

SUMMER 2020

# vault.

## THE DISCRIMINATION ISSUE

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*WHY ARE DIVERSITY EFFORTS STILL  
FAILING?*





# RAISING THEIR VOICES

**J**une, the month associated with Pride celebrations for the last 50 years, continued the trend of an already eventful 2020 by shining a spotlight on widespread and persistent discrimination in the workplace.

With the onset of the COVID-19 pandemic, a rise in race-related discrimination against Asian and Chinese people darkly echoed negative sentiments seen during the SARS outbreak in 2003. Then the George Floyd killing gave momentum to a movement that has been rumbling slowly through the social agenda for a very long time. The systemic racism exposed through the Black Lives Matter movement has once again highlighted the huge problem of inequality for Black people and People of Color. Meanwhile, revelations of far-reaching harassment in the video games industry show that more than three years after Me Too hit the headlines, many sectors still have demons to exorcise.

Make no mistake, discrimination and inequality are not new challenges. Both have been an issue for a very long time and are very much a business issue. Whether it's discrimination against women, Black people, or LGBT+ people, there is a long way to go and it would seem that public sentiment is shifting more quickly on these issues than the business landscape is. And there are significant repercussions for organizations that remain blinkered.

Research from US academics at several different universities published in July looked at historical data and found evidence that biases tend to re-emerge strongly during economic crises. The observation is that business hunkers down with its flawed but familiar beliefs, despite clear evidence that diversity and inclusion have positive impacts.

Even the US Federal government is moving at speed in some respects. On June 15, 2020, the Supreme Court of the United States ruled that the Civil Rights Act of 1964 protects employees from discrimination on the basis of sexual orientation or gender identity. This means that workers across the US cannot be fired for being LGBT.

According to the Human Rights Campaign, prior to the ruling, there was no state-level protection for sexual orientation or gender identity in 28 of the 50 US states. This means that out of an estimated 8.1 million LGBT workers, nearly half lived in states without statutory protections, according to the Williams







# EQUALITY IS MORE THAN WORDS

Institute, UCLA School of Law. These workers could have lost their job, just for being themselves.

Yet another poll showed that the momentous Supreme Court ruling on LGBT+ discrimination had huge public support. The poll, conducted by the Kaiser Family Foundation (KFF), found that 90% of American adults agreed that it should be illegal to fire people because of their sexual or gender identity.

## TAKING ACTION

As is now typical in June, a cursory scroll through LinkedIn reveals a color-burst of logos adorned with the Pride rainbow. This year however the messages of solidarity were just as strong in support of Black Lives Matter.

Naturally, every company wants to appear to be doing the right thing. And plenty of companies have been called out for merely paying lip service to the fight against workplace discrimination. Speaking up in solidarity or support is only one gesture. Listening to the people most affected is yet another. The most important step is in the action. And something that's revealed time and time again is the disconnect between what organizations say and what they will actually do to back those words up.

Discrimination, bullying, and harassment have been identified by businesses as key workplace issues long before the events of 2020 and many companies have initiatives in place, yet the needle is moving too slowly.

In October 2019, Vault Platform used an online survey to poll 1,000 HR, legal and compliance professionals working within enterprises in the US and UK and around 72% of respondents said a motion to address the main forms of misconduct was already on the board-level agenda. This suggests that these companies were already doing something about these issues.

## THE BIG QUESTION IS: ARE THEY DOING THE RIGHT THING?

Because one thing these wide-reaching social movements, whether Me Too, Black Lives Matter, or Pride expose is persistent inequality even in the face of well-intentioned initiatives.

*What forms of misconduct do you feel your organization should address proactively?*

**67% Harassment**

**65% Discrimination**

**65% Bullying**

Vault Platform survey of 1,000 enterprise stakeholders, Oct. 2019



# NOT ALL ACTIONS ARE EQUAL

To ensure a measure was taken from both sides of the equation, in February 2020 Vault Platform polled 1,000 employees in the US and UK and 100% said they had experienced or witnessed misconduct including bullying, sexual harassment, or discrimination during their career (not necessarily at their current work). When asked to specify, Bullying was the highest form of misconduct, experienced by 70%, while Discrimination was second at 54%.

The findings support much more in-depth research that black employees have the chips stacked against them. According to a survey conducted in late 2019 by the Center for Talent Innovation 58% of black professionals have experienced racial prejudice at work - much more than any other racial or ethnic group.

Furthermore, 65% of black professionals say that black employees must work harder to attain the same advancements in their careers as white professionals. Yet only 16% of white professionals agree with that statement.

According to the Human Rights Campaign, LGBTQ employees also face hostility in the workplace. At least 22% of LGBTQ Americans have not been paid equally or promoted at the same rate as their peers and 20% of LGBTQ Americans have experienced discrimination based on sexual orientation or gender identity when applying for jobs. This increases to 32% for LGBTQ people of color (32%).

