Chapter 1

Inclusion, Equality, and Compassion in Business

An Overview

Changing the course of a culture can be like changing the course of a ship. You turn the wheel slowly. The ship moves in two- or three-degree increments at a time. The degrees of movement are imperceptible, especially relative to the ship's size. Those onboard may not perceive a change from one minute to the next. But after a certain length of time they start seeing small changes in direction. Finally, those slow, steady, and careful minor turns yield a complete change in the direction of the ship. Ironically, it may feel to those onboard that the change happened all of a sudden, but in fact the ship had been turning for a long time.

This is a good analogy for what is happening with traditional corporate culture. Decades of lack of equity, lack of inclusion, and inequality are slowly shifting the course of business toward a culture of fairness and ethics in employee treatment. Changing the way we do business and how we interact with employees has been a slow process. Yet, it remains an imperative one.

As we enter the post-COVID-19 and Black Lives Matter (BLM) era, the move toward a new compassionate culture, with equality and inclusion as a foundation, is even more urgent. A compassionate culture empowers people to develop new ways to solve business problems and deliver solutions. For employees to tap into these higher levels of learning, creating, and working, they must feel valued, included, and treated ethically.

Compassion in business means creating a culture in which equality, inclusion, and kindness are foundational principles, integrated at every level. Through a compassionate culture, employees have the agency to bring creativity, innovation, intelligence, and imagination to their jobs.

A business can't be compassionate if it's not willing to practice equality and inclusion. Equality and inclusion are not the same as compassion, but they do go hand-in-hand. They complement each other. Practically speaking, companies that embrace decent pay, diverse hiring, inclusive language, and ethical behaviors likely have compassionate cultures.

Just how seriously have corporate leaders taken their responsibility to be compassionate, just, and equality-focused up until now? The data speaks for itself:

- **2014*:*** Facebook admits it has "more work to do" in recruiting after reporting 74% of their US senior workforce is White and 77% is male.
- **2019*:*** Five years later, Facebook has a US senior workforce that is 65% White, 25% Asian, and 67% male; all other ethnicities *still* report single digits.
- **2019*:*** Uber expects a near $90 billion initial public offering (IPO), even as their drivers strike over low pay.
- **2019:** Hundreds of McDonald's workers in US and UK cities staged walkouts over low wages, as well as made accusations that the fast-food giant had an unsafe work environment and allowed sexual harassment to take place.[1]

- **2020:** Black workers at Adidas protested outside the sportswear company's US headquarters in Portland, Oregon, saying they had experienced racial discrimination in the workplace—this despite the company brandishing a public image of being antidiscrimination.[2]

Organizations that represent the global corporate world (such as the World Economic Forum and Business Roundtable) have given us hope that the old ways of doing business are changing, based on statements they've made. For example, in 2019, the Business Roundtable's updated commitment noted the following:

> Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.[3]

Employees, suppliers, communities where businesses are located, and even organizations and governments are all invested in the business world. Whether they realize it or not, they all have a stake in corporate diversity, equity, inclusion, and commitments to dignified, respectful treatment of others.

Diversity is a term used to describe a workplace composed of employees with varying characteristics, such as sex, gender, race, ethnicity, sexual orientation, and disability.[4]

Inclusion refers to a workplace environment where the diverse backgrounds and perspectives of individual workers are embraced and respected, which promotes equivalent access

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to opportunities and the full contribution of employees to the organization's success.

Workplace equality involves providing the same level of opportunity and assistance to all employees, regardless of gender, race, ethnicity, sexual orientation, disability, and so on. This includes pay equality when women and men are paid at the same rate for performing the same job.

Equity, involves providing people what they need to make things fair, and it naturally evolves from a workplace that promotes and maintains diversity, inclusion, and equality.[5]

Employees and suppliers are invested because they work at the companies. Communities are invested because they share natural resources with the companies. Organizations and governments depend on companies' partnerships to support societal change.

People invested in positive, forward-thinking movements in the business world hope that words like those just defined would be followed by deliberate action. But just when employees, suppliers, and communities thought companies would do better, many actually got worse.

Putting People First

In recent years, employees have become emboldened and louder about fighting infractions and inequities in the corporate world. Walkouts have become more orchestrated. Workers have protested unfair pay in an almost synchronistic style across regions. Demands for racial justice have grown more sophisticated. Brands have been persuaded to show solidarity as racial justice activists leveraged the power of advertising to hit the digital economy in a new way. Factory workers unapologetically raised their voices at feeling coerced to work in environments they felt were unsafe during the COVID-19 pandemic. Rather than fearing potential retaliation, these workers demonstrated their faith that the wider society would support their demands for greater protections.

