Update on Bridging the Diversity Gap

FSP
October 16, 2020

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Partner, Washington

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Principal, San Francisco
Organizations participating in the research
Executive summary

Positive Relationships with Others

Commitment to the Industry

Favorable Working Conditions

Continued Low Representation of Black and Latinx Leaders

Inequity in Opportunities and Outcomes

Development & Opportunities

Rewards & Advancement
Diversity in leadership – a widely recognized shortcoming

The Financial Services Industry has a good mix of people from different racial and ethnic backgrounds that I can look up to as role models.

<table>
<thead>
<tr>
<th>% favorable</th>
<th>Overall</th>
<th>Black</th>
<th>Latinx</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43</td>
<td>33</td>
<td>51</td>
<td>43</td>
</tr>
</tbody>
</table>

My company has a good mix of people from different racial and ethnic backgrounds that I can look up to as role models.

% favorable differences from 2015

<table>
<thead>
<tr>
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<tr>
<td></td>
<td>-6</td>
<td>-2</td>
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</table>

“The perception that the industry is run by old, white men, which, unfortunately, in many instances is also the reality. Incremental change is not enough. There needs to be a wholesale effort across the board to make the diversity among senior leaders match the diversity of our markets.”

White, male, Professional/Technician

% favorable = “Agree” + “Strongly Agree”
Talent flows in the Chicago FS industry, 2019
Blacks vs all other

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Total Hires</th>
<th>Active Headcount, Total Promotions, and Representation (%)</th>
<th>Total Exits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>African American</td>
<td>Other</td>
<td>African American</td>
</tr>
<tr>
<td>Exec/Sr. Managers</td>
<td>2.3%</td>
<td>1.5%</td>
<td>86</td>
</tr>
<tr>
<td>Managers</td>
<td>3.2%</td>
<td>2.6%</td>
<td>1,140</td>
</tr>
<tr>
<td>Professionals</td>
<td>3.0%</td>
<td>2.6%</td>
<td>3,019</td>
</tr>
<tr>
<td>Staff</td>
<td>4.3%</td>
<td>5.2%</td>
<td>5,341</td>
</tr>
<tr>
<td>Overall</td>
<td>3.8%</td>
<td>3.4%</td>
<td>9,566</td>
</tr>
</tbody>
</table>

Hiring rates favor Blacks at all levels ... turnover rates are generally higher for Blacks ... promotion rates are very low for all
Talent flows in the Chicago FS industry, 2019
Latinx vs all other

<table>
<thead>
<tr>
<th>Career Level</th>
<th>Total Hires</th>
<th>Active Headcount</th>
<th>Total Promotions</th>
<th>Representation (%)</th>
<th>Total Exits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Latinx</td>
<td>Other</td>
<td></td>
<td></td>
<td>Latinx</td>
</tr>
<tr>
<td>Exec/Sr. Managers</td>
<td>1.3%</td>
<td>1.6%</td>
<td>77</td>
<td>3,235</td>
<td>2% / 198%</td>
</tr>
<tr>
<td>Managers</td>
<td>2.4%</td>
<td>2.3%</td>
<td>1,415</td>
<td>16,051</td>
<td>3% / 192%</td>
</tr>
<tr>
<td>Professionals</td>
<td>4.3%</td>
<td>2.5%</td>
<td>2,894</td>
<td>37,291</td>
<td>2% / 193%</td>
</tr>
<tr>
<td>Staff</td>
<td>5.7%</td>
<td>4.7%</td>
<td>6,365</td>
<td>23,406</td>
<td>2% / 170%</td>
</tr>
<tr>
<td>Overall</td>
<td>4.9%</td>
<td>3.2%</td>
<td></td>
<td></td>
<td>12% / 88%</td>
</tr>
</tbody>
</table>

Hiring rates favor Latinx at Staff and Professionals levels ... turnover rates are generally higher for Latinx ... promotion rates are very low for all
How 2019 compares to 2017 and 2014 Reports

Since 2013, the Chicagoland FS industry has experienced ...

- **Sustained success at attracting Black and Latinx talent**, as judged by favorable hiring rates

- **A narrowing of the gap in attrition rates, although attrition rates remain higher for Blacks and Latinx** relative to others

- **Fluctuations in promotion rates**
  - Promotion rates into the Executive/Sr. Manager rates have remained low for all
  - Promotion into and out of Professional ranks vary considerably

- **No change in the representation of Blacks and Latinx** in the Executive/Sr. Management, Management, and Professional levels
Work experience overall – what has changed?

Satisfaction with the level of ethics and integrity demonstrated by those I work with:

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>Latinx</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>% favorable differences from 2015</td>
<td>11</td>
<td>12</td>
<td>10</td>
</tr>
</tbody>
</table>

Overall, how happy are you working in the Financial Services Industry?

<table>
<thead>
<tr>
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<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>% favorable differences from 2015</td>
<td>13</td>
<td>9</td>
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Commitment to the Financial Services Industry.

<table>
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<td>18</td>
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“*I value what the company stands for as their core values and ethics as well as helping the community by giving them what is best for them, not just making a sale for compensation reasons.*”  
Latinx Female, Sales

% favorable = "Agree" + "Strongly Agree"
Work experience overall – what has changed?

