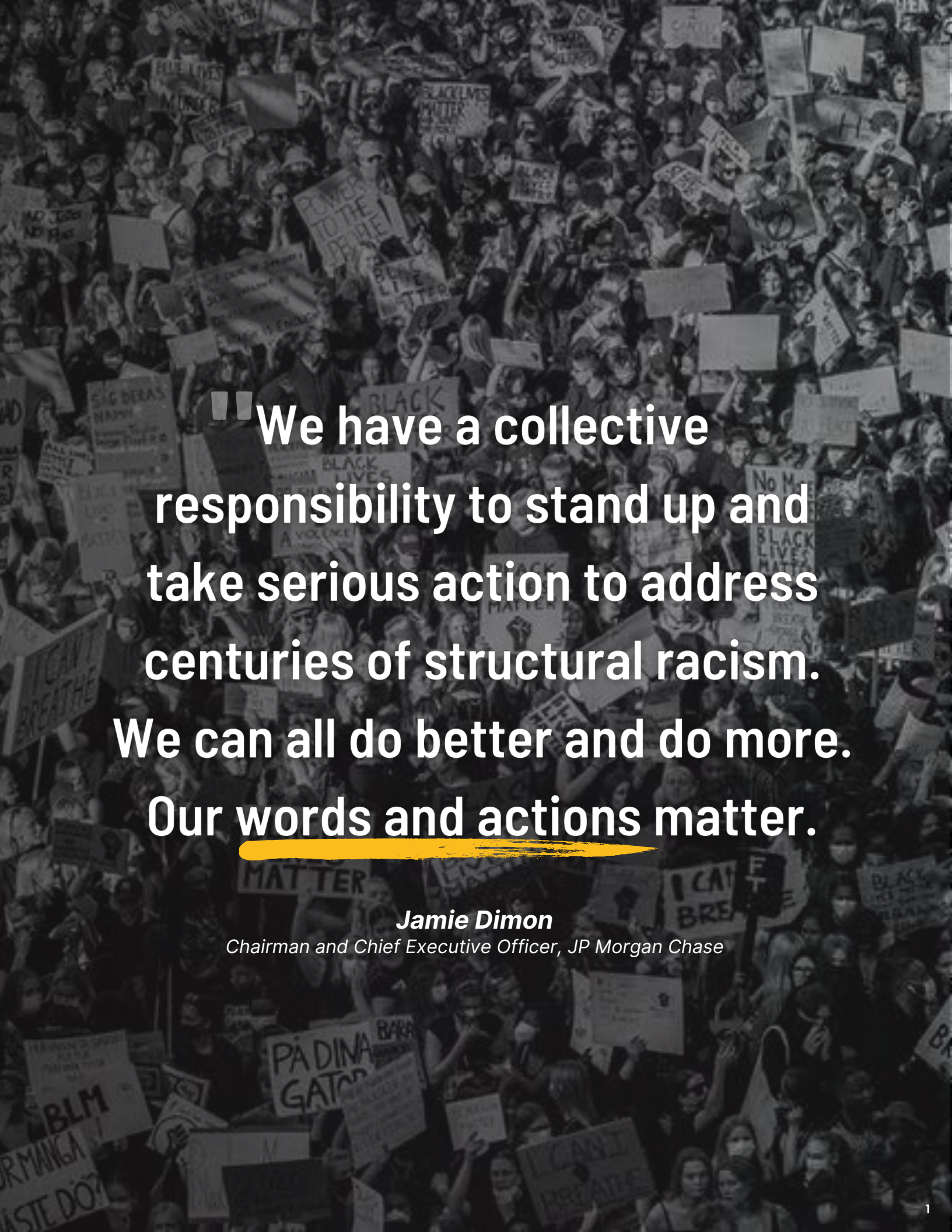


Evolve NOW



**A Profitable Economy is
an Antiracist Economy**

Full Report



“ We have a collective responsibility to stand up and take serious action to address centuries of structural racism. We can all do better and do more. Our words and actions matter.

Jamie Dimon

Chairman and Chief Executive Officer, JP Morgan Chase



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The World, and the Economy, Demand Systemic Change

Americans are calling on corporate leaders to address and condemn racial inequities

2020 has been marked by social unrest and demands for racial justice, the largest global health pandemic in modern history, and an impending shift in presidential leadership. The senseless killings of George Floyd, Ahmaud Arbery, Breonna Taylor and many others have sparked outrage in our nation, and across the globe, at the unchecked racial bias and violence against Black Americans at the hands of police. At this critical moment in history, most Americans believe that racism is a major problem that infects all areas of our social fabric.



RACISM: AMERICA'S PROBLEM



76%

of Americans consider **racism** a **big problem**

[1]



75%

of Americans want CEOs to **condemn racial inequality** [2]



73%

of Americans favor CEOs **condemning** police killings of unarmed Black people [3]



78%

of Americans want to see **diversity and inclusion** elevated in the workplace [4]

This movement is now invoking deep conversation and commitment amongst everyday people and in many American institutions. That includes the private sector, where Black Americans have been victims of a different kind of violence that has assaulted their bank accounts, victimized their assets, threatened their quality of life and severely limited their ability to provide for their families and their communities. The racial wealth gap that has been created by the private sector is deeply rooted in a system of economic oppression and racism that has caused disparate outcomes in skills development, employment and income for people of color.

1 - 4. Feloni, Richard, Yusuf George. "These Are Notable Corporate Responses to George Floyd Protests." n.d. JUST Capital. <https://justcapital.com/news/notable-corporate-responses-to-the-george-floyd-protests/>.

The time is now to advocate for and create an antiracist economy that is both profitable and just

In this report, we use the term “antiracist” from the scholarly research of Dr. Ibram X. Kendi, author and director of the Center for Antiracist Research at Boston University. We do not define “racist” as a term that describes an individual’s decision to be prejudiced against or antagonistic towards any particular racial or ethnic group or possessing an personal bias or opinion towards an individual of a different racial or ethnic group. Rather, in this report, we define “racist” as any policies and practices that generate racial disparities, or different outcomes by race. Conversely, to be “antiracist refers” to the explicit purpose and intentional goal to eliminate any policies and practices that intentionally or unintentionally generate racial or ethnic disparities.



WHAT WE MEAN BY "RACIST"

"Racist" is commonly perceived as a pejorative term to describe an individual's bigoted nature. In this report, we use the term as it is increasingly understood — to identify any policies or practices that create or reinforce racial inequities.

***Racist policies and practices** are any expressed or implied action that generate disparate outcomes between racial groups.*

What COVID-19 has done is to uncover and exacerbate deep-rooted racial inequalities that stem from historically racist policies and practices by the private sector. Several sources have documented the disparities in both contraction and death rates between White, Black, and Latinx communities. Black and Latinx people are more than three times as likely to contract the coronavirus and twice as likely to die of COVID-19 than Whites. [5] The root cause of contraction and death is disproportionate along racial lines and is directly tied to the type of high-risk jobs being performed and/or vulnerable sectors where African American and Latinx workers are employed. [6]

5. APM Research Lab Staff. 2020. "COVID-19 Deaths Analyzed by Race and Ethnicity, 04-24-2020." APM Research Lab. August 18, 2020. <https://www.apmresearchlab.org/covid/deaths-by-race>

6. Gould, Elise, and Valerie Wilson. 2020. "Black Workers Face Two of the Most Lethal Preexisting Conditions for Coronavirus—Racism and Economic Inequality." Economic Policy Institute. June 1, 2020. <https://www.epi.org/publication/black-workers-covid/>.