For example, Shipt, a same-day delivery service owned by Target Corporation, came under fire for lowering its delivery drivers' pay amid the COVID-19 pandemic in 2020—a time when home delivery of groceries and consumer goods was surging. Workers protested the pay cuts with walkouts and work stoppages, arguing that it was wrong to reduce their pay when making deliveries posed a health risk. Earlier in the year, Shipt workers had also staged walkouts over the company not providing its drivers with the protective gear they needed to make deliveries safely.[6]

Walkouts and other strategic actions grew out of the need to implore corporations to change unethical behaviors, pay people fairly, and stop discriminatory practices. Put simply, these actions were laying the groundwork for compassionate activism in the workplace.

This activism was embraced and supported by some in the corporate world, but others refused to commit to the cause. At Tyson Foods, for instance, over 4,500 workers were diagnosed with COVID-19 and 18 died from the illness. Despite this, the company still refused to offer paid sick leave, instead opting to "relax attendance policies and update disability policy."[7] However, there were bright lights that penetrated the dark times.

Many corporations broadened health care access to include mental health and well-being services. In spring 2020, Starbucks started offering 222,000 of its US employees up to 20 free counseling sessions with a mental health therapist.[8] The insurance company AIA uses a digital screening program to check its employees for depression, stress, and anxiety and offers them a quarterly "recharge day." As Damien Mu, AIA's CEO for Australia and New Zealand, told *Financial Review,* "The unintended consequence of being high energy and working hard is the team thinks that is what is required to succeed. What they don't see is the down time we all need and that you are not always up."[9]

During the 2020 economic downturn, some firms made commitments to retain employees and did so with creativity. Instead of laying off employees during the pandemic, Verizon made the commitment to retrain 20,000 workers for different careers within the company.[10] During the Great Recession that started in 2008 and the 2020 pandemic, many companies furloughed employees rather than laying them off—a strategy that assists with a company's short-term cash crunch, while still providing employees with benefits.

These positive, compassionate examples are a start. But unless corporations and their leaders change how they do business and how they treat their most valuable resource—people—they will fail fast. They will not survive among the next generation of business leaders, who have an inherent leaning toward creativity that only happens when employees feel comfortable and supported. Creativity—instead of old-school, destructive competition—delivers innovation that not only leads to revenue generation but also supports a firm's longevity.

The first step toward building a compassionate culture, with equality and inclusion at its core, is making a commitment to putting people first. Here is what a people-first focus looks like:

- Communicating how employees' jobs make a difference in society
- Embracing diverse talent while exploring new markets
- Creating a work culture in which employees exude enthusiasm, excite customers to patronize their firms, and advocate for their brands in their communities

- Committing to doing their best to protect employees day-to-day and also in the event of a catastrophe
- Offering employee incentives that drive company loyalty and real payoffs

What Is Compassion and Why Does It Matter?

Compassion in business means inspiring people to aim as high as they can in their conduct and their innovation each day. That can include basic kindness and cordial daily interaction between colleagues, but it goes a lot further than that. Compassion empowers people to be open—to replace fear of failure with faith in their abilities, learn from challenges, and construct creative approaches to business problems. A compassionate culture supports the mental, physical, and economic well-being of employees, as well as their professional growth, by governing with integrity and care that comes with positions of power.

Believe it or not, compassionate leadership is practical. When there is compassion in business, a culture of equality, inclusion, and kindness follows. People feel better about the work they do, leading to higher levels of productivity. They increase their sales and are more committed to their work.

Research finds compassion triggers brain activity associated with learning and reward in decision-making, as well as creating positivity and "kinder and more eager to help" attitudes.[11] Additionally, compassion is seeing a problem (or suffering) and responding to that problem in a way that includes "courage, tolerance, equanimity."[12]

This is exactly the type of activity successful businesses want to govern relationships with customers. They express a desire to help customers and serve them by solving customers' problems through products and services. They become obsessed with fulfilling the customer's specific need, while engaging with kindness to support customer retention.

This is also how successful corporations seek to engage with shareholders. They exhibit strong, thoughtful decision-making skills with the aim of serving (helping) their interests by providing solutions to increase profitability in business.

Seeing compassion through the lens of serving others and solving problems clarifies how compassion relates to a company's relationships with customers and shareholders.