Although 77 countries prohibit discrimination in employment because of sexual orientation, including Australia, Canada, France, Germany, Mexico, the Netherlands, Switzerland, the US, and the United Kingdom, over half (53%) of LGBTQ employees have heard lesbian and gay jokes at work.

It's possible the level of hostility against LGBTQ employees has been artificially lowered because the presentation of the problem is different. Unlike race, sexual orientation and gender identity can be hidden, at least to some degree.

LGBT people often cover or downplay aspects of their authentic selves (e.g., by hiding personal relationships or changing the way they dress or speak) in order to avoid discrimination. According to the Human Rights Campaign, 46% of LGBTQ workers in the US are closeted in the workplace and more than a third (35%) of LGBT and slightly more than half (51%) of transgender employees in the UK disguised their identity at work for fear of discrimination.

However, concealment is not an option for transgender employees who wish to begin transitioning, unless they leave their current employer. Overall, inclusive work cultures largely determine whether LGBTQ employees leave or stay. A quarter of LGBTQ employees report staying in a job due to an inclusive work environment, whereas 10% of LGBTQ employees have left a job because the work environment was not accepting.







# CHANGE NEEDS TO HAPPEN FASTER

There is a concerning parallel between marginalized groups of people that has been highlighted during the pandemic. Minority employees tend to work in industries where they face more exposure to infection and/or economic insecurity because they find it harder to progress in professional fields.

Black employees account for only 8% of professional jobs, only 3% make it to executive level, and even fewer make it to leadership. This contributes to the fact that Black people find themselves in positions highly exposed to COVID-19 and are therefore disproportionately affected themselves.

The research shows that about 40% of LGBT employees work in industries where they face more exposure, with 15% of workers in restaurants and food services and 7.5% working in hospitals.

In terms of financial and career setbacks, Synd.io a pay equity software and analytics company, ran a national survey that found US women's careers are starting to lose ground to men's during the pandemic, with African American women twice as likely to believe future career prospects will be negatively affected by the pandemic than white women.

Joonko, an automated diversity recruiting technology, shares the same concerns - that women and minorities are being disproportionately affected in terms of career prospects during COVID, especially in the tech sector. Of 23,000 people laid off from 280 different startups, 51% of all layoffs have been women and 38% of layoffs have been within Black and/or Hispanic communities.

On the grand scale, change may be happening but it's happening slowly. As of 2020, 93% of Fortune 500 companies have non-discrimination policies that include sexual orientation and a similar number that include gender identity. Yet only a single-digit percentage of these companies are fully transparent about the diversity makeup of their workforce.

Furthermore, fewer than 1% of Fortune 500 CEOs are black and 0.3% of Fortune 500 board directors are openly LGBTQ. So real change is unlikely to be driven quickly from the top down.

While many initiatives are well-intentioned the gap remains between the concept and the execution. To come back to Vault Platform's own poll of the 1,000 stakeholders

of organizational culture in 2019, 68% believe the best way to tackle workplace misconduct is through cultivating a speak up culture.

Yet, when Vault Platform polled 1,000 employees in early 2020, the main reasons the workers choose for not reporting misconduct are familiar. Around 51% are worried it would affect their job and 43% feel their complaint would not be taken seriously.

Again, this echoes other research. According to the HRC, 45% of LGBTQ workers say enforcement of their employer's non-discrimination policy is dependent on their supervisor's own feelings about LGBTQ people and 13% say they worry they will be fired from work for being LGBTQ identified.





# DIVERSITY AS A SAFETY PROGRAM

Although unconscious bias is acknowledged far more than ever before and taught about on corporate training exercises, it's clearly difficult to progress the agenda on equality when equality is lacking in leadership because this means the problem itself is not acknowledged.

Referring back to the research by the Center for Talent Innovation, 65% of black professionals say that black employees must work harder to attain the same advancements in their careers as white professionals. Yet only 16% of white professionals agree with that statement.

There seems to be a level of self-awareness, however. In Vault Platform's own poll of HR and compliance professionals, nearly 69% of respondents said they believe they work for an organization that encourages people to speak up about behaviors they are concerned about. But almost 18% admitted that the vision and the reality are often different when they replied: 'it depends on who you ask.'

Again, what's written in the employee handbook in terms of policies may well differ in terms of practice. So until the needle shifts significantly it seems change will be driven from the bottom up. To that point, these last months have been notable for protests that have captured public attention.

Expect to see more activism by employees for employees. The Future of Work survey, released by law firm Herbert Smith Freehills at the end of 2019, revealed that 80% of surveyed enterprises globally expect to see a rise in activism among both employees and casual workers in the future. As well as general disruption, there are significant financial implications to these movements, with employee activism potentially costing as much as 25% of an organization's global revenue per year - not a good prospect as we head into a global recession.

