conducted an extensive independent investigation into the affair that included a review of Texaco's diversity and equal-opportunity policies.

On November 4, 1996, the day *The New York Times* story broke, the company issued a press release stating that "if these allegations are true, they represent an outrageous violation of the company's core values and principles. Any such conduct is deplorable and will never be tolerated by Texaco."[13] (Exhibit 1)

The company also vowed to take appropriate disciplinary action against those employees proved guilty. The two managers caught on tape, who at the time still worked for Texaco, were quickly suspended (with full pay) pending the results of the investigation. Subsequently, the two decided to leave the firm and Richard Lundwall and Bob Ulrich were stripped of benefits.[14]

Peter Bijur, Chairman and CEO since only July of 1996, personally authored a letter on November 4, 1996, addressed to Texaco employees explaining the allegations against the firm and outlining Texaco's investigation into the matter (Exhibit 2). In the letter, Bijur expressed his deep anger and sadness at the alleged incident and re-affirmed Texaco's policy toward the highest ethical and moral standards. "My personal commitment to you is to intensify our efforts to eliminate this [discriminatory] behavior from the workplace," said Bijur. He took further action by broadcasting a message to all employees via satellite on that same day. "We care about each and every employee," he said. "I care deeply."[15]

Behind the scenes, Bijur was also getting the Board of Directors involved in the process. "We had several board and executive committee meetings," said Bijur. Through these meetings, Bijur was able to express Texaco's position and listen to the board's counsel and guidance. The support of the board of directors, according to Bijur, was a crucial ingredient in moving to end the lawsuit quickly.

Additionally, Bijur began to meet with shareholder groups and influential individuals. For example, he met with the Interfaith Center on Corporate Relations (which is a group of religious shareholders), the New York State Comptroller, and the New York City Comptroller.

Over the course of the next three weeks, Bijur would make himself available for interviews with *The New York Times, Business Week,* and *NBC Nightly News,* among others. Throughout these interviews, he did not attempt to evade questions or deny the reality of the situation. His message was two-pronged: to relate the company's embarrassment about the incident; and to tell Texaco's side of the story—namely that racial discrimination was not commonplace at Texaco and that the company had been making strides to improve minority presence in past years.

"I do not think there is a culture of institutional bias within Texaco," said Bijur. "I think we've got a great many very good and decent human beings, but that unfortunately we mirror society. There is bigotry in society. There is prejudice and injustice in society. I am sorry to say that, and I am sorry to say that probably does exist within Texaco. I can't do much about society, but I certainly can do something about Texaco."[16]

In a November 6, 1996, statement, Bijur publicly outlined a six-step plan aimed at "moving quickly to right these [discriminatory] wrongs (Exhibit 3)." The CEO vowed that Texaco senior executives would visit every major company location in the U.S. to meet with employees and apologize for the embarrassing incident. He also pledged to refocus on the company's core values through the creation of a special committee of board members that would review human resource and diversity programs.

On November 12, 1996, Bijur met with Rev. Jesse Jackson and other black leaders in an effort to stave off a planned boycott of Texaco products and to reassure minorities that Texaco did not condone discrimination in any form. Rev. Jackson emerged from the meeting only to reaffirm

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the nationwide boycott and picketing of Texaco service stations scheduled to begin four days later, on November 16, 1996.[17]

Three days after Bijur met with Jackson, Texaco settled the *Roberts v. Texaco* lawsuit filed on behalf of 1,400+ minority employees. Under the settlement, Texaco agreed to pay $115 million in cash plus expenses and salary adjustments to the plaintiffs. In total, the settlement was valued at $176 million. In addition, the company agreed to create an Equality and Tolerance Task Force to determine potential improvements in Texaco's human resources programs, and to monitor the progress of these programs. In a company press release announcing the deal, Bijur said, "with this litigation behind us, we can now move forward on our broader, urgent mission to make Texaco a model of workplace opportunity for all men and women."[18] (Exhibit 4)

On November 15, 1996, Bijur also authored a statement for Texaco employees explaining the lawsuit settlement and the company's reasoning for reaching such an agreement. He again used this format to reassure employees of Texaco's commitment to fairness and equal opportunity (Exhibit 5). In a subsequent interview, Bijur would state, "I made the judgement that we needed to accelerate the settlement process. And those discussions on settlement commenced almost immediately."[19]

Texaco had also signed an agreement with Judge A. Leon Higginbotham Jr., chief judge emeritus of the U.S. Court of Appeals for the 3rd Circuit, to guide it through its review of human resource and diversity policies and practices.[20] The result of this review was Texaco's Workforce Diversity Plan, which it unveiled in mid-December 1996. To help achieve its goal of attracting and retaining a highly capable workforce, among other things, Texaco said it would in 1997:

- Enhance the interviewing, selection, and hiring skills of its managers;
- Expand its overall college recruitment;
- Use search firms with a record of recruiting from a wide, diverse range with key competencies for Texaco.

"Based on our review, we have set . . . initiatives that are well balanced and beneficial to all our employees and bring us a critical competitive advantage," said Bijur. "The goals of our program were set by determining what the demographics of Texaco's workforce are likely to be in the year 2000. And, to be clear, these are goals—they are not quotas."[21]

After the diversity plan was announced, Rev. Jackson declared that the boycott of Texaco should be ended. During the summer of 1997, with both Lundwall and Ulrich up on obstruction-of-justice charges, Texaco's own experts digitized the tapes and found that the word reportedly said to be "niggers" was in fact "Nicholas," a conclusion that nobody disputes.[22]

As time passes, Texaco's success at implementing and following through on its proposed initiatives will be assessed. By November 1997, all indications pointed toward the company remaining true to its agreements.

Discussion Questions

1. How would you rate the effectiveness of Texaco's response to the allegations of racial discrimination?
2. Did Texaco's response address the core problems and issues surrounding racial discrimination and prejudice at the company?
3. If you were Peter Bijur, what would you have done differently?
4. What kinds of company policies can affect long-term change in diversity in a corporate culture such as Texaco?