

# BUILDING AFRICAN- AMERICAN AND LATINO PIPELINES FOR THE FINANCIAL SERVICES INDUSTRY

**ANNUAL SUMMIT**

OCTOBER 20<sup>TH</sup>, 2017

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# MEASURES OF DIVERSITY AND INCLUSION



## REPRESENTATION

Representation  
changes over 3 years

Internal Labor Market (ILM) Maps and Projections



## TALENT FLOWS

Rates of hires,  
promotions, & exits



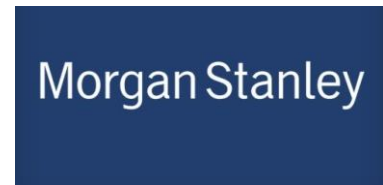
## EMPLOYEE EXPERIENCE

Insight into career  
experiences and driving  
factors behind key trends

FSP New Member Firm Survey

# PARTICIPATING ORGANIZATIONS

The following organizations provided data appearing in this report



# INTERNAL LABOR MARKET DYNAMICS BENCHMARKING HIGHLIGHTS



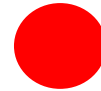
# MAJOR CHANGES IN ILM: THEN & NOW

2014

2017

## PROMOTION

Favorable promotion rates  
into Managers level



This is unexpected!

Consistently lower promotion  
rates for African-American  
and Latino talent

## HIRING

Roughly equal or favorable  
rates of hire



Finding talent is a  
strength

African-American and Latino  
talent is hired at greater rates

## RETENTION

Higher rates of attrition,  
especially at Managers level

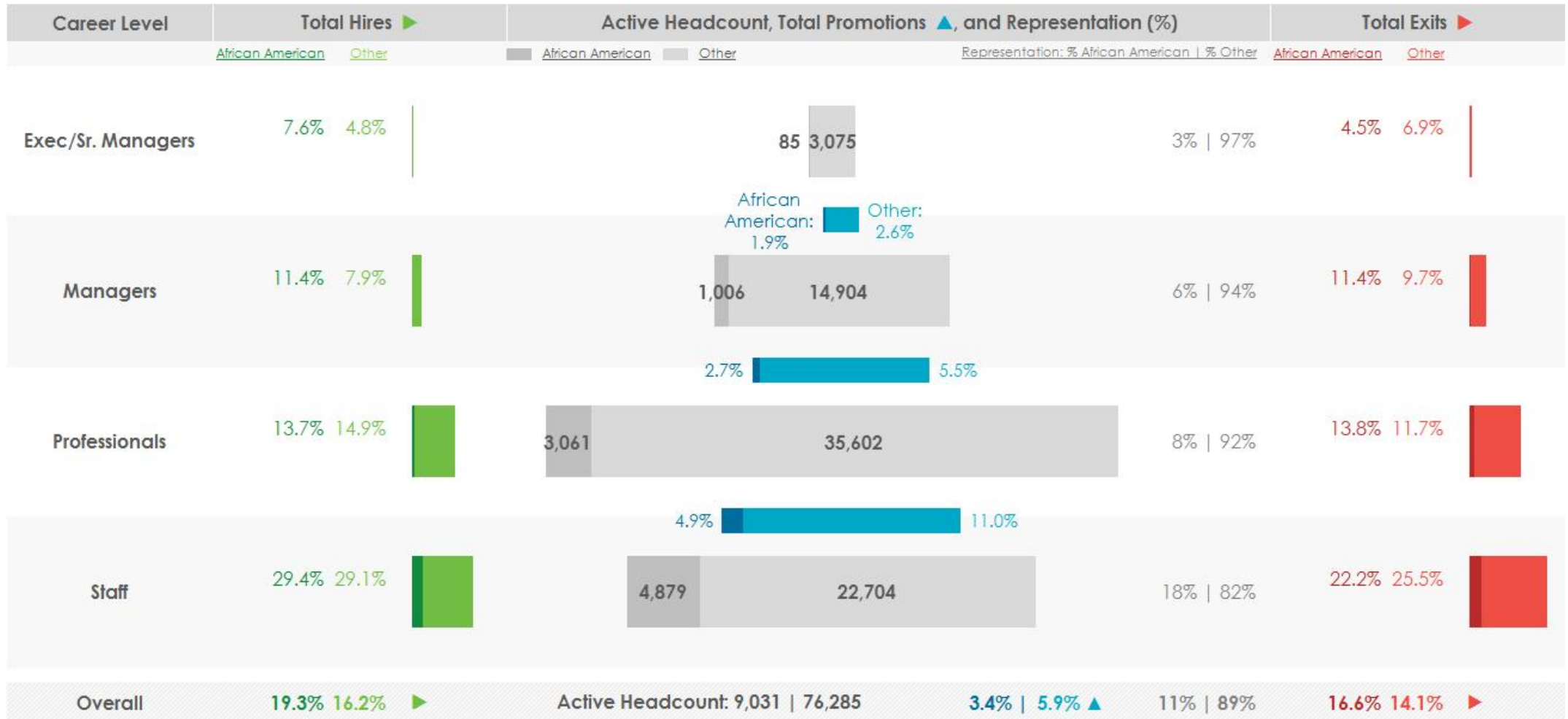


Directional change

The gap in attrition rates has  
narrowed, but rates remain  
higher for African-American  
and Latino talent

