BRIDGING THE DIVERSITY GAP
BUILDING AFRICAN-AMERICAN AND LATINO TALENT PIPELINES FOR THE FINANCIAL SERVICES INDUSTRY IN CHICAGO

OCTOBER 30\textsuperscript{th}, 2015

Rick Guzzo
Alina Polonskaia
Bess Tschantz-Hahn
OBJECTIVES OF THE CHICAGO FINANCIAL SERVICES PIPELINE INITIATIVE

Increase the representation of African-Americans and Latinos at all levels in the FS industry in Chicago

Improve overall cultural competency in the sector

ORGANIZATIONS PARTICIPATING IN THE RESEARCH

ARIEL INVESTMENTS

Bank of America

BMO Harris Bank

Mesirow Financial

Urban Partnership Bank

Loop Capital

US Bank

Northern Trust

Madison Dearborn Partners, LLC

CME Group

Wintrust Financial

HOLLAND CAPITAL MANAGEMENT

© MERCER 2015
CHICAGO FS INDUSTRY DEMOGRAPHICS

Chicago

- Total: 9,537,040
- Execs / Sr. Mgt.: 17% (1,620,717)
- Mid-Mgt.: 21% (1,998,788)
- Prof. / Tech. / Sales: 6% (572,222)
- Other: 2% (190,741)
- Asian: 3% (286,112)
- Black/African-American: 6% (572,222)
- Hispanic/Latino: 10% (953,704)
- White: 54% (5,134,825)

Chicago FS Industry

- Total: 87,938
- Execs / Sr. Mgt.: 8% (7,035)
- Mid-Mgt.: 10% (8,794)
- Prof. / Tech. / Sales: 12% (10,552)
- Other: 1% (979)
- Asian: 9% (7,915)
- Black/African-American: 10% (8,794)
- Hispanic/Latino: 8% (7,035)
- White: 67% (59,367)

Chicago FS Execs / Sr. Mgt.

- Total: 3,115
- Execs / Sr. Mgt.: 91% (2,805)
- Mid-Mgt.: 2% (62)
- Prof. / Tech. / Sales: 3% (93)
- Other: 2% (62)

Chicago FS Mid-Mgt.

- Total: 16,410
- Execs / Sr. Mgt.: 10% (1,641)
- Mid-Mgt.: 74% (12,014)
- Prof. / Tech. / Sales: 8% (1,313)
- Other: 8% (1,313)

Chicago FS Prof. / Tech. / Sales.

- Total: 44,833
- Execs / Sr. Mgt.: 9% (4,035)
- Mid-Mgt.: 9% (4,035)
- Prof. / Tech. / Sales: 12% (5,380)
- Other: 1% (448)

© MERCER 2015
GET YOUR COPY TODAY

www.fspchicago.org
The flow of talent in the Chicago FS industry
Experiences in the Chicago FS industry
The upshot
African-American and Latino hires, promotions, and exits
Survey of African-Americans and Latinos
Actions for employers and industry
Projected future representation
FS PRIORITIES AND CHALLENGES

What we heard in interviews with Chicago’s FS employers

• Recruitment
  – Competition for experienced diverse talent is fierce
  – Most larger organizations hire from the same top schools and build up their recruitment functions to be able to compete

• Development
  – Employers emphasize the importance of developing diverse talent and building more inclusive environments
  – Effective talent management is seen as foundational

• Retention
  – Diverse talent is “moving along LaSalle Street”
  – Sponsorship during onboarding and throughout careers is essential to retention
  – Managers play a critical role in retaining diverse employees
The flow of talent in the Chicago FS industry

African-American and Latino hires, promotions, and exits

Projected future representation

Experiences in the Chicago FS industry

Survey of African-Americans and Latinos

The upshot

Actions for employers and industry
AFRICAN-AMERICANS IN THE CHICAGO-AREA
FS INDUSTRY
REPRESENTATION

Counts represent 2013 EEOC NAICS-2 Finance and Insurance excluding EEOC NAICS-3 Insurance for Chicago-Naperville-Elgin, IL-IN-WI CBSA. National rates have been applied for hires, exits and promotions.

© MERCER 2015
### African-Americans in the Chicago-Area FS Industry

#### Representation and Talent Flows

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Total Hires</th>
<th>Average Active Headcounts</th>
<th>Total Exits</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>All others</td>
<td>African-American</td>
<td>All others</td>
</tr>
<tr>
<td>Exec/sr. managers</td>
<td>5.8%</td>
<td>3.6%</td>
<td>98</td>
</tr>
<tr>
<td>Managers</td>
<td>3.2%</td>
<td>4.9%</td>
<td>1,318</td>
</tr>
<tr>
<td>Professionals</td>
<td>8.1%</td>
<td>9.2%</td>
<td>3,042</td>
</tr>
<tr>
<td>Staff</td>
<td>12.9%</td>
<td>15.2%</td>
<td>5,880</td>
</tr>
</tbody>
</table>