Seeing compassion through this same lens can also offer insight into how corporate leaders should aspire to serve their employees. This aspiration to serve employees should exist for all management levels, from frontline supervisors to CEOs. Learning, decision-making, equanimity, and tolerance are all ways companies can express their focus on people through compassion toward their employees.

Inclusiveness and equality reflect a leader's courage to think differently from society or even from the old business culture that has conditioned that person. Inclusiveness and equality require less focus on self and more focus on understanding others; less emphasis on the type of competition that has destructive qualities and more emphasis on cooperation that creates a legitimate partnership with everyone in the business ecosystem, including employees.

This may sound theoretical, but there are practical ways this plays out in real, day-to-day corporate leadership. Each employee and stakeholder, regardless of their title, has agency to choose how to act toward colleagues. Compassionate business leaders know that decisions they make in the boardroom, including decisions they make on behalf of the organization, can significantly affect not only individual employees and customers but also families and wider communities. Leaders who understand compassion will support their employees' mental and physical well-being with fair pay, equal treatment, and ensuring that the company's behaviors and language foster innovation to support the enterprise and each employee in it.

Compassionate business leadership includes making thoughtful, courageous decisions in especially challenging environments. This is done by looking for creative solutions, seeking counsel and expertise from others, and seeing beyond traditional answers. When corporate heads lead with compassion, their employees, suppliers, and communities willingly support that leadership. Employees and others bring higher degrees of creativity to support business growth. This perspective also gives insight into why some businesses don't see this type of commitment from employees. It is because in inequitable environments, where behaviors such as microaggression and destructive competition flourish, the culture isn't conducive to employee comfort and the creativity needed to innovate. Resisting the courageous, compassionate form of leadership is why the old corporate culture is steadily self-destructing.

Old corporate culture has presented an especially difficult situation for many members of historically underrepresented—not to mention underestimated—demographics. Alleged "pipeline" issues—claims that it is not possible to find enough qualified people of color and women for certain positions—perpetuate underrepresentation in the workplace. Abysmal underrepresentation in C-suite positions, especially for Black women, shows corporate leadership continues to underestimate the leadership abilities of this demographic. As of the second quarter of 2020, only two Black women have ever led Fortune 500 companies, Ursula Burns of Xerox and Mary Winston of Bed, Bath & Beyond.

The demands for racial justice, employee equality, and improvements to the post-COVID-19 workplace are driving change in how business is done and whom business is done with. Yet, too many executives are still clinging to outdated ways to govern and lead. This is demonstrated by the numbers of unhappy employees and purpose-starved corporate cultures.

How Did We Get Here?

Business has always been the driver of innovation and economy in the world. So what happened? Looking at the big picture, most working adults with a bit of historical perspective agree things are better than they were a hundred years ago. Working conditions are safer and better regulated on the whole. Violence and discrimination toward people of color in places of work and exclusionary practices based on gender and ethnicity are no longer *legal* (albeit at times *acceptable*).

Given all that progress, how did we get to a place where strikes, walkouts, inequality, low wages, discriminatory practices, debilitating stress, and lack of pay parity became all too familiar? Part of it has to do with the nature of the actions against employees. Some would say that microaggressions have now replaced deliberate discriminatory and violent behaviors. And all microaggressions are *not illegal,* so they have not been regulated out of business. (More about this specific behavior in Chapter 2.)

The best firms continually expend resources, intelligence, and time listening to others to understand how to create a fairer, more just culture. The best leaders root out potential threats to employee well-being. These leaders recognize threatening behaviors, including exclusion, inappropriate language, and unequal treatment, may sometimes be *legal* but are still *unacceptable*. These leaders have a choice between adjusting the existing culture and building a new foundation from the ground up. This choice is daunting.

For some, this situation all started in the early 1970s. Milton Friedman, the Nobel Prize–winning American economist, famously asserted his view in a 1970 *New York Times Magazine* piece called "The Social Responsibility of Business Is to Increase Its Profits." This excerpt speaks directly to his thoughts about corporations' role in creating a just, fair culture:

> The businessmen believe that they are defending free enterprise when they declaim that business is not concerned "merely" with profit but also with promoting desirable "social" ends; that business has a "social conscience" and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers. In fact they are—or would be if they or anyone else took them seriously—preaching pure and unadulterated socialism. Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades.[13]

Friedman's essay helped fuel a mindset, influencing how many corporate leaders across the United States and around the world viewed their role for the next 40 years. Instead of balancing the needs of shareholders with other stakeholders—including their commitment to caring for employees' well-being—this so-called Friedman Doctrine spurred many leaders to see their sole objective as maximizing shareholder value.