Due to historical effects of racism and discriminatory employment practices, slightly more than half of African American and Latinx workers in non-essential occupations have higher risk jobs — the highest rate of any racial/ethnic group. [7] On one hand, these jobs often put people of color on the front lines as essential workers and on the other hand they lead to higher rates of unemployment, underemployment and subsequent loss of wages and benefits when their job is eliminated or their hours are reduced.



RACIAL INEQUITIES REVEALED

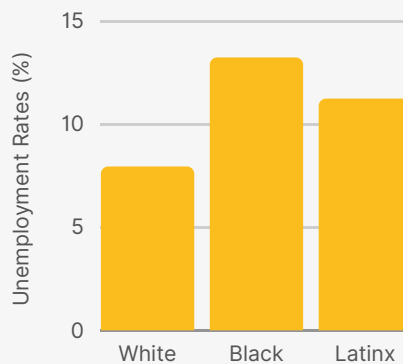
Black Americans are

67% more likely and [10]

Latinx Americans are

41% more likely to be unemployed

during the pandemic [11]



Less than half of all adult Black American adults are employed – the lowest population-employment ratio of any racial group.

[12]

Impacted by racial disparities and systemic racism, COVID-19-induced unemployment rates are poised to repeat similar patterns from the Great Recession. In the last recession, the unemployment rate among African Americans rose faster than that of Whites and stayed higher longer, leaving many to believe that people of color are often the “first fired, last hired.” [8] The marked levels of unemployment and underemployment – estimated at over 30 million [9], not including furloughs – and modified work hours are unprecedented and dire even prior to COVID-19.

Racial disparities in employment rates and lack of services provided place many people of color at very high risk of job insecurity and prolonged unemployment rates in the event of an economic, financial or health crisis.

7. “Race, Risk, and Workforce Equity in the Coronavirus Economy | PolicyLink.” n.d. Www.Policylink.org. Accessed November 30, 2020. <https://www.policylink.org/our-work/economy/national-equity-atlas/COVID-workforce>.

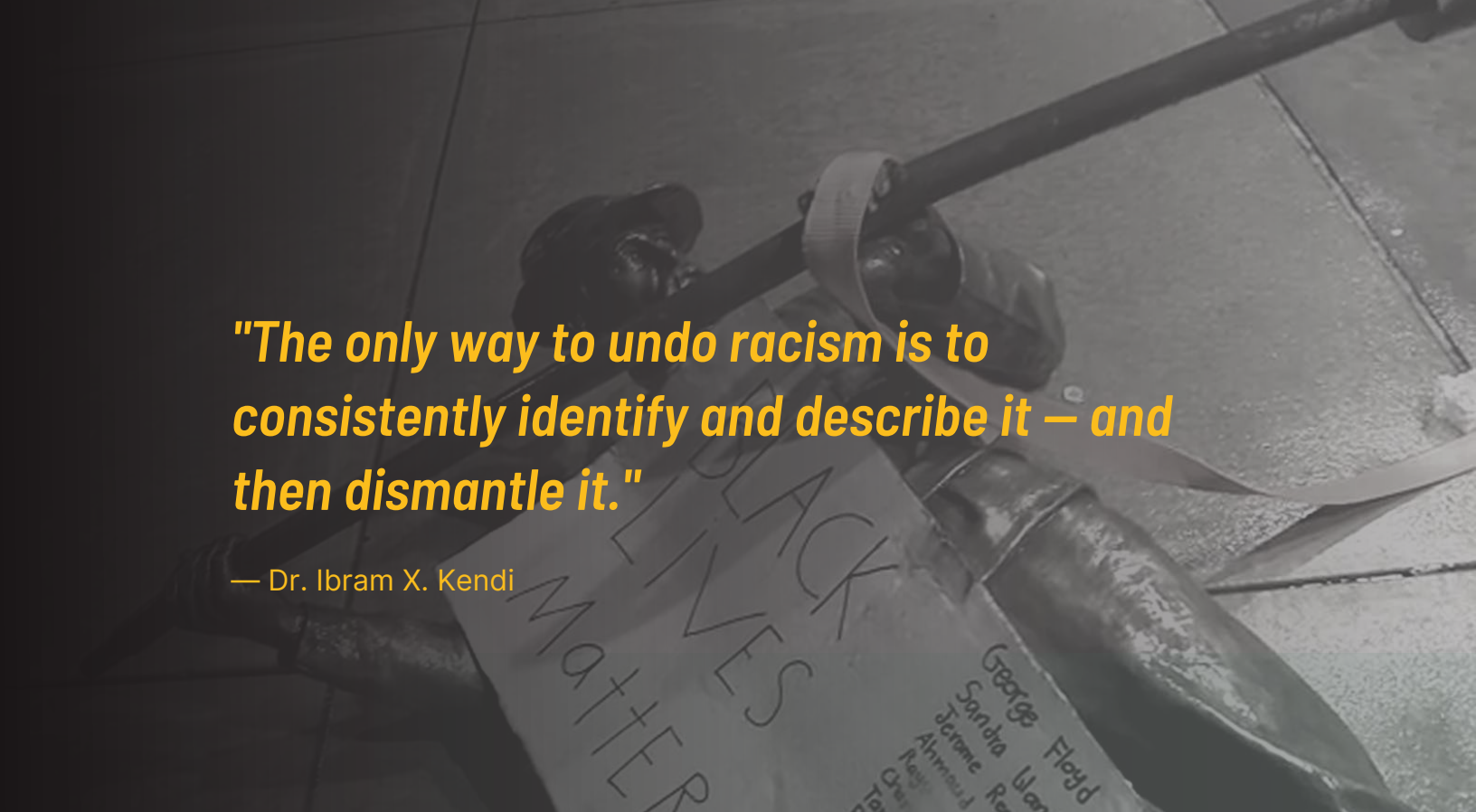
8. Weller, Christian E., and Jaryn Fields. n.d. “The Black and White Labor Gap in America.” Center for American Progress. <https://www.americanprogress.org/issues/economy/reports/2011/07/25/9992/the-black-and-white-labor-gap-in-america/>.

9. Schwartz, Nelson D. 2020. “Jobs Report Shows Gains but Vulnerability to New Virus Surge.” The New York Times, November 6, 2020, sec. Business. <https://www.nytimes.com/2020/11/06/business/economy/october-jobs-report.html>.

10. “E-16. Unemployment Rates by Age, Sex, Race, and Hispanic or Latino Ethnicity.” 2019. Bls.Gov. January 4, 2019. https://www.bls.gov/web/empsit/cpsee_e16.htm.

11. https://www.bls.gov/web/empsit/cpsee_e16.htm.

12. Smialek, Jeanna, and Jim Tankersley. n.d. “Black Workers, Already Lagging, Face Big Economic Risks.” The New York Times, sec. Business. <https://www.nytimes.com/2020/06/01/business/economy/black-workers-inequality-economic-risks.html>.



"The only way to undo racism is to consistently identify and describe it – and then dismantle it."