% favorable differences from 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>White</th>
<th>Latinx</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with the opportunity to work a</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>flexible schedule</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction with the level of work-related</td>
<td>4</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>stress</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay for performance</td>
<td>16</td>
<td>11</td>
<td>14</td>
</tr>
</tbody>
</table>

“Flexible work arrangements/schedule - Trust & autonomy to do my work.” Black, Female, Mid-Level Manager

“The work from home has been eye opening and thus reducing the stress level my family would have had otherwise.” Latinx, Male, Professional/Technician

% favorable = "Agree" + "Strongly Agree"
Overall opportunities – fairness & rewards

“Implement a fair performance evaluation system that seeks to root out the loop-holes that allow managers to "underrate" their employees of color year after year with no oversight around ‘why’.”

Black, Male, Higher-Level Manager

% favorable = "Agree" + "Strongly Agree"
Satisfaction with promotion opportunities – what has changed?

“Senior Management continuing to promote people who look or act like them. “ Black, Female, Professional/Technician

% favorable = "Agree" + "Strongly Agree"
Mentors and sponsors for female employees – level x race

1 or More Mentors

<table>
<thead>
<tr>
<th></th>
<th>Black Female</th>
<th>Latinx Female</th>
<th>White Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>% favorable</td>
<td>48</td>
<td>52</td>
<td>55</td>
</tr>
<tr>
<td>% favorable differences from 2015</td>
<td>-2</td>
<td>2</td>
<td>6</td>
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1 or More Sponsors

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<tr>
<td>% favorable</td>
<td>37</td>
<td>56</td>
<td>64</td>
</tr>
<tr>
<td>% favorable differences from 2015</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

% favorable = "Agree" + "Strongly Agree"
Mentors and sponsors for male employees – level x race

% favorable

1 or More Mentors

Black Male 56 54 54
Latinx Male 60 59 61
White Male 53 53 61

% favorable differences from 2015

Black Male -4
Latinx Male 8
White Male 7

1 or More Sponsors

Black Male 38 39 44
Latinx Male 47 48 52
White Male 47 67 64

% favorable differences from 2015

Black Male -5
Latinx Male 1
White Male 5

% favorable = "Agree" + "Strongly Agree"
Career outcomes for women – what has changed?

% favorable differences from 2015

**Experience fair treatment with regard to reward distribution**
- White Female: 8
- Latinx Female: 6
- Black Female: 2

**Satisfaction with promotion opportunities**
- White Female: 3
- Latinx Female: -6
- Black Female: -3

”Higher level management and leadership positions are mostly filled by Caucasians, it seems like they rarely promote people of color.”

*Latinx, Female, Professional/Technician*

% favorable = "Agree" + "Strongly Agree"
Career outcomes for men – what has changed?

% favorable differences from 2015

**Opportunities to utilize my strengths / abilities**
- White Male: 7
- Latinx Male: 8
- Black Male: -1

**Feeling treated fairly with regard to rewards**
- White Male: 9
- Latinx Male: 9
- Black Male: -1

**Satisfaction with job responsibilities**
- White Male: 6
- Latinx Male: 8
- Black Male: -5

**Satisfaction with promotion opportunities**
- White Male: 3
- Latinx Male: -4
- Black Male: -7

“1. Provide a more transparent promotion process  2. Promote more people of color  3. Support minorities in those roles as they would those that are considered apart of the majority.” Black, Male, Sales

% favorable = "Agree" + "Strongly Agree"
Diversity & inclusion effort and impact

Senior leaders in my company are passionate advocates for diversity and inclusion

% favorable differences from 2015

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<td>4</td>
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<td>10</td>
<td>10</td>
<td>9</td>
</tr>
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<td>White</td>
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“It’s rather insulting to listen to a company I work for promote D&I but I'm constantly looking at an all white panel of men at the top. What are these men doing to pull other talented people that may not look like them up through the ranks?” Black, Female, Mid-Level Manager
Key observations

The lack of change in representation remains a disappointing reality

A “fairness gap” exists relative to whites, with the gap more pronounced for Blacks
• Blacks and Latinx experience less fairness with regard to promotion, recognition, rewards

In several ways, the experience of working in the industry has become more favorable for Blacks and Latinx
• Increasingly positive views of ethics and integrity, lower levels of stress, stronger commitment to the industry

Evidence of a gender gap in experiences exists
• Black and Latinx women report having more mentors and sponsors than do their male counterparts
• Black men have a less favorable view of employers’ commitments compared to 2015 while the favorability of the views of Black women and all Latinx has increased
Recommendations

Maintain new flexibility to support work-life balance and alleviate stressors

Accelerate upward mobility and increase retention to increase representation in leadership

Continue and evolve leadership advocacy efforts with input from Black and Latinx employees

Intervene intentionally and aggressively to establish equity in the current workplace context, including access to training, development, mentoring, and sponsorship

Implement systems and processes for a more equitable workplace (e.g., diverse interview panels and candidate slates, clear and accessible career frameworks, integrated checks against bias in policies and practices)

Continue to measure and monitor representation and the employee experience.
About the authors

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