In 2017, former World Bank director Steve Denning wrote this:

> Friedman's article was a godsend. Executives no longer had to worry about balancing the claims of employees, customers, the firm, and society. They could concentrate on making money for the shareholders. Adam Smith's "invisible hand" would make everything else come out right.[14]

Of course, Friedman's article wasn't the only reason for this shift toward putting profits before people. Other trends in the 1970s, such as slow economic growth, corporate leaders' friction with labor unions, and increased foreign competition, certainly contributed to this emerging mentality. But Friedman's article was used by many leaders to justify their brash pursuit of profitability and share price gains. It helped propel the shareholder value movement that took off in the 1980s and 1990s with eponymous cutthroat CEOs such as Sunbeam's Al Dunlap (nicknamed "Chainsaw" and "Rambo in Pinstripes") and General Electric's "Neutron" Jack Welch.[15]

This movement led to a spate of corporate mergers and takeovers with profit-driven leaders viewing employees as dispensable, using mass layoffs and overall downsizing as a way to slash expenses and, in turn, rev up stock prices. GE, for example, laid off more than 100,000 workers during Welch's time as CEO. He promoted management practices such as ranking employees by performance and brazenly firing those deemed as underperformers. He unabashedly championed a non-equality philosophy when it came to managing employees—even decades after he left the helm. In 2017, Welch told the site Freakanomics:

> Look, differentiation is part of my whole belief in management. And treating everybody the same is ludicrous. And I don't buy it. I don't buy what people write about it. It's not cruel and Darwinian and things like that, that people like to call it. A baseball team publishes every day the batting averages. And you don't see the .180 hitter getting all the money, or all the raises.

Welch's tough management style paid off handsomely for GE shareholders at the time, as GE's stock price grew 4,000% during his tenure.[16]

But the shareholder-first practices of Welch and many other like-minded corporate leaders had the ultimate effect of eroding employee trust. In the 1980s and 1990s, the "corporate social contract" was officially broken. For instance, many companies during this period suspended their employee retirement pensions—replacing them with a stock market–dependent plan called the 401(k). Many also slashed health benefits. Labor union membership plummeted from 25% to 15% between 1978 and 1988, in part because unionized jobs were often the target of layoffs.[17]

This fraying of the corporation-employee relationship created other problems. The purchasing power of most US workers' wages has stagnated since the 1970s and hasn't been buoyed even in times of historically low unemployment.[18] This has widened the rift between top executives and typical workers. And because executives usually receive stock as a big part of their compensation, they are strongly motivated to drive up their company's share prices, often at the expense of the people working for them.

Here's the irony: for many companies, all this emphasis on maximizing shareholder value didn't even produce the sought-after outcome. Several studies have shown that mergers and layoffs in the 1980s and 1990s actually had minimal or even detrimental effects on the share prices of many of the companies that engaged in them. One just needs to crunch the long-term returns on the S&P 500 to see that the era of shareholder primacy did not create outsized returns for regular investors. In fact, it seems to have had little effect at all. The markets returned an average of 9.63% between 1956 and 1986 and 9.99% between 1986 and 2016. Both those periods lagged the 10.77% return seen between 1926 and 1956.[19] What's more, the overall longevity of corporations seems to be on the decline. The life expectancy of companies in the S&P 500 declined from 61 years in 1958 to less than 18 years today.

The shift toward focusing on shareholder value wasn't just a US phenomenon. Similar to Friedman, many other economists and business leaders across the globe defended and championed similar "free-market" capitalist ideals over the past century—encouraging companies to focus on profits above all else. Austrian economist Friedrich von Hayek, another Nobel Prize winner, concluded that seeking social justice was a waste of time and that no outcome to market activity could be considered just or unjust.[20]

The 1980s and 1990s is considered a heyday in modern times for profit-only-driven cultures. Yet, this philosophy of putting profits ahead of people has been deeply ingrained in corporate culture since the early industrial days. Corporate language itself has always been brutal, leaving room for neither equality nor compassion. It's standard to talk about "annihilating" another company, "running competition out of business," "dominating" a market, or "beating" individuals, and so on.