— Dr. Ibram X. Kendi

LeadersUp, a social enterprise and talent development accelerator, sees this window of time to protect against racial injustice and economic disruptions caused by the global pandemic, as well as the re-energizing of post-election efforts to push for greater racial equity, as an opportunity to reimagine ways to build a stronger, more inclusive economy by dismantling racism in the private sector. It is imperative that new antiracist solutions address the immediate and long-term impacts of labor market disconnections, particularly for large numbers of young adults of color entering the labor market.

We must deconstruct the systemic issues that cause racial disparities in private-sector employment that, if unchecked, will threaten business competitiveness, innovation, profitability and stifle economic growth well into the future. Beyond this moment of change, LeadersUp envisions an era of evolution, where entire economic systems are driven forward by a vast network of innovative and progressive corporate leaders committed to preventing the catastrophic loss of the next generations of BIPOC talent and the corresponding suppressed economic growth, by creating an antiracist economy that dismantles systemic racism in the private sector.

The Quantifiable Economic Cost of a Racist Economy

**Continuing systemic racial inequities
in the labor market has, and will
continue to, cost America trillions**

The persistent and pervasive practices of perpetuating racial inequities in the U.S. labor market, particularly any systemic processes that intentionally or unintentionally generate racial disparities in human capital investments (education, training and skills development), or labor market outcomes, including employment (labor market participation, employment, unemployment, and underemployment), and/or total compensation (wages and benefits), is an immediate yet largely unseen threat to the growth of the American economy and the overall quality of life its people.



THE RACIAL WEALTH GAP IS COSTLY

Racial disparities and the widening wealth gap ...

have cost the US economy an estimated loss of

\$16 trillion

in total economic value over the last 20 years, and

will cost a future estimated loss of

\$1.5 trillion

per year in the US economy by 2028

On the flip side –
our economy would gain

\$2.4
trillion

in GDP by eliminating racial gaps in income

A recent Citigroup report estimates that in hindsight over the previous two decades, the U.S. economy has lost approximately \$16 trillion in total economic value due to the innate nature of racial injustice in our economic system and the continued practice of racial discrimination against people of color, particularly Black Americans, in the labor market. [13] This lost economic value includes \$3 trillion from racial disparities in the labor market and approximately \$13 trillion in lost economic opportunities and unrealized return on investments (ROI) due to black businesses not receiving bank loans that would have generated over 6 million more job opportunities per year.

McKinsey & Company provides some foresight on the potential impact that racial disparities in the labor market – which, in part, exacerbates the racial

wealth gap between Whites and Blacks – will have on the ability of diverse talent to consume, save or invest their income in the future. [14] McKinsey estimates that racial discrimination and the widening racial wealth gap will ultimately cost the U.S. economy up to \$1.5 trillion by the year 2028.

Finally, PolicyLink, a California-based think tank, provides some additional insights on the annual gains the U.S. economy could realize if we specifically eliminated the racial income gap – based on our research, the leading variable correlated with wealth creation and accumulation. [15] According to their findings, our economy would gain \$2.4 trillion (adjusted for inflation) in gross domestic product (GDP), or the total value of goods produced and services provided in a given year, by eliminating racial gaps in income.



13. "Closing the Racial Inequality Gaps - CitiGPS." 2020. CitiGPS. September 22, 2020. <https://www.citivelocity.com/citigps/closing-the-racial-inequality-gaps/>.

14. "The Economic Impact of Closing the Racial Wealth Gap | McKinsey." n.d. Www.mckinsey.com. <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap>.

15. Treuhaft, Sarah, Justin Scoggins, and Jennifer Tran. 2014. "The Equity Solution: Racial Inclusion Is Key to Growing a Strong New Economy." https://www.policylink.org/sites/default/files/Equity_Solution_Brief.pdf.

Businesses also stand to lose both financial and competitive gains

Multiple reports have established a strong and undeniable business case for creating diverse and inclusive workplaces at every level, from governance and executive leadership roles to entry-level positions. Research has found that diverse and inclusive workplaces are more likely to achieve better financial returns, generate more cash flow per employee, and companies with more diverse top executives realize greater earnings before interest and taxes (EBIT) compared to less diverse and inclusive peer-companies.

For example, the McKinsey's Diversity Matters report examined the financial returns and composition of top leadership teams across 366 companies operating in Canada, Latin America, the United Kingdom, and the United States. [16] It found a strong correlation between having diversity in top management and outperforming industry financial returns.



DIVERSITY YIELDS FINANCIAL GAINS



Racially diverse companies are **35% more likely** to achieve **above-average financial returns**

and see **2.3X more cash flow** per employee

Specifically, companies in the top quartile for racial/ethnic diversity are 35% more likely to achieve financial returns above their respective national industry medians.

In a separate study, Deloitte found that over a three-year period, more diverse companies see 2.3 times more cash flow per employee when compared to their less diverse peer companies. [17]

16. Hunt, Vivian, Dennis Layton, and Sara Prince. n.d. "Why Diversity Matters." <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Why%20diversity%20matters/Why%20diversity%20matters.pdf>.
17. "Fortune 500: Diversity by the Numbers." n.d. Fortune. <https://fortune.com/2017/06/07/fortune-500-diversity/>.



Furthermore, for companies operating in the United States, there is a linear statistical relationship between racial and ethnic diversity of top executives and better financial performance: “For every 10% increase in racial and ethnic diversity on the senior executive team, earnings before interest and taxes (EBIT) rise 0.8%.” [18]

The new area of research linking business success to diversity gains is increasing yet the vast majority of

employers remain unprepared to leverage and maximize the returns of a diverse and inclusive workforce. Ultimately, the immediate impact of creating more diverse and inclusive cultures will drive current and future profitability and competitiveness measures at the business level. If businesses fail to adopt or are slow to adopt antiracist practices in an increasingly diverse consumer and labor market, employers stand to lose trillions collectively and their competitiveness advantage respectively.

18. Hunt, Layton, Prince. “Why Diversity Matters.”



An Antiracist Economy: The Conditions for Profitability *and* Social Justice

Only a truly antiracist economy addresses systemic barriers to economic profitability

If a racist economy is holding corporate America back from \$2.4 trillion GDP, then what are the barriers to unlocking that economic potential? Systemic factors of racial inequity that contribute to a widening racial wealth gap, which as we've outlined, is costing the American economy trillions and will continue to do so.

An **antiracist economy** provides equal opportunity for education, training and skills development while simultaneously addressing the enduring and present effects of racial discrimination and inequality in employment and compensation in the private sector. To create an antiracist economy means to proactively eradicate systemic policies and/or practices that intentionally or unintentionally perpetuate racial disparities in both talent development and/or labor market outcomes. The explicit goal of building an antiracist economy is to create an inclusive economic system that maximizes the production and consumption of goods and services by its labor force to drive bottomline outcomes and boost economic growth potential.