## REASONS DIVERSITY IS FAILING

If you had a series of accidents in your company that resulted in lawsuits and reputational damage, you would create a systemic program looking at work redesign, communications, training, metrics, rewards, and incident reporting. According to HR expert Josh Bersin,

diversity in business is no different and should be treated like a safety program.

Bersin argues that just as with failures in safety (which may result in an employee death in the worst case), violations regarding diversity should be treated in the same way - they should not be tolerated.

Given the current global focus on diversity, inclusion, and equity, the world's leading HR expert warns that Chief Diversity Officer is the "toughest job in business" and many companies don't quite yet understand the breadth and depth of the role as a changemaker.

"The Chief Diversity Officer cannot just be a black business person who champions the cause. He or she has to break down the walls of communication and get people talking about what's on their minds," Bersin says.

The scope of the role is more than training, which increases awareness and sensitivity, but does not change behavior because people are all biased in some way. It takes process to change bias and that means changing and implementing processes top to bottom.

"Diversity is a management strategy, not an HR program. While many CDOs are buried in HR, the essential topic of fairness and diversity is part of the management culture," said Bersin. End-to-end diversity, inclusion, and fairness in the company is covered by a wide set of issues including recruiting, promotion, pay, team behavior, senior leadership, and day to day personal interactions.

The strategy is more than the sum of its parts, not just a set of programs. But critically, without the CEO and top management team's buy-in, programs have limited impact.

Bersin's words were echoed in an opinion article by Johnny C. Taylor Jr., president and CEO of SHRM, who believes many workplace diversity efforts are failing for two reasons.

The first is that organizations are not committing fully and continuously to inclusion and diversity.



“This takes significant financial investment, and it also takes investment in the form of visible, visceral commitment from the CEO and the entire C-suite. This is not just the job of the chief diversity officer (CDO).”

Secondly, diversity often comes without inclusion. Taylor argues that an organization could hire the most diverse workforce on earth, but if those people can't work together and connect, there's no endgame.

“Diversity alone isn't the goal. It's the beginning of the journey to equity that demands that we go further by taking up the difficult, but infinitely more rewarding task of cultivating true inclusion,” Taylor said.

REWARD INCLUSION, CAPTURE VIOLATIONS

The consensus is that paying lip service and cutting checks to relevant causes will not undo inequity. It's a process to check your inclusivity constantly in the workplace, even down to observing how meetings are conducted and who is present.

“When you see random acts of inclusion, note and reward them,” Taylor says. And Bersin notes that a similar approach should be taken to violations, supported by “a new set of reporting systems (Vault Platform, for example), that let people report misconduct, abuse, or harassment in a completely confidential way.”

Clearly there is growing understanding and support of the necessary approach. In a Pulse of HR survey of 800+ professionals by Bersin and Waggl in July, when asked what they thought their company could do to improve racial justice, the number one answer was to “encourage and engage in dialogue about the systemic racism that holds back minorities and women.” This was followed by “being less scared to discuss race issues.”

As much as part of this solution is enabling people to speak up, just as important a part is enabling employers to listen, and that requires a rethink of the tools and processes that are in place.

*“A new set of reporting systems (Vault Platform, for example,) let people report misconduct, abuse, or harassment in a completely confidential way.”*

- Josh Bersin

TIME TO LISTEN UP

One of the recurring themes is that marginalized employees know what they want and while businesses may be publicly and privately acknowledging these demands they may not be acting on them in the ‘right’ way.

Adidas is a pertinent example of a company in the media crosshairs for this reason. On the one hand, standing in solidarity with #BlackLivesMatter, on the other, dealing with an employee uprising over alleged systemic inequality within the firm.

One of the interesting demands made to Adidas in a letter from the company's Black and LGBTQ employees is the “creation of an anonymous platform where employees can report instances of racism and discrimination, and for protection against retaliation”.

In response, the company publicly revealed that it already has in place the “go-to” solution for many large enterprises: a hotline. This highlights the disconnect. If the hotline was working as intended why would those who feel unheard be asking for a new way to speak up?

The letter from employees revealed a simple truth: the outdated hotline system isn't working anymore if it ever did. Having formed the status quo for several decades now, there is an argument to say that hotlines were merely there

to check a compliance box. As an intake tool they have so many disincentives stacked against them it's a miracle they are ever used at all. The thought of people reporting devastating and highly personal incidents to someone in a call center is ridiculous, and by hotline providers' own admissions they are no longer reliable as a solitary channel. According to the Global Business Ethics Survey of 2019, less than 7% of reports come through the hotline. This means not only that the hotline doesn't help, it's part of the problem.