There is also a lingering notion that some people are divinely chosen to be leaders instead of others. This corresponds quite conveniently with the belief that some have been ordained by higher powers as more capable, intelligent, and privileged, just because of their sex or race. (These notions lay foundations for racial and gender inequities that will be discussed in later chapters.)

Difference between Externally Facing Philanthropy and Internally Facing Compassion

Clearly, corporate leadership is a complex construct. This is amplified when values and beliefs don't seem to align with bottom-line growth. The notion of "compassion" in business often gets reduced to the simple concept of corporate philanthropy. In the 21st century, progress in corporate philanthropy and benevolence kicked into high gear. Philanthropy benefits a firm's reputation and enhances sales prospects who appreciate the charitable work. But, although philanthropy may be lauded externally, inside corporations it's often perceived as a drain on profits and an unnecessary operating expense, especially in market downturns. Further, just because a company is philanthropic doesn't mean it treats employees well.

Philanthropy communicated through corporate websites and annual reports tout externally focused "corporate social responsibility" programs. There is nothing wrong with this: doling out resources and funding to communities and causes should continue to be highly regarded. But charity alone will not help corporate culture survive the coming decades. Valuing people, not just valuing profits, is the long-term solution. Investing in the people inside our enterprises—in their education, growth, and well-being—strengthens the communities and marketplaces where businesses operate. It's also the way to strengthen the employee-employer relationships needed to innovate and drive businesses forward.

True corporate compassion can't be a separate subsidiary or a spin-off of the primary enterprise. It's not something that can be tacked on as an afterthought. Compassion begins with leadership that integrates the values of courage, inclusion, purpose, and equality into business practices as foundational to the internal business culture.

Compassion: What's in It for Me?

A business culture with compassionate characteristics as the foundation is linked directly to improved employee performance, according to 2013 research by UC Berkeley's Greater Good Science Center:

> Happy employees also make for a more congenial workplace and improved customer service. Employees in positive moods are more willing to help peers and to provide customer service on their own accord. What's

> more, compassionate, friendly, and supportive co-workers tend to build higher-quality relationships with others at work. In doing so, they boost coworkers' productivity levels and increase coworkers' feeling of social connection, as well as their commitment to the workplace and their levels of engagement with their job.[21]

Some researchers chide organizations for measuring empathy in a corporation (which many people equate to compassion on a broad level). They believe measuring it "takes the heart out of it." Rather, they say, compassion should simply be a key value at the corporate level, not treated as a quantifiable metric.[22]

The point of agreement is when employees feel engaged at their company, the company sees a quantifiable difference in employee performance. For example, according to a Gallup Survey:

- Engaged employees and teams experience 17% greater productivity.
- Engaged employees experience a 20% increase in sales.[23]

Feeling appreciated opens the door to feeling comfortable and becoming more creative at work. Employees who feel valued will share more ideas and, as a result, offer more value. In the end, this cultivates innovation, which improves both the culture and the corporation's bottom line.

Making Tough Decisions Compassionately

But what happens when business pressures increase and, in the heat of the moment, a company's needs outweigh employee well-being and creativity? For example, there may be business expansion opportunities calling for employees to work for a period of time in a hazardous environment, with no health protection. Or a market downturn may occur when management foresees the need for employees to work longer hours to get a product to the market, but the company won't have the income to pay them right away.

Look at it this way: when business is booming, the economy is solid, and customers are buying in large numbers, it's easy to put employees first. Managers may even seek to share power, giving employees a say on how the organization's culture is governed. However, when revenue is on the line, the economy is tanking, and customers are unable or unwilling to buy products, typical corporate culture reverts to a hard-line approach. Managers are inflexible to the needs of employees and exclude them from decision-making.

In tough times, corporate culture can get even tougher on employees. What happens when an action that might inconvenience employees could nonetheless improve the company's long-term growth? Even for the most fair-minded business leader, profits will likely weigh more than compassionate treatment of employees in those examples. The scary thing is, in our super-competitive market environment, these scenarios have become more commonplace. C-suite leaders are making decisions about the health, well-being, and personal economies of thousands of people. These leaders see before them a limited number of alternatives to business problems. Each alternative has "casualties." Consequences for those casualties can be debilitating.

Even in these situations, leaders should be tethered to their guiding principles dictating the type of leaders they are and the type of culture they uphold. Compassionate leaders are creative, engage a variety of stakeholders for feedback, and use their intelligence and imagination to deliver the best results. They see people as their most valuable resource. Their guiding principles include cultivating people.

