

Expert: Silicon Valley bias suit spurs closer look by firms

March 23 2015, bySudhin Thanawala

A sex discrimination trial that has put a spotlight on gender imbalance in Silicon Valley has prompted some technology and venture capital companies to re-examine their cultures and practices—even before a jury reaches its verdict.

As jurors get ready to hear closing arguments in Ellen Pao's lawsuit against the venture capital firm Kleiner Perkins Caufield & Byers, other companies have been contacting consultants about possible obstacles to women being hired and advancing. Still other companies have been seeking female candidates for partner positions.

A verdict against Kleiner Perkins would likely accelerate that trend, some consultants say.

Consultant Freeda Kapor Klein said she has been contacted by more than a dozen venture capital and technology companies asking her how they can improve the environment for women. Klein, whose firm specializes in addressing bias in the workplace, declined to name the firms but said they approached her as a result of the Pao case.

"People understand that the issues raised in this trial are about company culture in general," Klein said.

Closing arguments are expected Tuesday in the Pao case, with a jury then deciding if Kleiner Perkins discriminated against Pao and retaliated when she complained.

A judge ruled over the weekend that Pao can seek punitive damages that could add millions of dollars to a possible verdict in her favor. She is seeking \$16 million in lost wages and bonuses.

Experts say Pao's case has increased awareness about seemingly small indignities faced by women in the technology and venture capital sectors.

"These subtle incidents individually seem trivial, but cumulatively create a climate that is unwelcoming," said Deborah Rhode, a law professor at Stanford University who teaches gender equity law.

Pao's attorneys have portrayed her as the victim of a male-dominated culture at Kleiner Perkins, where she was excluded from an all-male dinner at the home of Vice President Al Gore; asked to take notes like a secretary at a meeting; and subjected to talk about pornography aboard a private plane.

When she complained, she said, the firm hired a biased investigator who dismissed her allegations. When she sued, she said the firm fired her in 2012.

Kleiner Perkins has countered that Pao was a chronic complainer who twisted facts and circumstances in her lawsuit and had a history of conflicts with colleagues that contributed to the decision to let her go. She also didn't cut it when her job shifted to mostly investing in 2010, they say.

During the trial, Pao and officials with Kleiner Perkins addressed the larger issue of gender inequities in the venture capital sector, where women are even more underrepresented than they are in the technology sector.

Pao told jurors that her lawsuit was intended in part to create equal opportunities for women in the venture capital sector.

Paul Gompers, a Harvard business school professor, was hired by Kleiner Perkins to conduct research about the venture capital industry. He testified that Kleiner Perkins placed more women on the boards of companies in which it invested than any of the 3,000 venture capital firms that he reviewed.

However, a study released last year by Babson College in Massachusetts found that women filled just 6 percent of partner-level positions at 139 venture capital firms in 2013, down from 10 percent in 1999.

Since Pao's case began generating headlines, more venture capital firms have called seeking female candidates for partner-level positions, said Joe Riggione, co-founder of True, an executive search firm for venture capital and technology companies.

Technology and venture capital firms have become more open over the past two years about discussing gender and racial inequities, said Nicole Sanchez, founder of Vaya Consulting, which tries to help Silicon Valley companies increase diversity.

Sanchez said that's due in part to a decision by Google and other technology giants to release data about the demographic makeup of their workforces. The numbers weren't good—women hold just 15 to 20 percent of tech jobs at Google, Apple, Facebook and Yahoo.

Facebook is also facing a lawsuit by a former employee alleging gender discrimination. The company disputes the claim and spokeswoman Genevieve Grdina said Facebook has been discussing diversity well before the Pao trial.

Sanchez said a verdict in favor of Pao could shake Silicon Valley.

"The fear it will strike in the hearts of companies in Silicon Valley depends on the verdict and the damage amount, how much it's going to hurt them," she said.

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