# 2017 ILM DYNAMICS

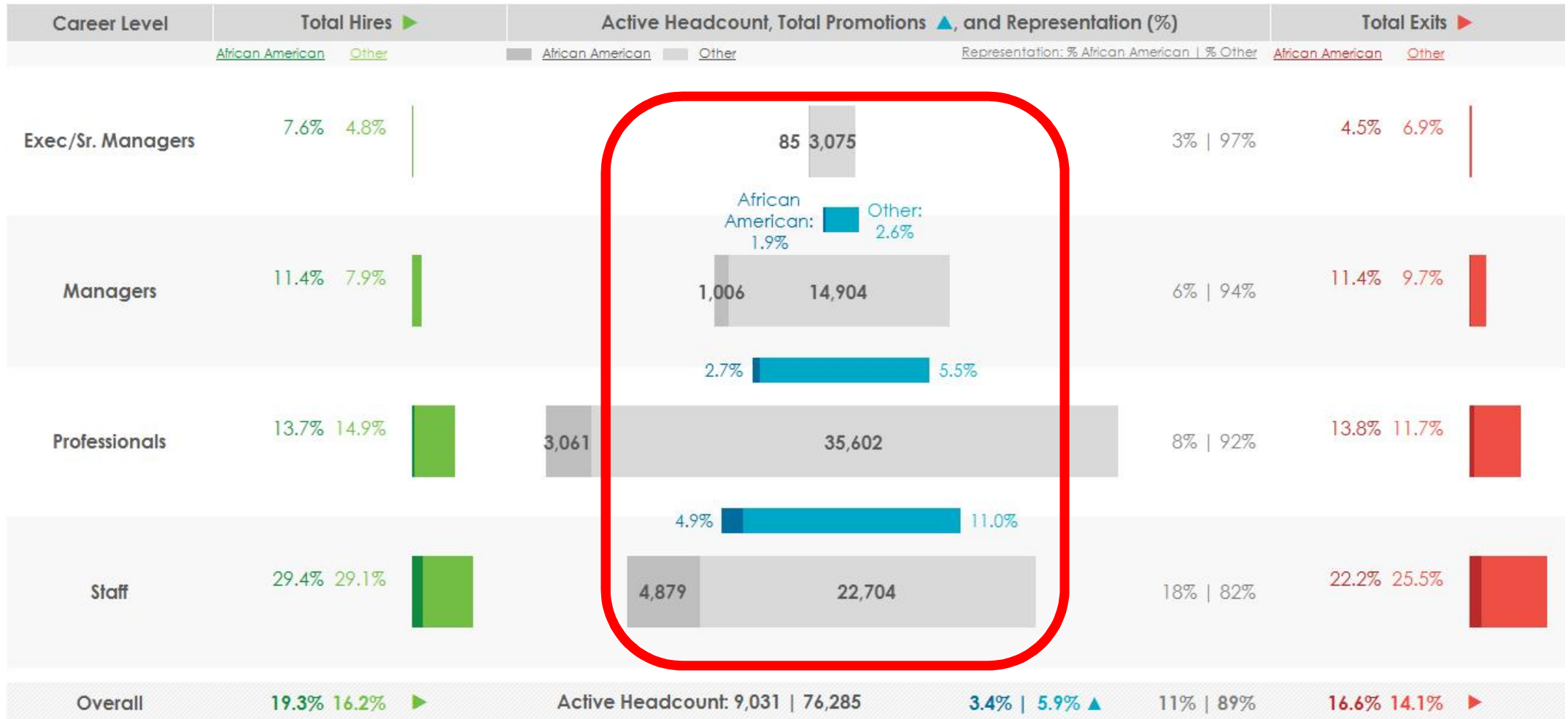
## African-American vs. All Other





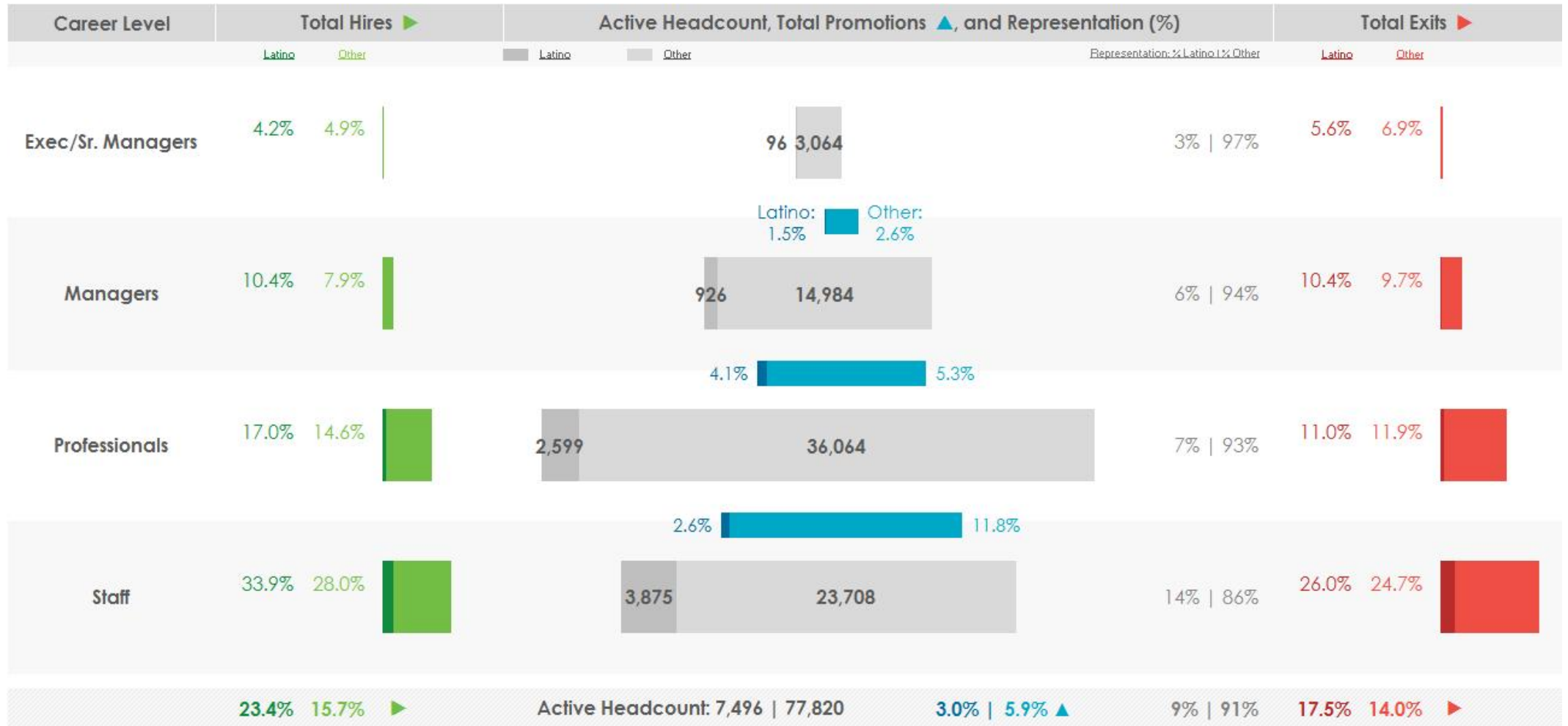
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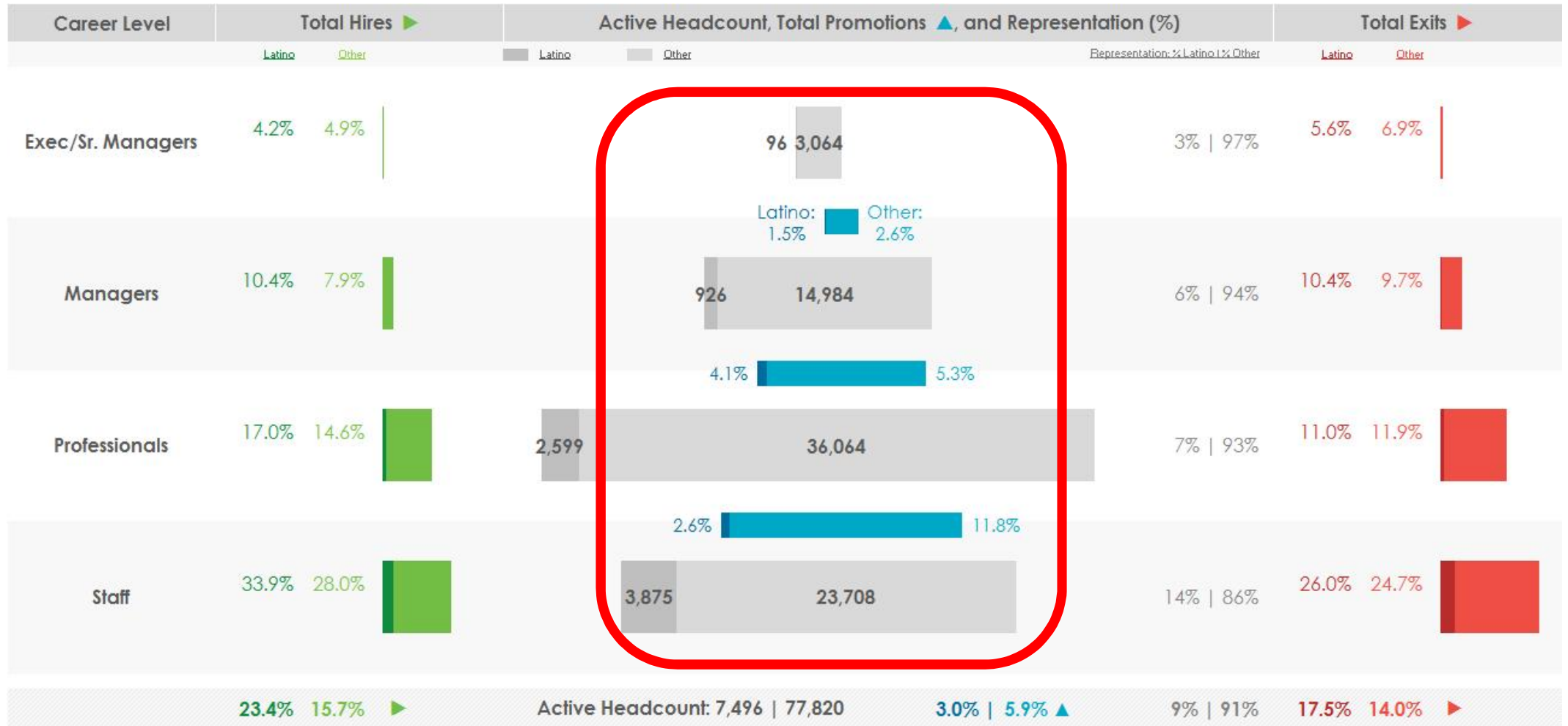
## Latino vs. All Other