Counts represent 2013 EEOC NAICS-2 Finance and Insurance excluding EEOC NAICS-3 Insurance for Chicago-Naperville-Elgin, IL-IN-WI CBSA. National rates have been applied for hires, exits and promotions.
**Latinos in the Chicago-Area FS Industry Representation**

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Latino</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exec/sr. managers</td>
<td>66</td>
<td>3,049</td>
</tr>
<tr>
<td>Managers</td>
<td>1,600</td>
<td>14,810</td>
</tr>
<tr>
<td>Professionals</td>
<td>2,342</td>
<td>34,613</td>
</tr>
<tr>
<td>Staff</td>
<td>4,849</td>
<td>25,859</td>
</tr>
</tbody>
</table>

**Average Active Headcounts**

<table>
<thead>
<tr>
<th></th>
<th>Latino</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,857 – 10.1%</td>
<td>78,431 – 89.9%</td>
</tr>
</tbody>
</table>

Counts represent 2013 EEOC NAICS-2 Finance and Insurance excluding EEOC NAICS-3 Insurance for Chicago-Naperville-Elgin, IL-IN-WI CBSA.
LATINOS IN THE CHICAGO-AREA FS INDUSTRY REPRESENTATION AND TALENT FLOWS

Counts represent 2013 EEOC NAICS-2 Finance and Insurance excluding EEOC NAICS-3 Insurance for Chicago-Naperville-Elgin, IL-IN-WI CBSA. FSP rates of hires, exits and promotions.
FUTURE REPRESENTATION OF AFRICAN-AMERICANS IN SENIOR MANAGEMENT

THE STORY:
NO CHANGE IN 5 YEARS, PROJECTED DECLINE AFTER THAT

Rate of hiring, promotions, and turnover brought to parity with all other ethnic groups

Turnover rate brought to parity with all other ethnic groups

Hiring rate brought to parity with all other ethnic groups

Promotion rate brought to parity with all other ethnic groups

Representation projections for African-American employees with no changes to hiring, promotion, and turnover rates
FUTURE REPRESENTATION OF LATINOS IN SENIOR MANAGEMENT

THE STORY: NO CHANGE IN 5 YEARS, PROJECTED DECLINE AFTER THAT

Rate of hiring, promotions, and turnover brought to parity with all other ethnic groups

Turnover rate brought to parity with all other ethnic groups

Hiring rate brought to parity with all other ethnic groups

Promotion rate brought to parity with all other ethnic groups

Representation projections for Latino employees with no changes to hiring, promotion, and turnover rates
TALENT FLOWS: SUMMARY OF KEY FINDINGS
AFRICAN-AMERICANS AND LATINOS

• Representation will decline at the leadership levels
• A choke point exists in the flow of talent into leadership positions
• Retention is a major challenge
• The Professionals career level offers significant advancement opportunity
RESEARCH STRUCTURE

FS priorities and challenges

The flow of talent in the Chicago FS industry

Experiences in the Chicago FS industry

Survey of 9,960 African-American and Latino hires, promotions, and exits

Projected future representation

The upshot

Actions for employers and industry
NEARLY 10,000 CHICAGO-AREA FINANCIAL SERVICES EMPLOYEES RESPONDED

<table>
<thead>
<tr>
<th></th>
<th>Total respondents</th>
<th>African-American respondents</th>
<th>Latino respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total respondents</td>
<td>9,660</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,645 male</td>
<td>291 male</td>
<td>304 male</td>
</tr>
<tr>
<td></td>
<td>4,463 female</td>
<td>800 female</td>
<td>442 female</td>
</tr>
<tr>
<td></td>
<td>15 other/in transition</td>
<td>1 other/in transition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>537 declined to answer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Factors Most Influencing the Intent to Leave the FS Industry**

Satisfaction with the opportunity to reach long-term career goals is the strongest driver of intent to remain in the industry for African-Americans and Latinos.

<table>
<thead>
<tr>
<th>Factor</th>
<th>African-American</th>
<th>Latino</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity to reach long-term career goals</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>FS industry reputation</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Type of work I do</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of work stress</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethics and integrity of co-workers</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Quality of leadership</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Interesting and challenging work</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Relationship with co-workers</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Prestige and status of FS industry</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
Satisfaction with the opportunity to reach long-term career goals tends to be higher for whites at the management levels.
WORKPLACE EXPERIENCES ASSOCIATED WITH LONG-TERM CAREER OUTLOOK

AFRICAN-AMERICAN SATISFACTION WITH ...
- Opportunities to do interesting and challenging work
- Feeling I am treated fairly with regard to opportunities

LATINO SATISFACTION WITH ...
- The quality of leadership
- My ability to impact the community as part of my job

BOTH AFRICAN-AMERICAN AND LATINO SATISFACTION WITH ...
- My promotion opportunities
- Opportunities to develop myself professionally on the job
- Opportunities to utilize my strengths/abilities
- The level of responsibility in my job
- My job security
- The relationship between my performance and contributions and my financial compensation

