

DIVERSITY PROJECT

THE DIVERSITY PROJECT BENCHMARKING STUDY

CREATING AN INCLUSIVE CULTURE
IN THE INVESTMENT PROFESSION



MERCER

MAKE TOMORROW, TODAY

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This landmark study sponsored by the Diversity Project seeks to understand why and how the industry needs to evolve to build a more diverse profession.

While there have been a number of studies exploring barriers to diversity in financial services, and some looking in particular at investment management, none have specifically explored diversity in its broadest sense. In addition, this initiative will be the first time industry leaders come together to interrogate the issues and develop solutions to address areas of concern.

The objective of the study is to understand:

- Experience, qualifications, backgrounds and motivations of the people who work in the UK investment and savings industry
- How individuals entered investment management
- Culture and practices of the companies for which they work
- What it would take to improve diversity in investment management.

Diversity will be explored across all dimensions - age, gender, and cultural and socio-economic background. Led by Mercer and supported by leaders from the investment and savings industries' biggest institutions, this research will gather views from three main groups:







- 1 Investment Managers**
- 2 Former Investment Managers**
- 3 Other employees working in Investment Management.**



DEMOGRAPHICS OVERVIEW

PARTICIPATION:



		INVESTMENT MANAGERS	OVERALL SAMPLE	UK POPULATION
	Male	77%	57%	53% ¹
	Heterosexual	95%	93%	94% ²
	White British	81%	83%	89% ³
	Asian / Asian British	10%	9%	8% ³
	Black / African / Caribbean / Black British	1%	2%	3% ³
	Mixed / Multiple ethnic groups	5%	3%	1% ³
	Report a disability	4%	4%	11% ⁴
	51 - 60 years of age	12%	13%	12% ⁵
	Privately educated	38%	25%	7% ⁶
	Highest level of education is a Bachelor's degree	44%	45%	30% ⁷
	Highest level of education is a Master's degree	47%	26%	-
	Mother attained a Bachelor's degree or higher	37%	25%	-
	Father attained a Bachelor's degree or higher	50%	35%	-

NOTE: This is a summary of the largest cohorts and does not represent all the categories surveyed. The survey sample is a reasonable representation of the workforce of participating companies : 15 of 17 organisations reported a gender split within 15% of the IM population (e.g. one organisation had 81% of its responses from male IMs vs 68% in the workforce, another had 86 vs 91%.)

KEY INSIGHTS AND ACTIONS



1/ Promotion and hiring perceived to be exclusive



KEY FINDINGS

Not being as well networked was ranked as the **top inhibitor to diversity** in the industry - individuals believe they need to be part of an exclusive network or club to succeed



INDUSTRY ACTIONS

Support returners and experienced hires coming into the industry

- ✓ Provide support to individuals returning to the industry from a leave of absence and easy access to employers
- ✓ Hold forums and events where employers can view and gain access to the best practices in recruitment from other industries



ORGANISATION ACTIONS

Adopt more rigorous recruitment practices

- ✓ Adopt broader sourcing techniques as a means of securing the best unidentified talent - including digital, campus, club, social channels etc.
- ✓ Re-design recruitment practices to address bias at all stages of screening



2/ Flexibility is the number one employee priority



KEY FINDINGS

Improving flexible working practices for men and women was rated as the **number one method to foster diversity in the industry**



INDUSTRY ACTIONS

Explore part time trading and fund management roles

- ✓ Explore and import best of breed flexible working practices from outside the industry for trading and portfolio management roles
- ✓ Showcase progression and promotion of part time workers, especially senior males



ORGANISATION ACTIONS

Promote a holistic approach to flexibility

- ✓ Broaden company policies to include the ability to alter start and finish times, work remotely, and work part time hours
- ✓ Customise communication to male and female Investment Managers who value different aspects of flexibility

KEY INSIGHTS AND ACTIONS



3/ Line managers need to do more to support development



KEY FINDINGS

Investment managers rated their **direct manager as delivering below their expectations** for every attribute surveyed



INDUSTRY ACTIONS

Open up networks and development opportunities to people of different backgrounds

- ✓ Introduce industry mentoring, sponsorship and development programs to facilitate networking and provide alternatives to private, closed networks (e.g. social events outside of working hours are not inclusive)
- ✓ Share success stories and practical tips from role models of different backgrounds to educate and inspire individuals



ORGANISATION ACTIONS

Help Portfolio Managers lead inclusively

- ✓ Support line managers with tools and processes which encourage feedback, and ensure input is gathered from a range of individuals
- ✓ Introduce reverse mentoring initiatives, alongside traditional sponsorship and mentoring programmes



4/ The industry brand is stuck in a stereotype



KEY FINDINGS

Individuals in the industry perceive a **lack of industry awareness and a negative perception** exists outside the industry



INDUSTRY ACTIONS

Reposition the image of the industry and showcase positive examples of diversity

- ✓ Public image / awareness campaigns with messages relating to the industry's impact outside of financial services which speak to employees and new hires



ORGANISATION ACTIONS

Improve the organisation's image by being transparent about outcomes

- ✓ Go beyond the Gender Pay Gap regulations to promote equal pay processes, performance criteria and career progression




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 info@diversityproject.com
[PRESS: linsey.white@theia.org](mailto:linsey.white@theia.org)

 [diversity-project-investment-industry](https://www.linkedin.com/company/diversity-project-investment-industry)

 [@diversityproj](https://twitter.com/diversityproj)

 [DiversityProjectInvestmentIndustry](https://www.facebook.com/DiversityProjectInvestmentIndustry)

www.diversityproject.com
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Sources: **1.** The World Bank, "Labor Force, Female (% of Total Labor Force), The World Bank Databank, 2017 **2.** Sexual Identity, UK, Office of National Statistics, 2015 **3.** Employment by industry sector and ethnic group, Department for Work and Pensions, 2016 **4.** Office for National Statistics, 2017 **5.** 2011 Census: Usual resident population by five-year age group and sex, local authorities in the United Kingdom, Office of National Statistics, 2011 **6.** The Educational Backgrounds of the UK Professional Elite, Sutton Trust, Leading People, 2016 **7.** 'Local area analysis of qualifications across England and Wales' (Census analysis), Office of National Statistics, 2011