The root of the problem is that business leaders resort to thinking of employees as expendable, instead of viewing them as the lifeblood of the business and should be treated with compassion and dignity, even in arduous circumstances when there are no "good" options to choose from. Commoditizing people in the workforce, and not adhering to a people-first business mentality, has steadily eroded corporate culture. Today, corporate culture is slowly shifting toward more of a people orientation. But, to return to our ship-turning analogy: this change won't happen overnight. There are still plenty of corporate leaders who instinctively view shareholders as the primary (if not sole) concern in decision-making.

There is always room for grace here. Making poor decisions does not equate to intentionally desiring to harm employees. In fact, it's possible the majority of leaders feel they have no choice when making decisions that negatively affect employees. They may not have the resources and information needed to expand their view of business solutions in challenging environments.

The Old Days: Carnegie and the Homestead Strike

Andrew Carnegie is a great example of philanthropy and the ideal of leading with compassion and integrity. Leadership is complex, with many variables. Looking critically at key decisions Carnegie made that affected employees provides a teachable moment as well. Giving grace to leaders and moments where they falter is important. Learning lessons from poor decisions to prevent repeating them is critical in turning toward a new corporate culture built on compassion, equality, and inclusion.

Carnegie is arguably the most celebrated philanthropist of his ilk from the 20th century, and for good reason. His philanthropic contributions remain unmatched. He gave away over $350 million during his lifetime—by one estimate, that would be about $65 billion today.

I first became familiar with Andrew Carnegie through Napoleon Hill's book *Think and Grow Rich* and Dennis Kimbro's *Think and Grow Rich: A Black Choice*. Millions of readers like me saw Carnegie as a generous teacher sharing universal keys to success and giving new generations an understanding of how faith, determination, and belief in one's self outweighs obstacles. He did well financially, he made many investors wealthy, and he accomplished even more after his lifetime by directing his wealth to be used for good globally.

In his 1889 article, "The Gospel of Wealth," Carnegie discussed the chasm between wealthy and working classes and how inequality can quickly become the norm in large corporations:

> We assemble thousands of operatives in the factory, in the mine, and in the counting-house, of whom the employer can know little or nothing, and to whom the employer is little better than a myth. All intercourse between them is at an end. Rigid castes are formed, and, as usual, mutual ignorance breeds mutual distrust. Each caste is without sympathy for the other, and ready to credit anything disparaging in regard to it. Under the law of competition, the employer of thousands is forced into the strictest economies, among which the rates paid to labor figure prominently, and often there is friction between the employer and the employed, between capital and labor, between rich and poor. Human society loses homogeneity.[24]

Carnegie's historical writings on the relationships between owners and workers provide an important lens to view labor relations of the present day. That said, his theoretical ideas contrast starkly with the company's actions during a critical business negotiation just a few years later.

As Carnegie Steel Company ascended, Carnegie chose Henry Clay Frick as his business partner. Frick was known as a man who got things done and saw the benefits of authoritarian-style management. Carnegie largely favored unions and believed in partnering with workers to avoid breaking strikes and bloodshed, although he felt in some cases they interfered with efficiency and were "elitist" in their membership. Despite their differences in style, neither could have expected the deadly outcome at Homestead Steel Works in Homestead, Pennsylvania, in 1892.[25]

In this era, factory work was grueling and poorly paid, spaces were crowded, and tasks were repetitive. Working 12-hour shifts in physically dangerous environments was very common. From faulty equipment to the lack of alertness after the end of long shifts, the loss of a finger or even a life was a real concern. Workers organized to demand a wage that was fair for the extended hours and heightened risk of breadwinners whose families depended on them to put food on the table.

At the time of the Homestead Strike, Carnegie had traveled back to his native Scotland, leaving his company chairman, Frick, in charge. In his written correspondence, Carnegie assured Frick he had his confidence in resolving the situation.

But during negotiations for pay increases, Frick's proposal of a 22% wage *decrease* escalated into a full-blown strike. Frick brought in a group known as Pinkerton Detectives, a private, armed security force, to disrupt the strike. The armed Pinkertons faced off with striking employees and violent conflict ensued, resulting in the deaths of nine workers and seven Pinkertons. Dozens more were injured, and state militia ultimately intervened to end the standoff.

There are lessons to be learned about actions and reactions during crisis mode. In hindsight, it's easy to talk about de-escalation strategies, pay discussions, and seeing workers as partners. But, when you're in the midst of a heated exchange, and both parties have relevant points and arguments, the way forward may not seem so clear. It is in these seemingly impossible, no-way-out situations that compassionate leaders can aim higher and create solutions that may have a short-term business impact, but a longer-term benefit—a benefit that brings greater commitment from employees and shows how the company seeks to serve employees.