PRIMARY DRIVERS OF A RACIST ECONOMY

- 1 *Unequal access to education and skills development opportunities*
- 2 *Inequality in employment*
- 3 *Disparities in compensation and benefits*

On the contrary, a racist economy is ambivalent towards the legacy of legal racial discrimination in America and its subsequent impact on generating disproportionate labor market outcomes and suppressing economic growth potential. The primary drivers of a racist economy that systematically excludes diverse talent and weakens GDP growth are (1) the unequal access to education and skills development opportunities and the unfair treatment of people of color, particularly African Americans, in the areas of (2) employment and (3) compensation and benefits. [19]

What has precipitated from the accumulated effects of five generations of legal racial discrimination (1865-1965) is immense economic inequality and incessant racial injustice in America. Economic inequality and the racial wealth gap in America is one of the lasting legacies of slavery, post-civil war Reconstruction-era policies, and decades of Jim Crow laws that discriminated against and excluded Blacks from building wealth, including limiting their access to quality education (segregation),

19. Carnoy, M. 2020. "Race Earnings Differentials." *The Economics of Education*, 133-47. <https://doi.org/10.1016/b978-0-12-815391-8.00011-2>.

restricting job opportunities and earnings potential (black codes), preventing access to good neighborhoods and purchasing homes (redlining) and failed public policies that prohibited recipients of public assistance from accumulating assets for long-term financial sustainability.

While many of these strategies originated in the public sector, they were embraced, enforced, and exacerbated by racially biased private sector policies and practices that, in many respects, subtly continue today. However, racial discrimination in the private sector continues to plague our nation and is, at least in large part, represented by the persistent and widening racial wealth gap in America. Because subtle systems in the workplace continue to create racial

disparities in skill development, employment and compensation, these policies and practices are therefore considered racist by their very nature. In this report, LeadersUp demonstrates how systemic racist policies and practices in the workplace suppress economic growth and can only be eliminated by creating an antiracist economy.

To be an antiracist organization means to intentionally identify, eliminate and close racial disparities in the workplace. Neutrality on the historical and current impact of racist economic systems means to continue to embrace and perpetuate racial injustice and the harmful racist policies and practices that produce racial inequalities in the private sector.



AN ANTIRACIST COMPANY

- 1 *Proactively identifies policies and practices that create racial disparities.*
- 2 *Eliminates said policies and practices.*
- 3 *Implements new strategies that close racial inequalities.*



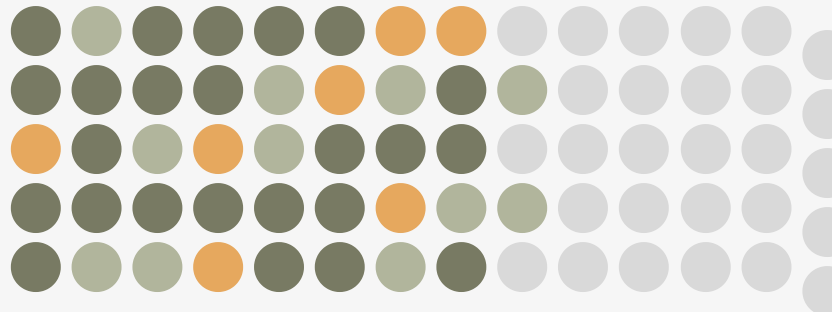
As America grows increasingly diverse, the next generation of diverse talent are key to building an antiracist economy



WE'RE SEEING THE "BROWNING" OF AMERICA

By 2032,
the majority of
our labor
force will be
diverse talent

By 2043,
the majority of
the U.S.
population will be
persons of color



Labor market economists predict that by 2032 the majority of our labor force (reaching prime working age) will comprise diverse talent. Additionally, most of the U.S. population will become majority persons of color by 2043. With our current inefficient talent pipelines, marred by unequal access to quality education and racial discrimination in the workplace, replacing talent due to impending retirements by a much larger Baby Boomer generation will be nearly impossible over the next two decades. [20]

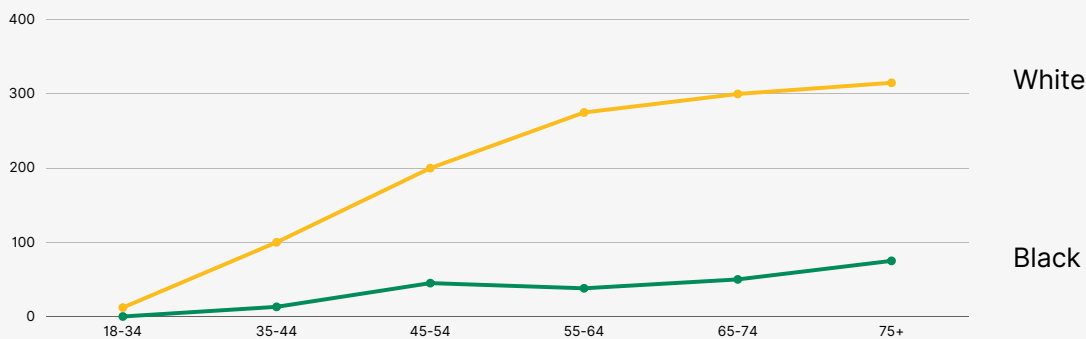
20. "People of Color Will Be the Majority of the Working Class by 2032." n.d. Economic Policy Institute. Accessed November 30, 2020. <https://www.epi.org/press/people-of-color-will-be-the-majority-of-the-working-class-by-2032/>.

Despite having been hardest hit in this period, young adults of color are growing into the majority and hold the greatest promise of correcting past disparities. Early-intervention strategies that seek to improve the career experience can eliminate inequalities because much of the wealth gap, an outgrowth of racial inequality in the labor market, is nonexistent when young adults begin their careers. It is over time that we see how education, compensation and employment differences contribute to the widening of wealth disparities.



WEALTH GAP IN THE MAKING

Median Net Worth, by age of Household Head



Much of the wealth gap, an outgrowth of racial inequality in the labor market, is nonexistent when young adults begin their careers. It is over time that we see how education, compensation and employment differences contribute to the widening of wealth disparities.

White young adults (16-24) are connected to education, employed and are paid at a higher rate than young adults of color, resulting in lower future life-time earnings, lower educational attainment and higher incarceration rates ultimately costing our economy and our diverse labor force trillions over a lifetime. [21] Studies show that current COVID-induced labor market trends will also lead to even more pronounced employment and wage inequality over time if left unaddressed without intentional inclusive economic recovery and growth strategies. [22]

21. Spievack, Natalie. 2019. "For People of Color, Employment Disparities Start Early." Urban Institute. July 22, 2019. <https://www.urban.org/urban-wire/people-color-employment-disparities-start-early>.

22. Gould, Elise, and Valerie Wilson. 2020. "Black Workers Face Two of the Most Lethal Preexisting Conditions for Coronavirus—Racism and Economic Inequality." Economic Policy Institute. June 1, 2020. <https://www.epi.org/publication/black-workers-covid/>.

By starting early and designing, deploying and evaluating innovative antiracist strategies and practices that help to prevent unequal access to skills development and discrimination in the labor market, employers can practically dismantle systemic racism that fundamentally suppresses business performance and stifles economic growth.