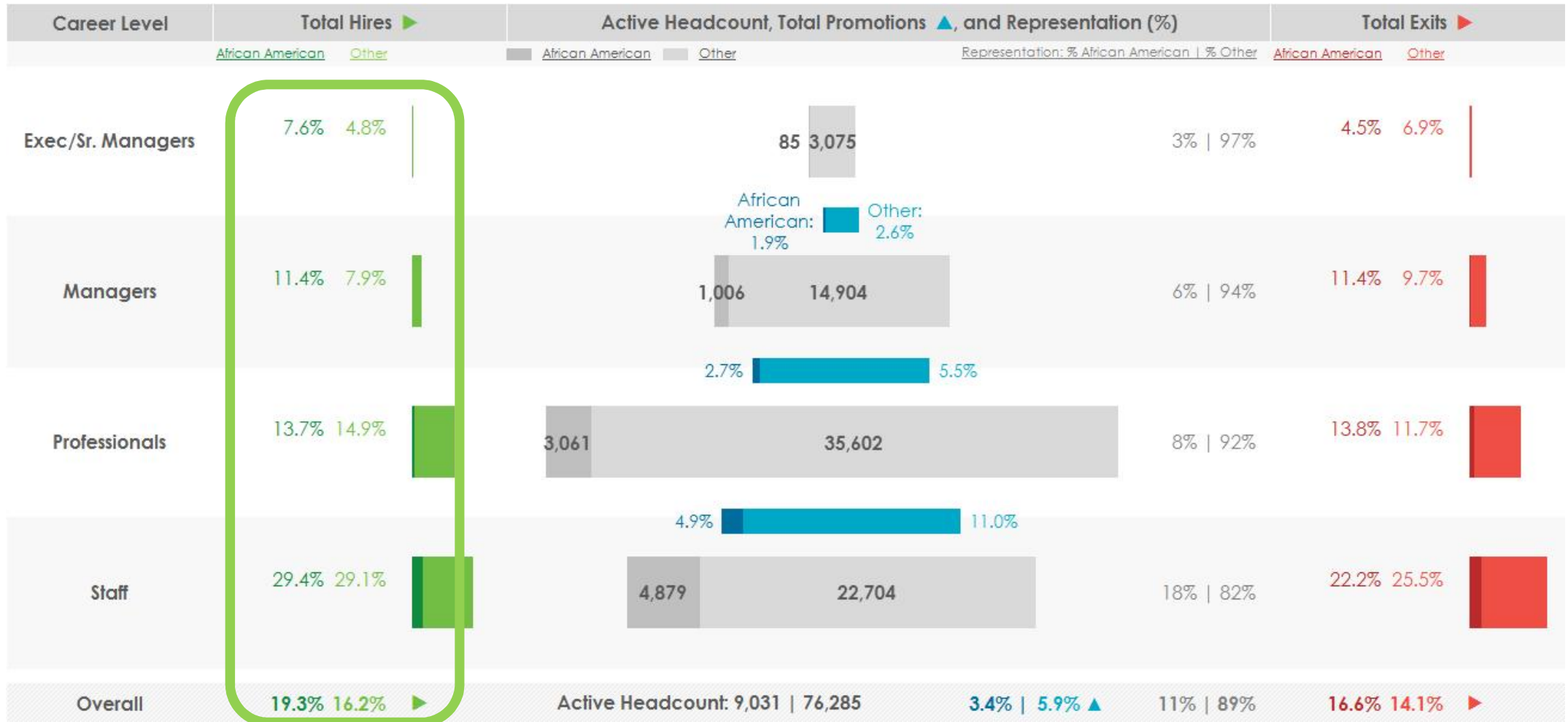
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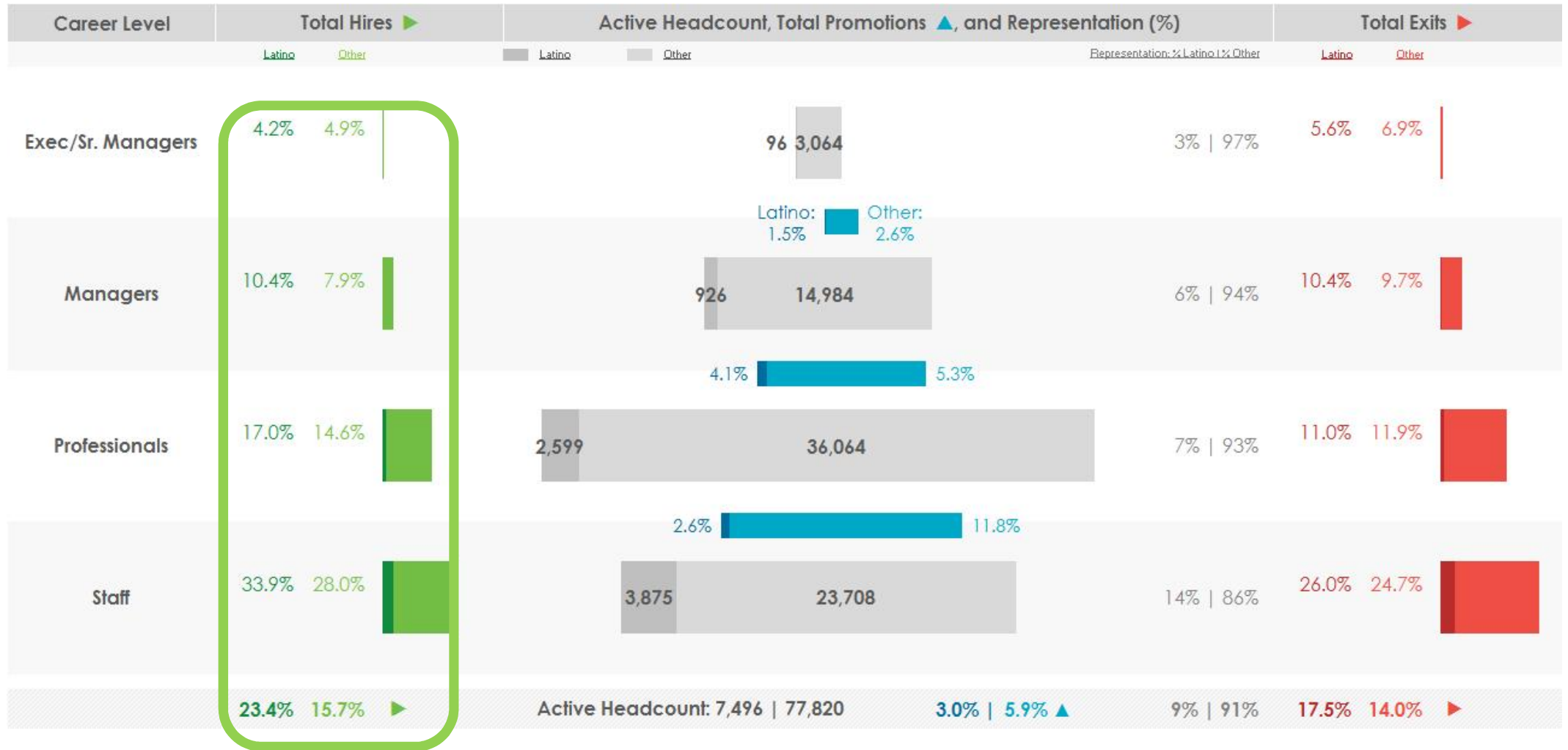
