FedEx Agrees to Pay $3 Million to Settle a Bias Case
By Steven Greenhouse
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The United States Department of Labor has reached a $3 million settlement with the ground delivery unit of FedEx to resolve allegations that the company discriminated against 21,635 job seekers at two dozen FedEx facilities in 15 states.

The Labor Department said it had found evidence of discrimination in regards to hiring at FedEx on the basis of sex, race and national origin.

The Labor Department’s Office of Federal Contract Compliance Programs reached the agreement with FedEx Ground Package Systems after saying that it had found evidence of discrimination in hiring on the basis of sex, race and national origin. The office monitors employment practices at the nation’s 200,000 federal contractors, which employ roughly a fourth of the nation’s work force.

Under the settlement, department officials said Wednesday, FedEx has agreed to make wide-ranging changes to correct any discriminatory hiring practices and to extend job offers to 1,703 of the people rejected for jobs as part-time package handlers as those positions become available.

Patricia A. Shiu, director of the contract compliance office, said it was her office’s largest settlement since 2004, when it reached a $5.5 million resolution with Wachovia after finding that more than 2,000 of the bank’s female workers had been underpaid.

“When you do business with the government, we expect you to do the right thing,” said Labor Secretary Hilda L. Solis in a statement. “That includes giving all Americans an equal shot at a good job. It’s about more than just the law — diversity is smart for business.”

Patrick Fitzgerald, a spokesman for FedEx Ground, said the company believed that the Labor Department’s position was not supported by the law. “The bottom line is we admitted no wrongdoing,” he said. “The allegations and the whole drive for the settlement were based on a computer statistical analysis, rather than on any individual complaints or investigation.”

He added, “We agreed to the $3 million to avoid what would have been a prolonged and much more costly resolution process.”

Ms. Shiu said her office first uncovered evidence of discrimination at FedEx seven years ago during a regularly scheduled review, finding discrimination against blacks, Hispanics, Asian-Americans and Native Americans compared with similarly situated white applicants. She said women also faced discrimination and were sometimes automatically ruled out for posts requiring the lifting of heavy objects.
Ms. Shiu said “the beauty” of the 4,000 regular audits her office does each year was that they could find evidence of bias even when applicants had not filed complaints and did not realize they had faced discrimination.

She said that of the 21,635 rejected applicants covered by the settlement, 61 percent were female, 52 percent African-American, 14 percent Hispanic, 2 percent Asian and 1 percent Native American.

As an example, a department spokesman said that the audit of a FedEx facility in Grove City, Ohio, found that discrimination had affected 3,898 applicants. The department found that 29.8 percent of the 6,178 men who applied were hired, compared with 18.7 percent of the 2,277 women. It found that 33.2 percent of the white applicants were hired, 21.9 percent of the blacks, 18.7 percent of the Hispanics and 15.7 percent of the Native Americans.

Under the terms of the pact, the spokesman said, the 3,898 rejected applicants at the Grove City facility will receive a total of $617,260 in back wages and will be extended 312 job offers.

Ms. Shiu said the evidence was based on not just statistical discrepancies, but also interviews with applicants and FedEx officials. “This agreement will make a difference not just at the affected facilities but throughout the country so that this kind of hiring discrimination doesn’t happen anymore,” she said.

Michael J. Zimmer, an employment discrimination professor at the Loyola University Chicago School of Law, said the $3 million settlement was modest, but more important was FedEx’s promise to revamp its hiring practices. “In employment discrimination, hiring cases are very unusual — almost all of the cases are terminations, sexual harassment or promotions,” he said.