Building an antiracist economy:

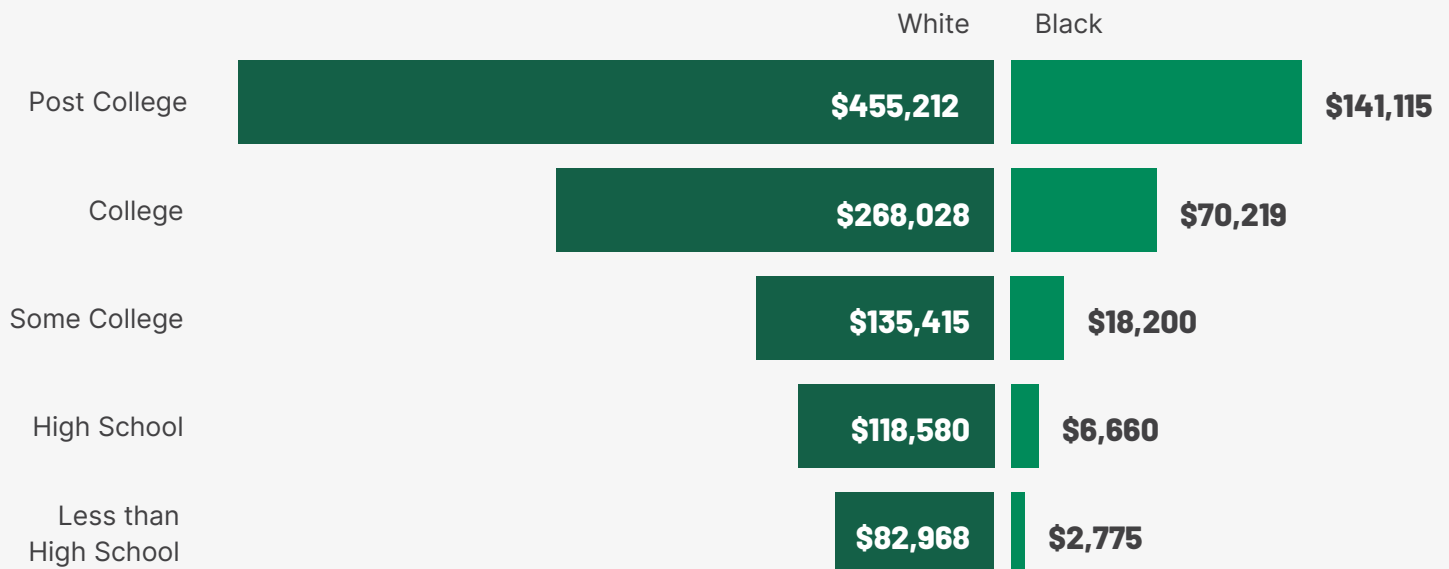
Education and skills development

In today's dollars, human capital investment leading to a bachelor's degree would yield a median weekly income that is 66% higher than human capital investment resulting in earning a high school diploma. [23] However, Black Americans, on average, have much lower levels of educational attainment rates than their White peers and lower median earnings.



UNEQUAL EVEN WITH EQUAL EDUCATION

Median Household Net Worth by Race and Education



23. Unemployment Rates and Earnings by Educational Attainment : U.S. Bureau of Labor Statistics." 2019. Bls.Gov. January 8, 2019. <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

Recent educational attainment data reveals that at least 32% of all African Americans 25 years or older earned at least an associate degree, compared to 42% of whites. [24] Using postsecondary credentials as a measure of human capital investment, one can see racial disparities and unequal access to higher educational opportunities. Additionally, achieving greater education does not necessarily equate to increased wealth for a Black family — in fact, a college-educated Black head of household would have less wealth than a White head of

household who did not even gain a high school diploma. [25] Annually, the U.S. spends \$1.1 trillion on education and job training, with employers collectively accounting for \$590 billion (54%) of all formal and informal training provided to prepare individuals for the workforce, and most of training dollars are spent on college educated workers. Many will be surprised to learn that employers spend nearly three times as much on formal education and training programs (\$177 billion) as two-year community colleges (\$60 billion). [26]



TO BE AN ANTIRACIST EMPLOYER

Double down on education and skills development training of young people of color. Provide uniform access to employer education benefits and supportive workplace cultures to develop knowledge and skills. This not only addresses racial disparities in human capital investment opportunities, but also drives talent productivity and return on talent investment.



24. Ryan, Camille L, and Kurt Bauman. 2016. "Educational Attainment in the United States: 2015 Population Characteristics Current Population Reports." <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p20-578.pdf>.

25. Darity, William, Darrick Hamilton, Mark Paul, Alan Aja, Anne Price, Antonio Moore, and Caterina Chiopris. 2018. "What We Get Wrong About Closing the Racial Wealth Gap 2." <https://socialequity.duke.edu/wp-content/uploads/2020/01/what-we-get-wrong.pdf>.

26. "U.S. Spends \$1.1 Trillion on College and Job Training | Inside Higher Ed." n.d. www.insidehighered.com. Accessed November 30, 2020. <https://www.insidehighered.com/quicktakes/2015/02/05/us-spends-11-trillion-college-and-job-training>.

Building an antiracist economy:

Employment

Black Americans, particularly Black men, also have lower labor market participation and higher unemployment/underemployment rates, resulting in less income due to racial wage differences and employment disparities. The Brookings Institute recently found that Black men (21.1%) were roughly twice as likely to be nonearners as White men (10.4%) and Hispanic men (11.1%). [27] Black talent is more likely to be discriminated against in the labor market and either face higher rates of unemployment, underemployed or are discouraged from entering the labor market altogether. For example, research has shown that resumes with “White-sounding” names still received 50% more callbacks than those with “Black-sounding” names. [28]



DISPARITIES IN UNEMPLOYMENT

Black talent is
2X as likely
to be unemployed
than White talent at
almost every
education level
[29]



... and those initially
underemployed are
5X more likely
to remain
underemployed
after five years
[30]

Due to the historical influence of racial discrimination and job segmentation practices, persons of color are less likely to ascend to management positions, therefore earning less than their White colleagues. According to the Bureau of Labor Statistics, while 52% of Asians and 41% of Whites worked in management, professional and related occupations, only 31% of Black American and 23% of Latinx workers occupied these positions that paid higher wages. [31] Conversely, while 20% of African American and Latinx men worked in lower-paying service occupations, only 13% of Asian and White men worked in these occupations.

27. "Working Harder or Finding It Harder to Work: Demographic Trends in Annual Work Hours Show an Increasingly Fractured Workforce." n.d. Economic Policy Institute. Accessed November 30, 2020. <https://www.epi.org/publication/trends-in-work-hours-and-labor-market-disconnection/>.

28. "Discrimination in the Job Market in the United States | The Abdul Latif Jameel Poverty Action Lab." 2000. Povertyactionlab.org. 2000. <https://www.povertyactionlab.org/evaluation/discrimination-job-market-united-states>.

29. Williams, Jhacova, Valerie Wilson. "Labor Day 2019 | Black Workers Endure Persistent Racial Disparities in Employment Outcomes." 2019. Economic Policy Institute. 2019. <https://www.epi.org/publication/labor-day-2019-racial-disparities-in-employment/>.

30. Williams, Jhacova, Valerie Wilson. "Labor Day 2019 | Black Workers Endure Persistent Racial Disparities in Employment Outcomes."

31. "Labor Force Characteristics by Race and Ethnicity, 2017 : BLS Reports: U.S. Bureau of Labor Statistics." 2018. Bls.Gov. August 29, 2018. <https://www.bls.gov/opub/reports/race-and-ethnicity/2017/home.htm>.