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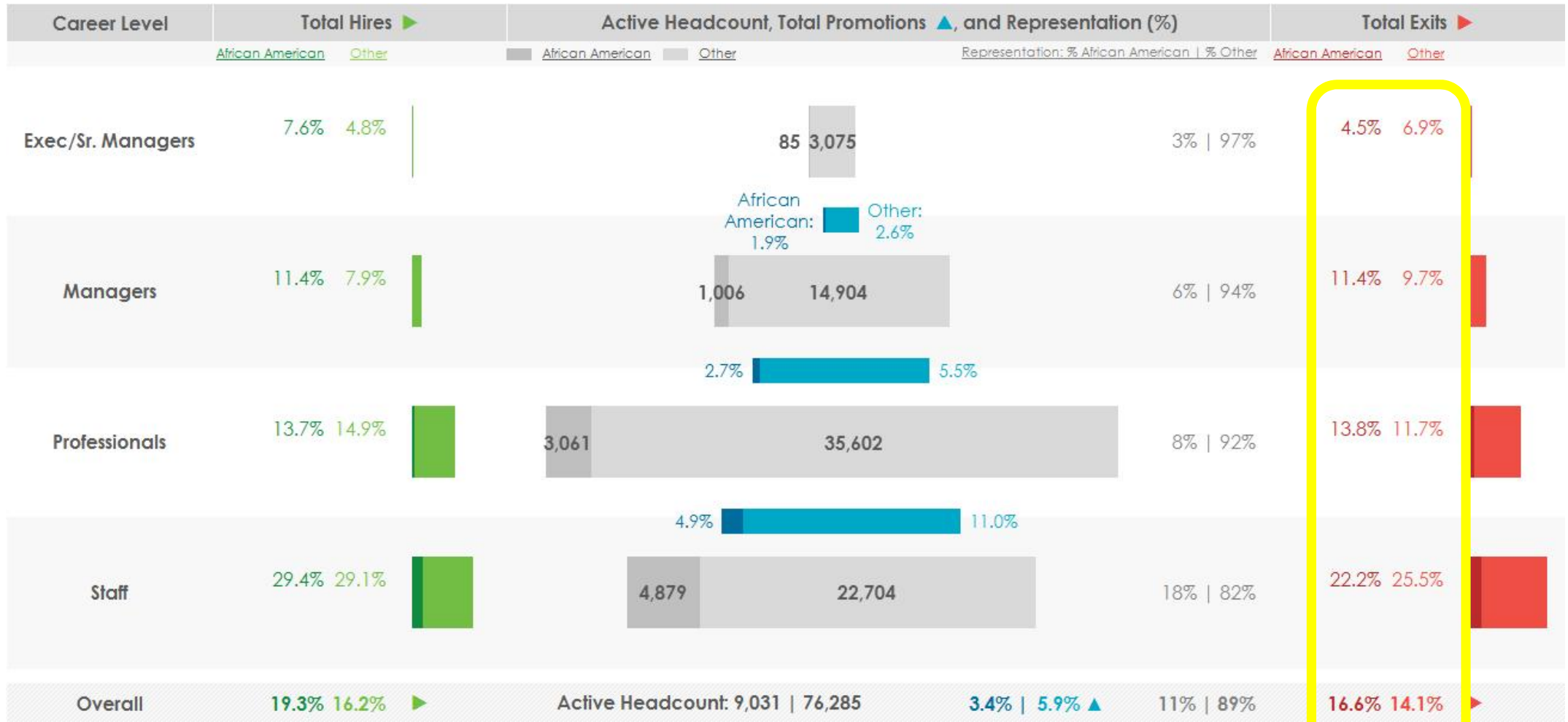
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## Latino vs. All Other