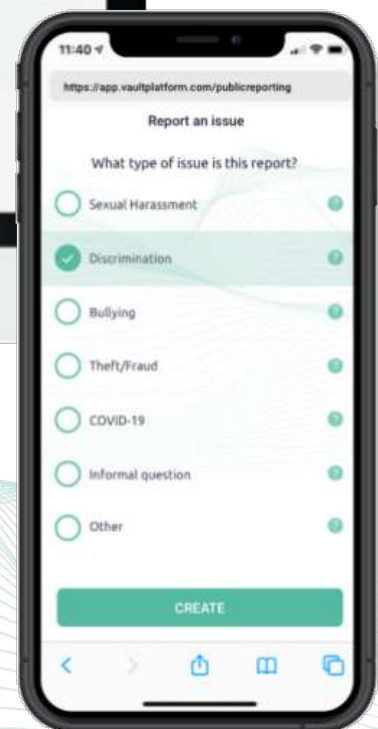
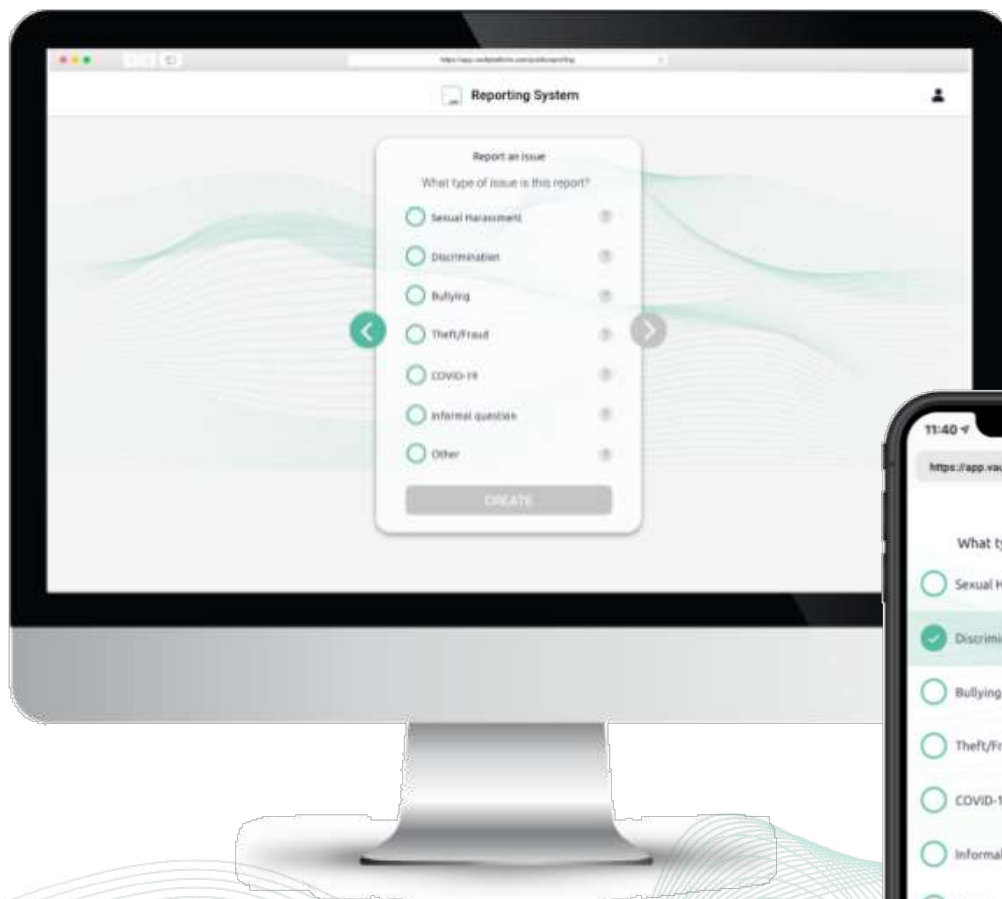
It's a learning often advocated by changemakers, that in order to act most appropriately, companies need to listen to those most affected for solutions and not propose solutions based on their own, likely very different, experiences. By focusing on actively broadcasting their intentions through the press and social media, businesses run the risk of talking over the voices they need to be listening to most. That businesses are taking action is undeniable, but it only matters if the action is effective

**The New York Times**  
**Adidas Executive Resigns as Turmoil at Company Continues**  
Karen Parkin oversaw human resources for the sports apparel giant, which has faced criticism from employees who say it fosters a racist and discriminatory workplace.

**Flood Of Accusations Of Sexual Misconduct Made Against Ubisoft Employees, Company Says It Will Investigate**  
**Forbes**

**MIT Sloan Management Review**  
**Confronting the Uncomfortable Reality of Workplace Discrimination**  
The U.S. is finally addressing racism in law enforcement. While we're at it, let's tackle workplace discrimination as well.





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