Latinx men are also overrepresented in lower wage industries and occupations, including construction and maintenance (53%), and African American men in health (34%), security (32%), taxi drivers and chauffeurs (28%). Conversely, White men account for 90% of construction managers and 90% of chief executives in these industries where the African American and Latinx men are overrepresented.



TO BE AN ANTIRACIST EMPLOYER

Actively counter inequity in employment. Champion diverse hiring and talent strategies that level the playing field for those who lack access and equal opportunity to employment. This is especially true for professional industries and positions that are typically White-dominated. Doing this opens the gates to greater diversity and breadth of talent.



Building an antiracist economy:

Compensation and benefits

Studies indicate that after controlling for key socio-demographic variables, researchers found that White men out-earn every other race and gender, except for Asian men, and White women out-earn even Black and Hispanic men.[32] When PayScale analyzed differences in earnings between white men and men of color using survey data from a sample of 1.8 million employees, they found that as Black men climb the corporate ladder, they continue to make less than similarly qualified White men and are the only racial/ethnic group that does not achieve pay parity with white men and women at some level. [33]



Black men earned **70¢ to every \$1**

that a White man earned prior to the pandemic, [34] or nearly \$20,000 less in real median earnings per year. The long legacy of black codes and restricting employment opportunities along with unequal access to human capital investments are key systemic barriers that have contributed to suppressed earnings potential of Black talent in America for generations.



72%
of low-income workers are not in a “high quality” job with living wage earning potential, equal access to benefits and career advancement opportunities. In addition, work for low-income Americans offers less job stability, control over hours, influence, purpose, and enjoyment than work for higher income Americans. [35]



**Black Workers are
60% more likely**
to be uninsured than White employers. [36] Low and moderate income workers are significantly less likely to have access to employer-based health insurance plans and COVID-19 will leave more than 10 million uninsured as a result of pandemic-related job loss. [37] Disproportionately, workers with lower levels of education are especially unlikely to receive employer-provided coverage.

32. <https://www.pewresearch.org/fact-tank/2016/07/01/racial-gender-wage-gaps-persist-in-u-s-despite-some-progress/>

33. “Racial Wage Gap for Men - Compensation Research.” 2019. PayScale. May 7, 2019. <https://www.payscale.com/data/racial-wage-gap-for-men>.

34. “Black Workers Have Made No Progress in Closing Earnings Gaps with White Men since 2000.” 2018. Economic Policy Institute. 2018. <https://www.epi.org/blog/black-workers-have-made-no-progress-in-closing-earnings-gaps-with-white-men-since-2000/>.

35. <https://www.gallup.com/education/267590/great-jobs-lumina-gates-omidyar-gallup-report-2019.aspx>

36. Gould, Elise, and Valerie Wilson. 2020. “Black Workers Face Two of the Most Lethal Preexisting Conditions for Coronavirus—Racism and Economic Inequality.”

37. “Changes in Health Insurance Coverage Due to the COVID-19 Recession: Preliminary Estimates Using Microsimulation.” 2020. RWJF. July 13, 2020.

<https://www.rwjf.org/en/library/research/2020/07/changes-in-health-insurance-coverage-due-to-the-covid-19-recession--preliminary-estimates-using-microsimulation.html>.

On average, despite educational advances and a growing economy prior to COVID-19, racial income gaps remained fairly large, limiting the ability to consume, save and invest in wealth building assets.



TO BE AN ANTIRACIST EMPLOYER

Tackle wage and income inequality head on. Offer equal access to wealth-building benefits, equitable career advancement strategies, and pay equity. This encourages talent to further invest in and advocate for the interests of their employer, helping drive greater bottomline ROI.

In summary, disparities in educational attainment, employment, and compensation and benefits are clear systemic factors that contribute to the widening racial wealth gap. And luckily, each of these factors are directly impacted by the policies, procedures, and practices as dictated and driven by employers in the private sector.





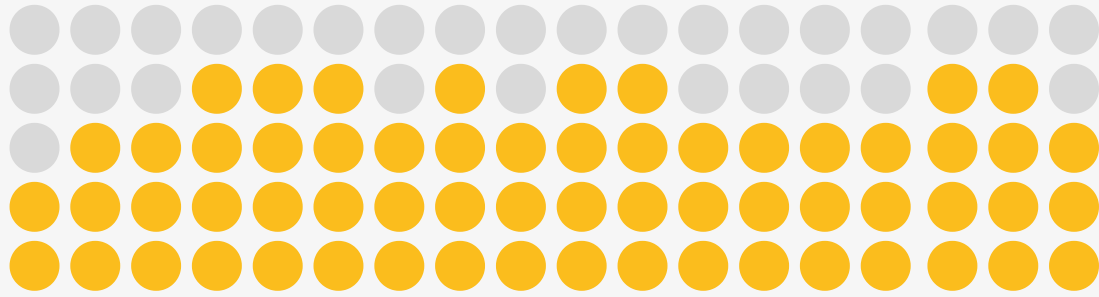
The Private Sector is Poised to Reimagine Profitability and Have Real Social Impact

With over 100 million employees working in private service-providing industries, or nearly three-fourths (71%) of the total labor force, [38] the private sector is uniquely positioned to end racial injustice in America and private employers have both a moral and business imperative to do so. The just and fair inclusion of all talent, regardless of race, in an economic system that provides equal access and mobility opportunities is our most important fight against racial injustice in America today and is an essential component of future economic growth.

Over 100 million employees work in the private sector, or

71%

of the labor force



Most companies are not prepared for labor market shifts

Population projections suggest that the U.S. does not have enough in its collective talent pipeline, without the help from immigration, to fill critical jobs of the future and sustain our current rate of GDP growth. With an increasingly more diverse labor market, fueled by the “browning of America” via both domestic births and immigration patterns, racial equality in the labor market and creating an inclusive economy will be absolutely critical to business leaders that wish to remain competitive and grow their respective enterprises. However, according to the Society for Human Resource Management (SHRM), most companies are not prepared for either the impending demographic shifts of experienced talent exiting, [39] or diverse talent entering the labor market. [40] Without effective and inclusive talent solutions and strategies, the changing demographics of America and the persistent presence of racial injustice in the workplace will undoubtedly continue to suppress economic growth and negatively impact business competitiveness and profitability.

39. Sammer, Joanne, and Joanne Sammer. 2020. “Preparing for Waves of Retiring Employees.” SHRM. February 19, 2020. <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/preparing-for-waves-of-retiring-employees.aspx>.

40. <https://www.shrm.org/hr-today/news/hr-magazine/fall2020/pages/a-new-approach-to-diversity-and-inclusion.aspx>

Current DEI efforts alone are inadequate to prepare employers for the diversification of the U.S. labor market

As they are constituted today, traditional Diversity, Equity and Inclusion (DEI) strategies are racist by definition and by themselves are insufficient or inadequate to effectively fight against racial injustice, drive bottom-line profitability and business competitiveness, or create an inclusive and thriving economy. Because DEI does not intentionally analyze business systems and investigate workplace culture to eliminate racial disparities, they are neutral on the impact of racist policies and practices and unknowingly perpetuate inequality. To evolve business practices, and to effectively address racial injustice in the workplace, companies will need to adopt an antiracist paradigm within existing organizational structures, DEI initiatives, and workgroups that closes racial gaps.