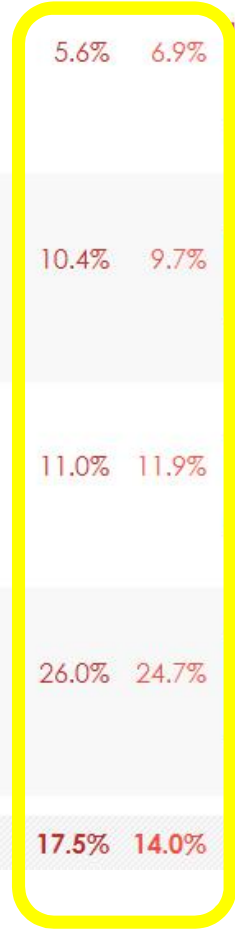
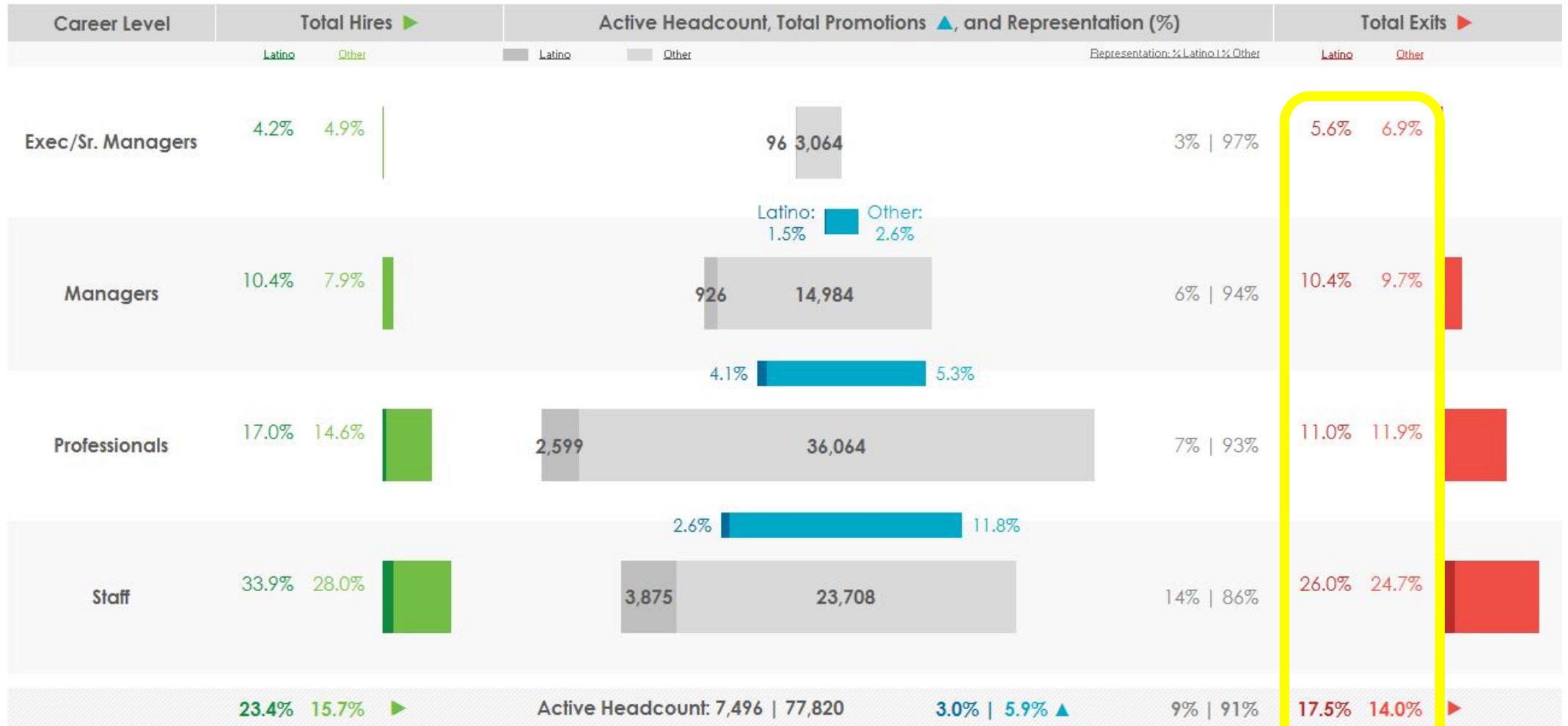
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## African-American vs. All Other



