's
64. Marathon Petroleum
65. Massachusetts Mutual Life Insurance
66. McKesson
67. Merck
68. MetLife
69. Microsoft
70. Morgan Stanley
71. Nationwide
72. New York Life Insurance
73. Nike
74. Oracle
75. PepsiCo
76. Pfizer
77. Phillips 66
78. Plains GP Holdings
79. Procter & Gamble
80. Progressive
81. Prudential Financial
82. Publix Super Markets
83. Raytheon Technologies
84. State Farm Insurance
85. Sysco
86. Target
87. Tech Data
88. TIAA
89. TJX
90. Tyson Foods
91. United Continental Holdings
92. United Parcel Service
93. UnitedHealth Group
94. Valero Energy
95. Verizon Communications
96. Walgreens Boots Alliance
97. Walmart
98. Walt Disney
99. Wells Fargo
100. World Fuel Services

Annex B – Sources

**All data in Part II, unless otherwise noted, is from direct research conducted by our team at EGAL.

1. Russon Gilman, Hollie and Daria Schitrit. "There Will Be No Real Pandemic Recovery Without Paid Sick Leave." Next City. 15 May 2020.
2. Data is based on EGAL's review of available SEC disclosure data on 90% of Fortune 100 companies. The remaining 10% of data is not available.
3. Frank, Robert. "American billionaires got $434 billion richer during the pandemic." CNBC. 21 May 2020.
4. Tung, Irene. "Curbing Stock Buybacks: A Crucial Step to Raising Worker Pay and Reducing Inequality." National Employment Law Product. 31 July 2018.