DEI x ANTIRACIST STRATEGIES = SYSTEMIC CHANGE

Only by adopting an antiracist paradigm can our private sector employers effectively fight racial injustice and disparities, prepare for the changing shift in the labor market, sustain competitiveness and profitability, and ultimately create an inclusive and growing economy. Corporate leaders must intentionally identify and eliminate racist policies, procedures and practices that create disparate outcomes by race in education and skills development, employment, compensation and benefits in the workplace.

In general, DEI programs have become an indicator for forward-thinking, cutting-edge and innovative companies in recent years. It evolved the decades-old focus on diversity to go beyond representation and shift to focusing on real gains in equity and inclusion, which have predominantly centered around transparency in pay, gender equity and the establishment of diversity programs that leverages mentorship and cross-functional training. DEI programs have almost become a must-have for employers, especially in sectors such as technology and finance that have been criticized for their homogenous workplaces.



TRADITIONAL DEI EFFORTS, ALONE, MAY NOT BE ENOUGH



60%

of employees say DEI not effective
[41]



>50%

of companies surveyed do not focus
on diversity
[42]



95%

of small employers reported not having
a chief diversity officer
[43]



1%

of Fortune 500 CEOs are Black

Beyond the demographic makeup of occupations at companies, and even more broadly within entire industries, the leadership, governance, ownership, and top-level management of companies are almost exclusively held by White men. In America, the majority of private sector businesses are owned and operated by White men. [44] Similarly, African American and Latinx workers make up less than 5% of executive leadership at private sector businesses. [45] In a company with 100 or more employees, the proportion of Black men in management positions have increased by just 0.3 percentage points in the last 30 years, from 3% in 1985 to 3.3% in 2014. [46] Despite years of diversity programs in corporate America, black CEOs make up just 1% of the Fortune 500

despite African-Americans representing 13.4% of the U.S. [47] The underrepresentation of Black and Latinx people in management positions disallow them from shaping culture, hiring, and promotional trends that would lead to greater gains in income.

DEI programs still leave Black and Latinx workers with lower wages and fewer promotion opportunities than their White counterparts, ultimately failing to address the broader and more entrenched racist practices that shape the talent lifecycle at most companies. It is well documented that DEI initiatives are not poised to address social-economic inequalities and often reflect a misalignment with expressed corporate values.

“It’s not a good faith effort if we get one or two then we’re there. It’s about looking at racial and economic equity and doing it at a scale that’s going to move the needle.”

— Lola Smallwood Cuevas, Project Director, UCLA Labor Center/Los Angeles Black Worker Center

41. Center for Talent Innovation. 2019. “New Study Takes an Unprecedented Look at Being Black in Corporate America.” Prnewswire.com. December 9, 2019. <https://www.prnewswire.com/news-releases/new-study-takes-an-unprecedented-look-at-being-black-in-corporate-america-300971399.html>.

42. / 43. Oakes, Kevin. “Review of Research Reveals Four Lessons About Diversity and Inclusion.”

44. DeSilver, Drew. 2019. “10 Facts about American Workers.” Pew Research Center. Pew Research Center. August 29, 2019. <https://www.pewresearch.org/fact-tank/2019/08/29/facts-about-american-workers/>.

45. “Being Black in Corporate America: An Intersectional Exploration.” n.d. Coqual. <https://coqual.org/reports/being-black-in-corporate-america-an-intersectional-exploration/>.

46. Dobbin, Frank, and Alexandra Kalev. 2018. “Why Diversity Programs Fail.” Harvard Business Review. November 6, 2018. <https://hbr.org/2016/07/why-diversity-programs-fail>.

47. <https://fortune.com/2020/06/01/black-ceos-fortune-500-2020-african-american-business-leaders/>



In order to build an antiracist economy, we must multiply DEI with antiracist corporate policies, practices, and people management strategies

The response from private sector employers have indicated a collective interest in changing historically racist systems and practices to better support those that have been historically marginalized, muted, and excluded from various arenas within society. Many corporations have made public statements of solidarity, taken symbolic actions acknowledging past racist practices, or made funding pledges exceeding \$1 billion dollars. [48] Others have committed to structural change within their respective organizations and advancing DEI goals. However, there has yet to be a comprehensive strategy that connects private sector strategies to fighting against racial injustice in America, until now.

48. Witherspoon, Dion Rabouin, Andrew. n.d. "Fortune 100 Companies Have Committed \$1.6 Billion to Fight Racism and Inequality." Axios. Accessed November 30, 2020. <https://www.axios.com/fortune-100-companies-pledges-racism-inequality-b4b98522-2d2c-4fc7-8308-7faeebf0d51c.html>.

Drivers of a racist economy



Education

Unequal access to education, skills development
e.g., 32% of Black Americans earned at least an associate degree, vs 42% of Whites



Employment

Inequality in employment
e.g., Black talent is 2X as likely to be unemployed than White talent at almost every education level



Compensation & Benefits

Disparities in compensation and benefits
e.g., Black men earned 70¢ to every \$1 that a White man earned prior to the pandemic

To be an antiracist employer

Provide uniform access to employer education

benefits and supportive workplace cultures to develop knowledge and skills

Champion diverse hiring and talent strategies

that level the playing field for those who lack access and equal opportunity to employment

Offer equal access to wealth-building **benefits**, equitable career **advancement** strategies, and **pay** equity

By adopting an antiracist paradigm that identify and eliminate policies and practices that create racial disparities in the workplace, while also designing, developing and deploying inclusive talent solutions that close racial gaps in the labor market, particularly in the areas of education, employment and compensation, the private sector can generate a more profitable economy while also fighting against one of the greatest racial injustices that has plagued America since its founding — economic racism. With the impending presidential leadership change, public outcry and global protests against racial injustice, a step post-pandemic economic recovery, and impending demographic shifts, now is the time to truly embrace inclusive economic growth that effectively dismantles racism in the labor market to drive a profitable economy.



Launching a New Labor Movement to Build an Antiracist Economy

As an innovative mission-driven social enterprise and talent development accelerator with nearly a decade of experience developing effective strategies to connect the next generation of diverse talent to employment and career opportunities, LeadersUp invites corporate leaders to ideate, design and deploy an evolved take on traditional DEI strategies: **Inclusive Talent Solutions** that effectively close racial disparities in the workplace and drive bottom-line results.

As an social innovator, LU moves to boldly propose the launch of a new labor movement — one that both builds on and evolves current diversity and inclusion strategies to be actively antiracist. In our experience, what we call **Inclusive Talent Solutions** have been a working approach to re-establishing traditional DEI strategies within an antiracist paradigm, and to specifically address recruitment, retention, and advancement for racial justice-centered employers.



INCLUSIVE TALENT SOLUTIONS

An antiracist talent development and management strategy co-developed by LeadersUp and employer partners. It amplifies traditional DEI practices with antiracist strategies to specifically address systemic racial inequities in the workplace.

LeadersUp has partnered with over 200 employers, collaborated with more than 100 talent development partners (nonprofit and social services organizations, government and workforce development agencies and programs, secondary and postsecondary schools and institutions) to impact nearly 60,000 young adults by co-designing, -developing, and -deploying Inclusive Talent Solutions and systems change strategies with employer partners. As a result of these innovations, we have directly trained nearly 19,000 individuals, 95% persons of color, and connected nearly 7,000 disconnected or displaced talent to employment opportunities and career pathways while achieving a 3:1 interview-to-hire ratio by co-creating innovative talent solutions and effectively sourcing and preparing the next generation of diverse talent.