# 2017 ILM DYNAMICS

## Latino vs. All Other

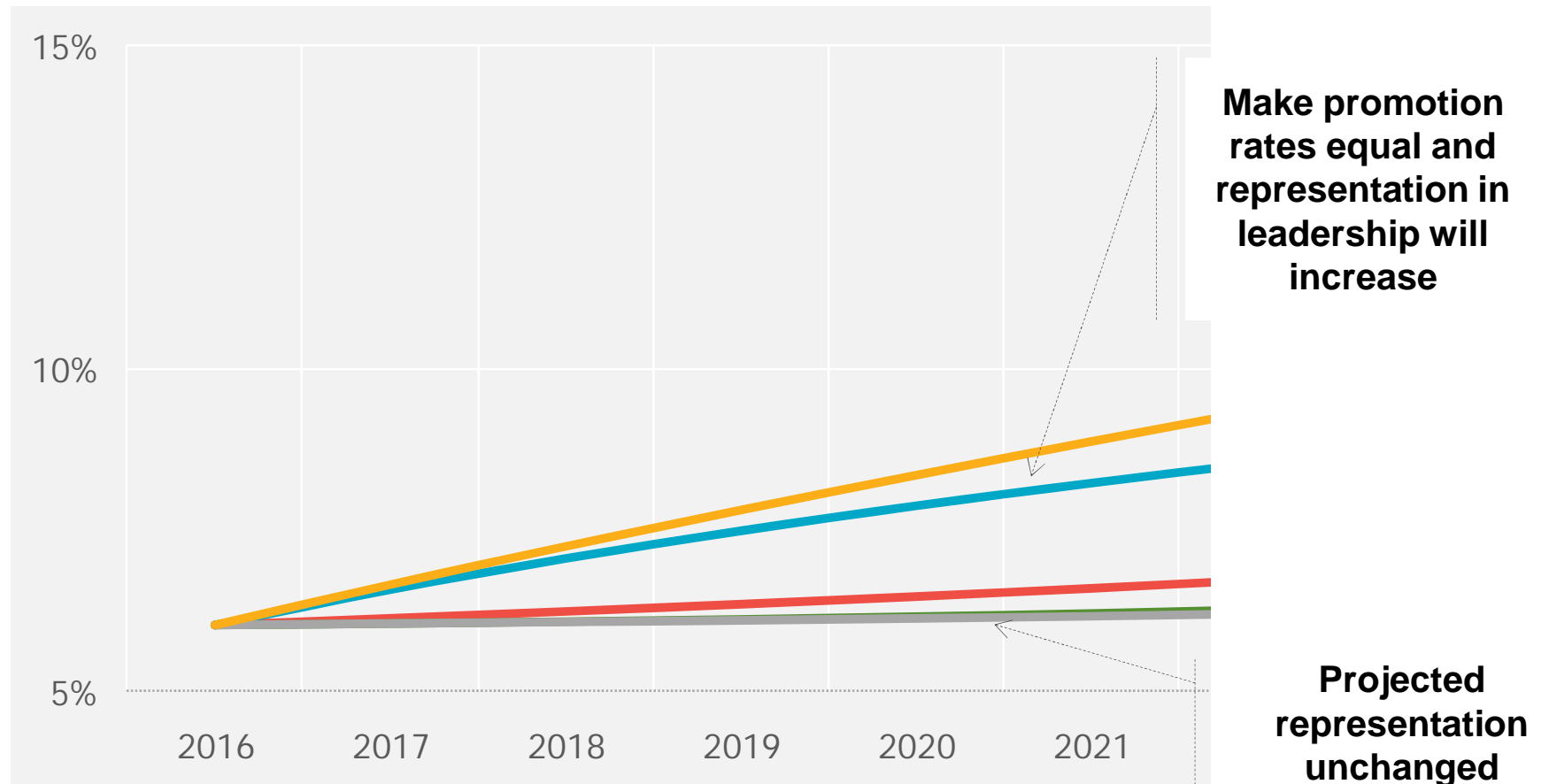


# WORKFORCE PROJECTIONS 2017 - 2021

## African-American

*Projections based on current hiring, promotion, and retention rates.*

Projections: % African American – Exec/Sr. Managers/Managers – 2016 to 2021



■ Baseline scenario (i.e., no changes to flows)

■ With adjusted turnover

■ With adjusted hiring

■ With simultaneous adjustments to all flows

■ With adjusted promotions

*Note: Not all scenario lines may be visible as a result of overlapping projection estimates.*