Today's World

The business world has changed in a thousand ways since Carnegie's day. To take just one example, Carnegie and Frick never had to deal with the 24-hour news cycle, Twitter, or the accelerated rate of social change that we have today. Old-school corporate culture likewise needs to do better in keeping up with the swift pace of the social media dominated landscape. Too many leaders are failing to prepare for how much more swiftly movements progress today than they did in past generations.

Social media pervasiveness; a global consciousness of equality, fairness, and inclusion; and greater financial power enable today's movements to be stronger and last longer. These issues affect the company's reputation and bottom line.

The 2019 Uber wage strikes provided a clear example of these forces in action. In addition to concerns about wages, Uber drivers were also concerned about gender bias, sexual harassment, and allegations of a toxic corporate culture.[26] The May 2019 strikes had a massive impact on Uber's share prices; the company's $45 IPO price had dropped to $25.58 by November. This compounded other investor concerns, such as the viability of its UberEats venture.[27] Then the COVID-19 pandemic hit, and share prices tumbled further, down to $14.82 on March 18, 2020. Uber's stock price held steady in the following weeks of spring and early summer in the $20 to $30 plus range, but they have yet to return to that original IPO high.

In the banking sector, Wells Fargo's leadership appeared to be similarly caught off guard when their corporate culture came under fire in the early 2000s. Employees claimed that nearly impossible sales goals of sometimes up to 20 products a day resulted in a toxic and stressful environment. From 2006 to 2015, the bank's stock rose 67%. But, it turned out that the rise in stock price had been partly due to a number of unethical sales practices, such as the creation of 2 million fake accounts. Ultimately, Wells Fargo eliminated sales goals from its retail side, and the company was faced with a $185 million settlement.[28]

During 2016, Wells Fargo stock hit a $45 low, but just as bad was the impact on the bank's reputation—this was especially damaging given the era—post-2008 financial crisis, when big banks were vilified and viewed with skepticism.[29] Their share price continued to struggle over the four-year period after 2016, peaking over $60, but never getting much higher.[30] These examples are cautionary tales. The old corporate culture of putting revenue generation above all else does not always work. This culture is steadily changing. Leaders need to quickly understand how they can balance running a profitable business, while treating employees inclusively, equitably, and compassionately.

Achieving Balance: High-Performing Business and Outstanding Treatment of Employees

Corporations can still build sprawling societies, deliver innovation, empower capital markets, and generate revenues without sacrificing the well-being of employees. Making inclusion and equality foundational components of compassionate business enables us to create, innovate, and increase profits while improving the lives of people inside and outside our corporations.

When leaders are passionate about improving the well-being of their workers, it shows. They deliver pay parity, and commit to an inclusive environment, even during challenging moments.

Leaders are humans and they have their own lenses through which they see the world. The goal in redefining business and leadership is not to make everyone cookie cutter. The goal is not to stifle business growth. The goal is to ensure leaders continue to act decisively and move deliberately with confidence while remaining conscious of the ways in which their cultures, actions, and policies affect everyone in the business landscape, from employees to partners to communities to shareholders.

Carnegie and Frick are considered "mainstream" corporate leaders because they were White men of great economic wealth. They had influence in business circles. Their names were synonymous with success and philanthropy. Their stories of industry are the stories known to the masses, but mainstream stories reflecting successes born from fair treatment of employees exist in a more modern context, too.

Howard Schultz's work to build and evolve Starbucks is considered one of the greatest modern stories of a company that made compassion part of its business model. During his time at the helm, Schultz valued creating a culture of trust and partnership with employees. As he wrote in his 1997 book, *Pour Your Heart into It*, "There is no more precious commodity than the relationship of trust and confidence a company has with its employees."[31]

In particular, Starbucks is a brand known for taking action on racial injustice in communities. Some may criticize the effectiveness, swiftness, or strategy, but even most critics do credit Starbucks with action. One specific case was an incident in 2018 at a Starbucks in Philadelphia when a manager called police officers on two Black men because they didn't order anything while seated for a few moments waiting on a business partner's arrival.[32]