© MERCER 2015
Joining the industry: African-Americans and Latinos tended to make their decision to join the industry earlier than whites.
“My first job, at the age of 17, was at an FS institution. I was absolutely fascinated with the industry and the possibilities of establishing a lifelong career.”
DIFFERENCES IN EXPERIENCES AMONG AFRICAN-AMERICANS, LATINOS, AND WHITES

Working in the industry: Latinos are more likely to indicate that career is their first priority

<table>
<thead>
<tr>
<th>White</th>
<th>African-American</th>
<th>Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>69%</td>
<td>63%</td>
<td>57%</td>
</tr>
<tr>
<td>21%</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>1%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>9%</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>11%</td>
<td>10%</td>
<td>14%</td>
</tr>
</tbody>
</table>

My career is my first priority
My career is currently my first priority, but I expect to have other equally important priorities in the near future
My career is important to me, but I have other equally important priorities
My career is important to me, but I have more important priorities
My career is not important to me
Differences in experiences among African-Americans, Latinos, and Whites

Working in the industry – Supervisor and leadership support are seen as most important for advancement
Senior leaders in my company are passionate advocates for diversity and inclusion

Satisfaction with supervisor relationship


Working in the industry – Leadership matters
Working in the industry – Perceptions of fairness vary by race/ethnicity
“The amount of hard work does not translate to the amount of success that one should have. Many people work extremely hard only to be given very marginal success in terms of career progression.”

“I have found it difficult to advance my career within this industry, because it ultimately comes down to who you know... 90% of positions already have candidates before they are even posted.”
DIFFERENCES IN EXPERIENCES AMONG AFRICAN-AMERICANS, LATINOS, AND WHITES

Working in the industry – It is important to all groups to be themselves at work, but acceptance is not felt equally.

© MERCER 2015
“I’ve found you really have to have the strength to be yourself — because almost everyone else conforms to a corporate standard. I’m older now, so I have the strength to fully be myself.”

“I don’t think either African-American/black or Hispanic/Latino employees are looking for any sort of preferential treatment — my personal experience is that they want to work with people with whom they can relate.”
DIFFERENCES IN EXPERIENCES AMONG AFRICAN-AMERICANS, LATINOS, AND WHITES

Higher-level African-Americans and Latinos are more likely to be considering leaving the industry.
“If there is an opportunity that I am interested in outside the industry ... I will take it. You have to be fluid in this marketplace, and that is what the future will be like ... forever.”
EMPLOYEE EXPERIENCES: SUMMARY OF KEY FINDINGS
AFRICAN-AMERICANS AND LATINOS

• Having a positive long-term career outlook has the greatest influence on African-Americans’ and Latinos’ intent to remain in the industry

• Satisfaction with long-term career opportunities increases as management level increases for whites, but not for African-Americans and Latinos

• African-Americans and Latinos at the highest levels are more likely than whites to consider leaving the industry

• African-Americans and Latinos are less likely than whites to see senior leaders as passionate advocates for Diversity and Inclusion

• African-Americans and Latinos give lower ratings than whites to the fairness of opportunities

• Supervisor and leader support are viewed as key for advancement
RESERCH PROCESS AND ORGANIZATION OF THE REPORT

- FS priorities and challenges
- The flow of talent in the Chicago FS industry
- Experiences in the Chicago FS industry
- The upshot

African-American and Latino hires, promotions, and exits
Survey of African-Americans and Latinos
Projected future representation
Actions for employers and industry
KEY RECOMMENDATIONS FOR EMPLOYERS

• Fill senior leadership from within
• Emphasize retention and build solutions tailored to specific talent segments
• Hire African-American and Latino talent at the Professionals career level
• Monitor fairness and transparency
• Leadership matters
**KEY RECOMMENDATIONS FOR THE INDUSTRY**

- Create early awareness of career opportunities in the sector
- Expand the sources of recruitment of new graduates
- Identify diverse talent with skills transferable to FS
KEY RECOMMENDATIONS
FSP

- Ensure alignment
- Maintain CEO support
- Keep track of progress
ABOUT THE AUTHORS

RICK GUZZO

Rick co-leads Mercer’s Workforce Sciences Institute, a research and innovation center. He is based in Washington, DC. In addition to R&D responsibilities, Rick delivers data-based advisory work — primarily to large, global clients — on a wide range of strategic workforce issues. Rick can be reached at rick.guzzo@mercer.com.

ALINA POLONSKAIA

Alina is a principal in Mercer’s Talent Business in Toronto. In addition to her consulting responsibilities, Alina leads two of Mercer’s executive peer networks – Global Diversity Forum and Workforce Opportunity Network. Alina specializes in organizational transformation and diversity and inclusion. Alina can be reached at alina.polonskaia@mercer.com.

BESS TSCHANTZ-HAHN

Bess is a principal employee research consultant in Mercer’s Chicago office. Bess designs and implements surveys, focus groups, and interviews to help clients gather employee input on the work environment, engagement, employee programs and practices, and perceptions of the value proposition. Bess can be reached at bess.r.tschantz-hahn@mercer.com.