

McKinsey Institute for Black Economic Mobility

Corporate commitments to racial justice: An update

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In the two years since McKinsey first analyzed corporate pledges to fight racial injustice, companies have continued to pledge money—but how it's being spent remains unclear.

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At the end of 2020, the McKinsey Institute for Black Economic Mobility first analyzed the monetary commitments from Fortune 1000 companies and institutions that pledged to fight racial injustice following the murder of George Floyd. In response to a movement that began in America, some of the world's largest companies dedicated more than \$66 billion in funds to the cause. When we analyzed the landscape up to May 2021, companies upped their commitments and made new ones

to reach a cumulative amount of approximately \$200 billion in earmarked funding.

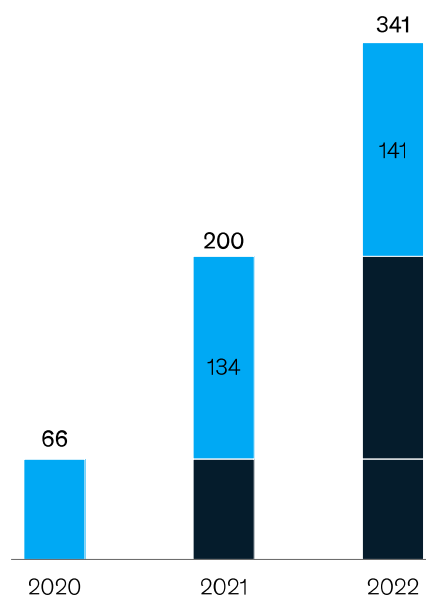
We've taken another look at the racial equity commitments from 1,369 Fortune 1000 companies (including new and recently removed Fortune 1000 companies) from May 13, 2021, to October 10, 2022. Our most recent analysis finds that companies pledged about \$340 billion to driving racial equity between May 2020 and October 2022, \$141 billion of which has come in the last year, between May 2021 and October 2022.

As in previous years, businesses from the financial sector account for the bulk of pledges. Between May 2021 and October 2022, an additional \$141 billion to promote racial equity came from 80 companies, or 8 percent of all companies. That compares with the period from May to November 2020, when 18 percent of companies pledged funds, and November 2020 to May 2021, when 10 percent of companies pledged funds. While there has been cumulative growth in the donated amounts—and the new funding reflects that there are businesses still making new decisions to support racial equity—the pace of monetary commitments has slowed year-over-year (down 32 percent since 2021).

Since May 2020, companies have committed about \$340 billion to fighting racial injustice.

Cumulative funding of racial justice commitments by US companies,¹
\$ billion

■ New committed funds



¹Includes 1,369 current and recently removed Fortune 1000 companies.

Sixty percent of businesses in the Fortune 1000 have not made public statements of support for racial justice as of October 2022. (There were companies that made public statements but did not make public monetary commitments.) Since May 2021, 10 percent of new commitments were directed externally (focusing efforts on areas like affordable housing and home ownership) while only 2 percent made internal commitments to promote diversity and inclusion within their organizations.

Compared with previous years, companies are making relatively fewer public statements in support of racial justice, despite the rise of the inclusive consumer. The most significant decline in public statements has been in internal commitments made from May 2021 to October 2022.

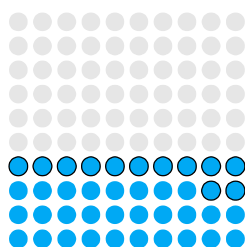
Not all companies that pledged to support racial justice made public monetary commitments to advance racial equity.

Racial justice commitments, May 2020–Oct 2022,¹ % of companies

● Commitments made between May 2021 and Oct 2022

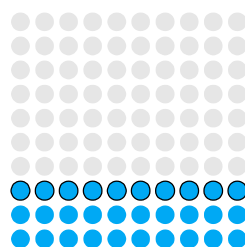
Made statements in support of racial justice

40



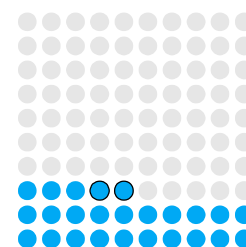
Made external commitments to promote racial equity with regard to economic opportunities²

30



Made internal commitments to promote diversity and inclusion³

25



¹May not reflect all commitments made by corporate roundtables, alliances, etc.

²Eg, through donations, strategic investments, and changes in products/services.

³Eg, requiring diverse candidate pools, increasing spend with Black suppliers, launching diversity speaker series.

Source: Outside-in profiling of largest US companies by revenue (May 2020–Oct 2022); n = 1,369, encompassing new and recently removed Fortune 1000 companies

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Two years ago, businesses primarily dedicated their racial equity pledges to affordable housing and small and medium business initiatives. Those two areas accounted for 78 percent of the commitments during that period. In this most recent analysis, the story has changed: only 20 percent of financial commitments were dedicated to affordable housing or small-business development.

There may be more funding directed to these areas than is trackable due to how the commitments in this latest period were made; more than \$112 billion worth of

commitments in this most recent analysis have been broader in scope. In some cases, companies donate to an initiative that pools funds, and the initiative leaders then are responsible for deploying the funds. In others, companies establish a fund for grants or investing, and the deployments are not always disclosed. While these are valuable mechanisms for making financial commitments, specifying the amounts designated to specific areas and organizations can accelerate the pace of impact.

Most commitments made since 2021 do not provide a breakdown of how funds would be deployed, making them difficult to track.