The CEO at the time, Kevin Johnson, was quick to offer an official apology to the men.[33] More broadly, Starbucks made the decision to close 8,000 locations for a one-day racial bias training for employees, which ultimately had 175,000 staff participants.[34] This was a fairly remarkable move for such a large company, even though some employees questioned the ultimate effectiveness of the training. But the fact that Starbucks surrendered roughly $12 million in potential profit as a result of closing down the stores for the training speaks to how strongly they feel about educating employees and improving community relationships.[35]

Whole Foods Market cofounder John Mackey is another example of a leader who values a high degree of compassion. In his 2013 book *Conscious Capitalism,* he talks about the prevalent environment most employees contend with daily. In one example, he references the frequency of heart attacks occurring on Monday, which some experts attribute to the dread of returning to work. Mackey contends that work doesn't have to equal drudgery. When Mackey led Whole Foods Market (before Amazon acquired it in 2017), one element he focused on was improving health insurance for employees.

Underrepresented and Underestimated Leaders Are Compassionate Leaders Too

Mainstream corporate leaders, their business savvy, and brilliance at generating profits are on full display all around us as historical figures. No research required. They are important stories. But they are not the only important stories.

Historically, society has done a poor job highlighting non-mainstream corporate narratives that may serve as either cautionary tales or as celebratory stories about the power of leading and governing with equality, inclusion, and compassion. This is especially the case with underestimated and underrepresented groups such as women and Blacks, Indigenous, and people of color (BIPOC).

Things are changing. Business narratives are becoming more diverse and inclusive. During movements such as #MeToo and #BlackLivesMatter, social media, storytellers, and academics shared stories featured in media more prominently and consumed by the public more voraciously. They shared stories of business titans who included equality, inclusion, and compassion in their enterprises. These stories were of people of color, women, and other groups who were left out of the mainstream narrative previously. The momentum in which these narratives are now being consumed is another example of the slow, but steady, moving ship. These narratives are way overdue in being recognized.

Workers of color and women have had to navigate hurdles ranging from violence to modern microaggression to harassment, even when in leadership positions. Historically, these underestimated and underrepresented leaders prioritized social purpose, profit, and compassion just as the early industry titans who are more widely celebrated in historical texts and oral histories. Underrepresented leaders and their stories of brilliant business savvy, ethical treatment of workers, and compassion are just as worthy to be told, and repeated, as any mainstream business story.

Chapter 2 examines ways in which underrepresented people were treated in business historically, as well as how underrepresented people emerged as business leaders, managing compassionate leadership toward people who make up those corporations. Generations of poor treatment in and by the mainstream culture make the case that businesses need to root out systematic racism before they can expect further social license to operate. This rooting-out process starts with bringing inclusion, equality, equity, and compassion into corporate cultures.

Chapter 1 Takeaways

- Compassion in business means inspiring employees and others in the business ecosystem to bring their best work, their highest intelligence, and their greatest level of creativity and enthusiasm.
- Compassion needs to accompany inclusion and equality for workers to feel comfortable enough in their environments to think and act creatively and confidently, driving revenue generation.
- Compassion complements inclusion and equality. All three are needed for business to evolve, continue its role as a driver of innovation in society, and generate revenues.
- Inclusion, equality, and compassion have not traditionally been at the heart of business (nor of society in general). But times have changed, and a lack of compassionate culture can be the downfall of 21st-century businesses.
- Workers and others in the business ecosystem have begun slowly course-correcting this flaw in old school business culture. This is an essential evolution, particularly after social changes resulting from COVID-19 and BLM.
- Innovation and growth do not need to come at the expense of compassionate treatment of employees.
- One way leaders and corporations falter is refusing to allow equality, inclusion, and compassion into their enterprises. This usually happens when they desire greater wealth than the nearest competitor by any means, lower employee pay, and neglect accountability. Milton Friedman's 1970s declaration solidified this construct into gospel.

- Compassion, unlike philanthropy, is neither a separate subsidiary nor a spin-off. It is a behavior that must be a part of the business culture.
- Andrew Carnegie is an iconic business titan of American history (that is, a powerful, wealthy, philanthropic enterprising White male). And yet, he is a great example of what can happen when a successful, well-known business leader makes a poor decision. Even if a corporate culture progresses and profits from unethical tactics, those tactics and activities result in mistrust that neither the employee nor the marketplace (that is, the customer) forgets.
- When the corporation suffers, the shareholder ultimately suffers.
- Historically, society has done a poor job recognizing accomplishments of individuals from underrepresented and underestimated groups who lead and govern with equality, inclusion, and compassion. This is changing. Highlighting these narratives is way overdue.

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