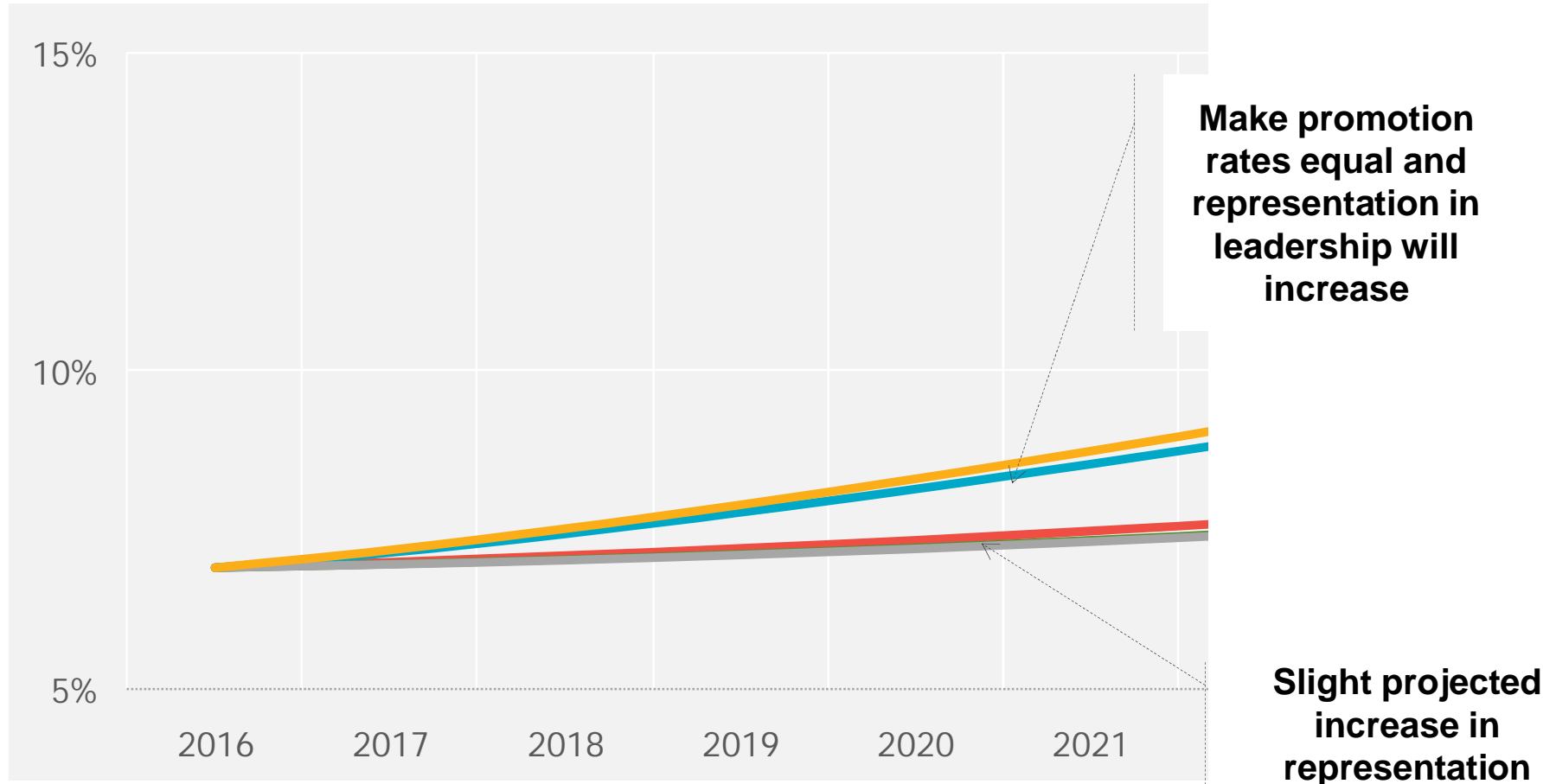


# WORKFORCE PROJECTIONS 2017 - 2021

## Latino

Projections based on current hiring, promotion, and retention rates.

Projections: % Latino – Exec/Sr. Managers/Managers – 2016 to 2021



■ Baseline scenario (i.e., no changes to flows)

■ With adjusted hiring

■ With adjusted promotions

■ With adjusted turnover

■ With simultaneous adjustments to all flows

*Note: Not all scenario lines may be visible as a result of overlapping projection estimates.*

# MAJOR CHANGES IN PROJECTIONS: THEN & NOW

**2014**

**2017**

## REPRESENTATION AT THE MANAGERS LEVER AND ABOVE

**Projected to decline**



**Projected to remain at the current level (still low)**

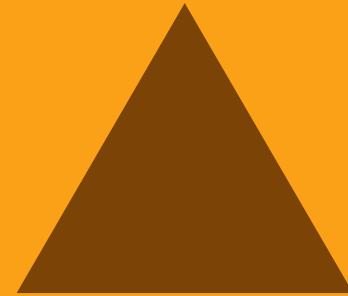
## GREATEST LEVER TO IMPORVE REPRESENTATION

**Retention**



**Promotion**

# EMPLOYEE EXPERIENCE INSIGHTS HIGHLIGHTS

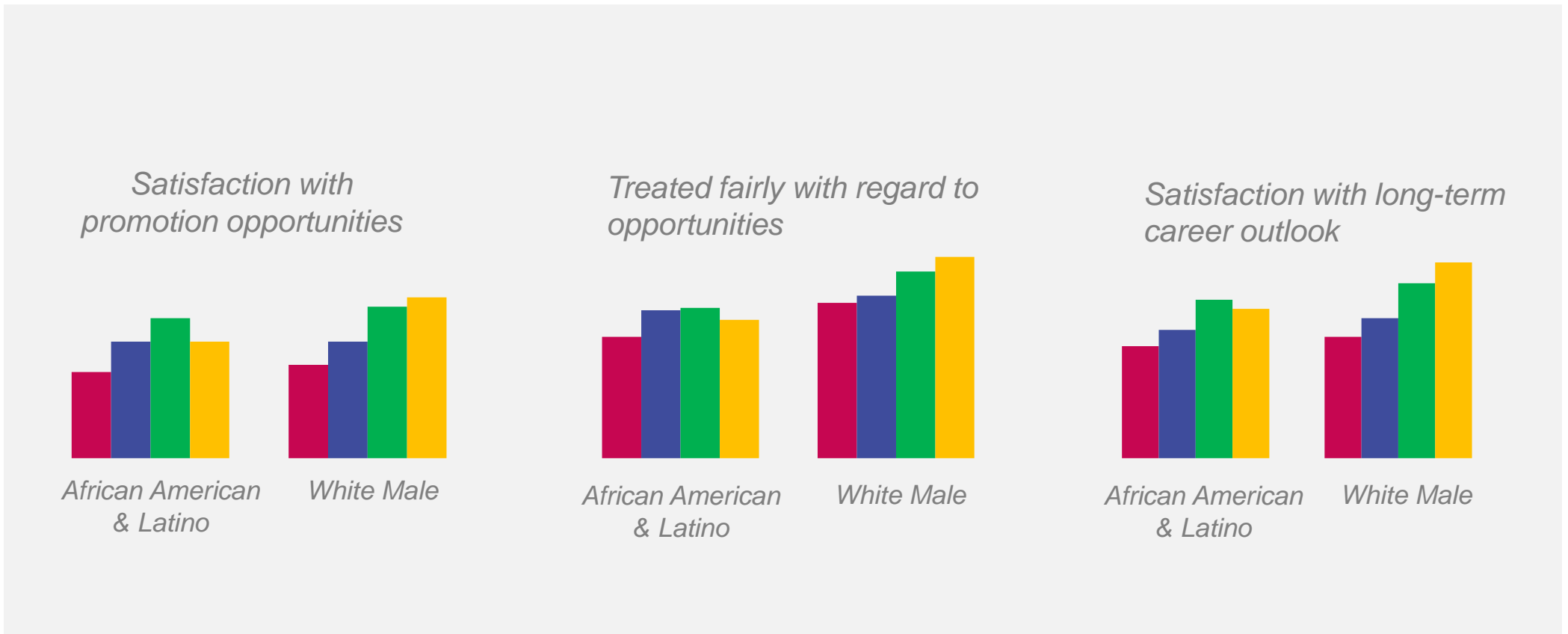


# MORE THAN 11,000 CHICAGO-AREA FINANCIAL SERVICES EMPLOYEES RESPONDED

<b>Total respondents</b>	11,643	5,538 male 5,302 female 17 other/in transition 786 declined to answer
<b>African-American respondents</b>	1,188	318 male 869 female 1 other/in transition
<b>Latino respondents</b>	824	337 male 487 female
<b>Response rates</b>	52% overall	Per-employer response rates ranged from 19% to 94%