As outlined in this report, our research suggests that private sector employers are the only stakeholders positioned to effectively fight against racial injustice, improve overall quality of life of diverse talent, and drive inclusive economic growth needed to sustain business competitiveness and profitability in the future. LeadersUp has worked with a number of major corporations and organizations on driving antiracist recruitment, retention, and advancement strategies aimed at creating a more inclusive and diverse workforce.



LeadersUp President and CEO Jeffery T. D. Wallace is a dynamic and innovative cross sector leader with over a decade of non-profit executive management, youth, community and economic development experience. As one of Fast Company's 2018 Most Creative People in Business, he has proven success constructing impact driven organizations that forge transformative public-private partnerships.



RECRUITMENT

LeadersUp was retained by JPMorgan Chase to recruit the next generation of diverse talent within a 5-mile radius of the newly constructed Chase Center to fill high quality, entry-level customer service positions. By leveraging its innovative inclusive talent solutions model, LeadersUp designed a customized career readiness and customer service training as well as successfully developing and deploying a community outreach strategy to recruit local talent to attend customized job readiness trainings and employment fairs. In 30 days, LeadersUp trained hundreds of community members which resulted in Chase Center filling over 800 open positions.



RETENTION

LeadersUp partnered with local social enterprise 4THMVMT to prepare community residents to become general managers of retail stores and develop strategic community reinvestment plans in blighted neighborhoods that will effectively address local social inequities. By leveraging its employer professional development training, LeadersUp developed a customized leadership development and retail management training, blended learning experience. In 120 days, LeadersUp trained over 100 diverse community residents, 85% of which are now managing profitable retail enterprises.



ADVANCEMENT

Developing a robust pipeline of forklift operators and truck drivers with commercial driver licenses to address skills gaps generated by an aging workforce. Leveraging its employer professional development training, LeadersUp forged a partnership with local community colleges to offer on-the-job training for forklift operations as well as commercial driver's license training and test preparation specifically targeting incumbent entry-level talent at FedEx. Over the course of one year, the partnership trained 300+ incumbent workers resulting in a 92% promotion rate of those individuals that successfully completed training.



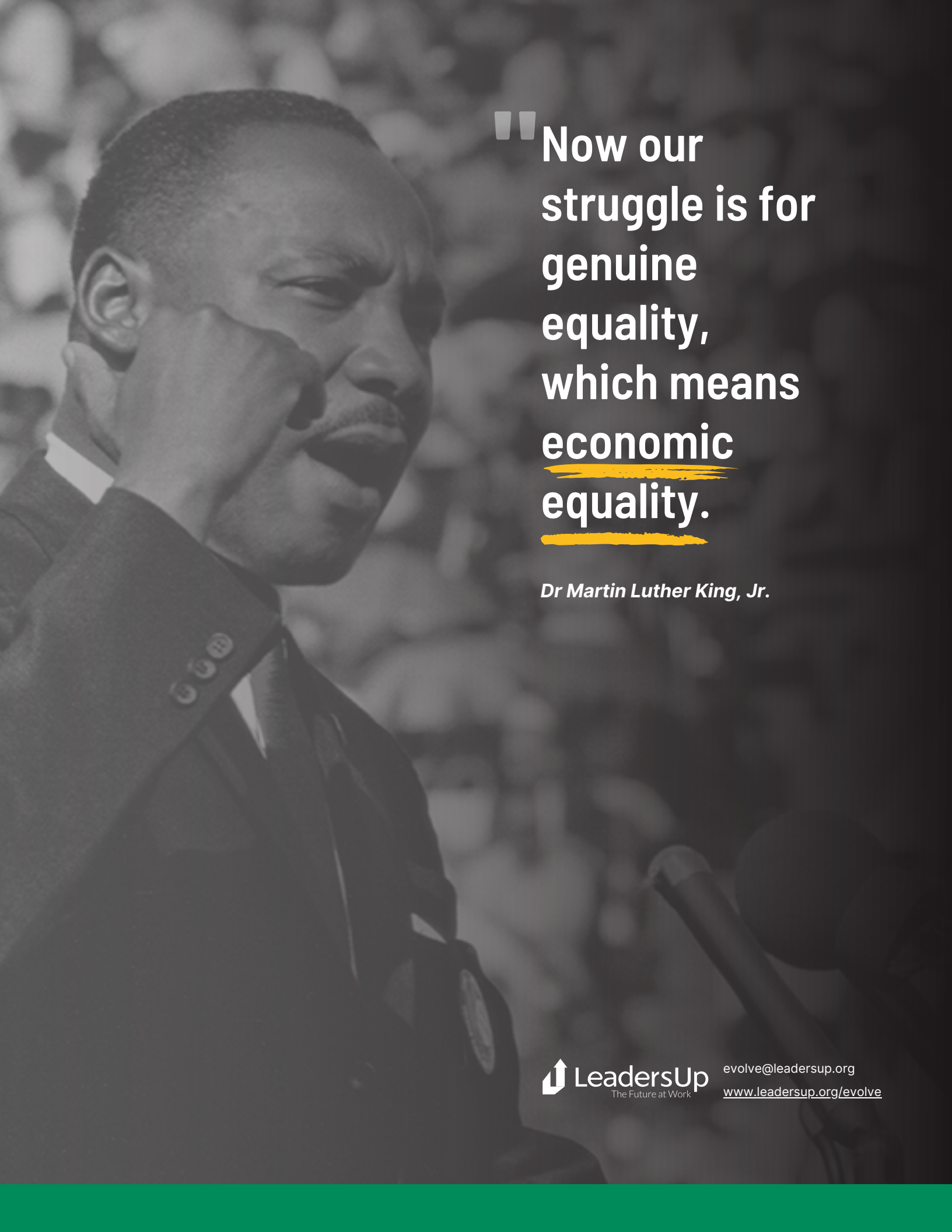
We invite you to join a new labor movement that is both antiracist and profitable

In 2021, we invite corporate leaders to partner with LeadersUp to co-create new Inclusive Talent Solutions (ITS) and effectively launch a new labor movement that has the capacity to go beyond the public statements of solidarity and symbolic actions. We invite you to join in capturing a potential \$2.4 trillion GDP, reimagining a profitable economy, and actively fighting racial injustice.

You will not want to miss out on the ability to prepare for changing labor force demographic shifts, co-designing innovative strategies to remain profitable and competitive, identifying untapped pulls of talent to drive growth, evolving current DEI practices to effectively fight against racial injustice and creating diverse inclusive workplaces. Together, we vigorously seek to rapidly innovate effective antiracist strategies that close racial disparities in human capital investment, employment and total compensation to create more equitable opportunities for diverse talent to achieve their full potential that will ultimately drive inclusive economic growth.

It will take a network of like minded private employers to innovate and implement new, inclusive solutions that are evolved, fight against racial injustice, drive bottom-line results and are an antiracist alternative to business as usual or the status quo.

It is time for corporate America to make bold moves in the interest of their communities, consumers, and bottomline. Now is the time to build a more profitable and antiracist economy.



“ Now our
struggle is for
genuine
equality,
which means
economic
equality.

Dr Martin Luther King, Jr.



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