**Racial justice commitments
by area of investment,
May 2021–Oct 2022,¹
\$ billion**



¹Includes Fortune 1000 companies as of July 2022.

²Includes internal diversity and inclusion initiatives, investments that were not explicit about where funding would be allocated, and other areas of external investment, including healthcare, public infrastructure, civic engagement, job/skill training, and policy advocacy.

³Commitments dedicated to early childhood education, K–12, or higher education.

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Most of the money going toward fighting racial injustice is coming from one industry. From May 2021 through October 2022, 16 Fortune 1000 finance companies made up 93.0 percent of the value of commitments, followed by 4.5 percent from 11 businesses worth \$588 billion in the retail sector, 1.3 percent from eight companies in the food and restaurant industry, and less than 1.0 percent for any other sector. The finance industry is able to make more contributions given the amount of money it manages. But even by

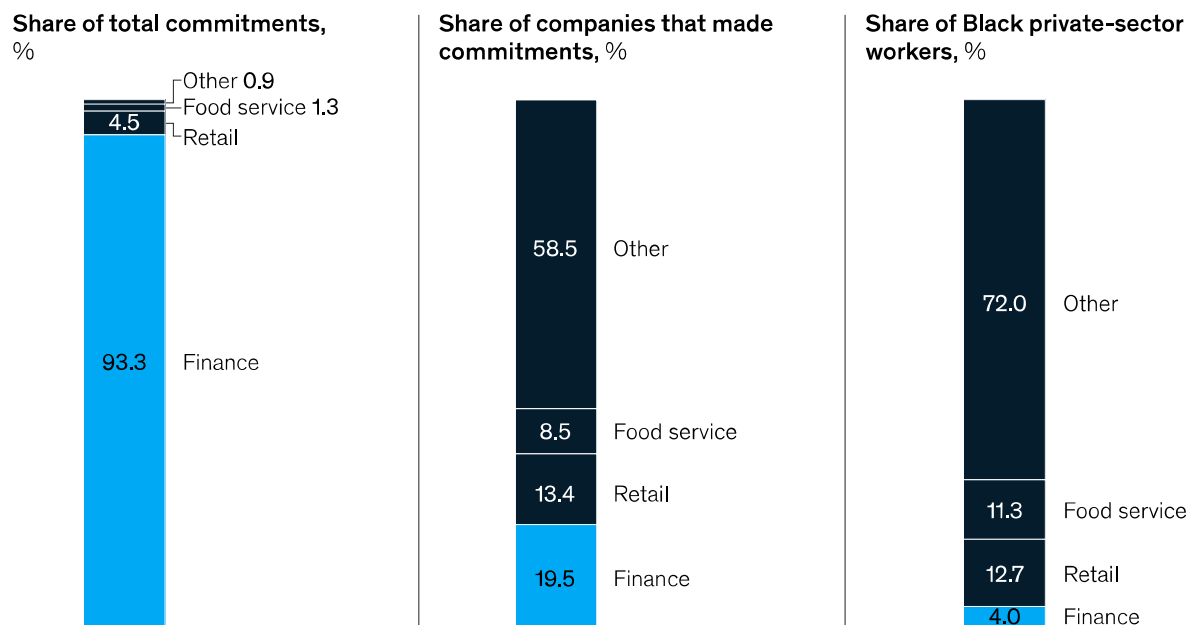
looking at the number of commitments made, rather than their overall value, the finance industry still leads, accounting for 19.5 percent of all commitments.

The finance industry employs fewer Black people than other industries that made fewer commitments to fighting racial injustice. Consider the retail industry, which employs nearly three times as many Black people as the finance industry. The healthcare industry, which employs the greatest share of Black workers of any industry analyzed—21.0 percent—pledged 0.2 percent of the total commitments made between May 2021 and October 2022.

There is a real opportunity for other industries to increase—in some cases from zero—their public monetary commitments to fighting racial injustice. In particular, companies employing a large share of Black workers could consider the impact of creating stronger internal company commitments, like making investments that help increase Black executive representation.

The finance industry has committed the largest share of funds toward advancing racial equity despite limited representation of Black workers.

Racial justice commitments by industry, May 2021–Oct 2022¹



Note: Figures may not sum to 100%, because of rounding.
¹Includes Fortune 1000 companies as of July 2022.

Based on this most recent analysis, there are three considerations for private business and public institutions looking to contribute to racial

equity in the United States:

- *Specificity and transparency.* There is an opportunity to provide more details, ideally on a regular basis, about the breakdown of financial commitments and the timeline of a business's commitments. In doing so, a business can measure the success of their efforts, encourage similar behavior from industry competitors, and ultimately, help combat racial injustice in a meaningful, sustainable way.
- *Involvement of the entire economy.* Retail, hospitality, healthcare, and food service, among other industries, could consider increasing their commitments to fighting racial injustice in light of both the makeup of their workforce and their share of the US economy. Doing so may be particularly difficult—yet have an even greater impact—as businesses consider resiliency measures during uncertain economic times.
- *Importance of internal commitments.* In addition to making external commitments to racial equity, businesses can also create more equitable workplaces for their employees, particularly for entry-level and frontline workers. At a time when many businesses may be scrutinizing labor costs, they can enrich the lives of their current employees by reexamining internal processes and implementing inclusion and antibias training programs, for example. These investments can lower costly attrition rates.

“A business can measure the success of their efforts and help combat racial injustice in a meaningful, sustainable way.”

While the global economy is challenging the resilience of businesses across industries, there are also opportunities to create lasting impact in achieving racial equity, one commitment at a time.

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