**15 of the 20 member firms have contributed to the employee experience data**

# DIFFERENCES IN CAREER ADVANCEMENT EXPERIENCES ACROSS GROUPS



- PROFESSIONALS
- MID-LEVEL MANAGEMENT
- HIGH-LEVEL MANAGEMENT
- C-SUITE

# FACTORS MOST INFLUENCING SATISFACTION WITH PROMOTIONS FOR PROFESSIONALS & ABOVE

	African-American	Latino	White
Opportunities to utilize strengths/abilities	✓	✓	✓
Quality of leadership	✓		
Constructive feedback from supervisor		✓	
Opportunities for professional development	✓	✓	✓
Treated fairly in opportunities	✓	✓	✓
Treated fairly in distribution of rewards	✓	✓	✓
One or more professional champions/sponsors in my company			✓

 Driver of satisfaction with promotions

 Driver that is rated less favorably by African American and/or Latino respondents vs. whites



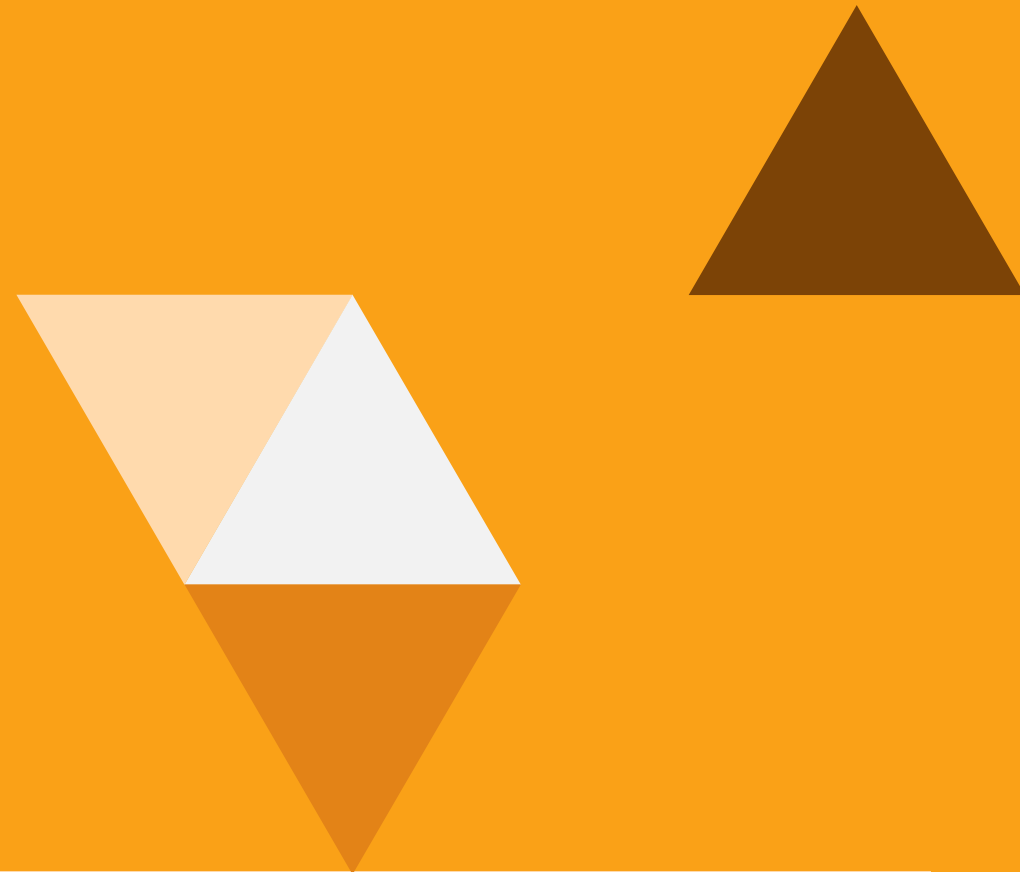
# FACTORS MOST INFLUENCING PROFESSIONALS & ABOVE TO STAY IN, OR LEAVE THE FS INDUSTRY

	African-American	Latino	White
Opportunity to reach long-term career goals	✓	✓	✓
Quality of leadership	✓	✓	✓
Ethics and integrity of co-workers	✓	✓	
Satisfaction with promotion opportunities		✓	✓
Level of work stress	✓	✓	
Treated fairly in distribution of rewards	✓		
Relationship with co-workers			✓
Prestige and status of FS industry			✓

✓ Driver of intent to stay in/leave the industry

✓ Driver that is rated less favorably by African American respondents vs. whites

# KEY OBSERVATIONS AND RECOMMENDATIONS



# MAJOR CHANGES: THEN & NOW

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## PROMOTION

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# RECOMMENDATIONS

Financial services industry must increase promotion rates for African Americans and Latinos, while continuing with retention efforts, to increase representation at higher levels.

## PROMOTION

- Focus on structural inclusion
- Build clear and transparent career frameworks including an industry career framework
- Audit processes for potential bias
- Monitor fairness of rewards practices and outcomes

## HIRING

- Continue focus on hiring African American and Latino talent to the Professional level
- Promote the FS industry's reputation in the community
- Deploy innovative technology solutions to enhance hiring of diverse talent

## RETENTION

- Continue to improve retention at the Manager level
- Commit to high leadership standards
- Address work-related stressors
- Ensure future-oriented professional development

# DISRUPTION ON THE HORIZON?

## The impact of technology on the FS workforce

- Technology / AI impact
  - Jobs are eliminated – Roboadvisors, AI replaces accountants
  - Jobs are changed – Financial advising augmented by digital imaging
  - Jobs are created – Data scientists, cybersecurity, visual design
- Potential implications for FS
  - Are African-Americans and Latinos disproportionately in jobs at risk?
  - How do we create “sustainable entry” into the FS workforce – with skills that are adaptable to the changing nature of FS work?
  - Is lifelong learning a key to long-term employment in the industry?
  - Can we spot the job creation opportunities and match African-American and Latino talent to them?
  - Technology will change leadership requirements ... implications for diversity?

