

FREE RECRUITING EBOOK

HOW TO ADDRESS THE DIVERSITY PROBLEM IN FINANCE



TURAZO

DIVERSE AND INCLUSIVE COMPANIES DRIVE INNOVATIVE RESULTS.

The finance industry however, still **struggles with diversity and inclusion**, often failing to attract diverse talent that mirrors its customer base.

Investing in Diversity and Inclusion (D&I) initiatives that work could be the difference between outperforming competitors and falling to the wayside.

In this eBook, we'll:

- Provide a detailed definition of D&I and why it's vital to the finance industry;
- Share D&I examples that showcase successful candidate and employee engagement strategies;
- Suggest proven D&I strategies you can implement at your institution.



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DIVERSITY AND INCLUSION (D&I)

Diversity in the workplace means having a workforce comprised of wide range of individuals from different backgrounds, demographics, cultures, and experiences. Inclusion reflects just how well that diversity is embraced in every facet of the organization.

While demographic and social identities play critical roles in developing a more diverse culture, having a wide array of demographic diversity doesn't necessarily ensure your company culture is inclusive of them. That's where **cognitive diversity** comes into play.

Where employees went to school, the extracurricular activities they participate in, and even how much time they spend working with people of different cultures and backgrounds, all influence how well one employee can relate to another. This is referred to as a **"second dimension"** of diversity (2-D diversity).

Researchers found that when 2-D diversity is present, companies are much more likely to benefit from "outside the box" thinking. This is critical considering that one of the biggest sources of bias at companies is **a lack of diversity in thought**.

Simply put, it's not enough to hire for diversity or to introduce an initiative focused exclusively on ethnicity or gender. The challenge is to create a culture where diversity is embraced at large, and where employee experiences are part of the equation.

D&I & FINANCE RECRUITING

While some large financial institutions are investing in diversity-focused initiatives like unconscious bias training and mentorship programs, the industry as a whole has been slow to adopt worthwhile strategies particularly when it comes to recruiting and hiring top talent.



“The representation of women and minorities in the financial services sector has remained steady and low, for more than a decade.”

According to **a recent analysis** by the Harvard Business Review, the representation of women and minorities in the financial services sector has remained steady and low, for more than a decade.

The number of Hispanic managers at U.S. commercial banks, for example, rose from 4.7% to just 5.7% between 2003 and 2014. The representation of Caucasian women decreased from 39% to 25%, and that of African American men decreased from 2.5% to 2.3% during that same time period.

The Financial Services Pipeline Initiative also found that the finance industry mostly hired minorities for low-level positions and few were promoted to higher ranks. Without diversity at the mid- and senior-levels, diverse talent is unable to see a path to the top and is therefore is more likely to look elsewhere for opportunities.

D&I & FINANCE RECRUITING (CONT.)

One issue is how most companies in the finance industry are **recruiting new hires**— primarily from existing employees' alma maters or re-hiring past colleagues from previous positions. This practice unfortunately perpetuates homogeneity and when diverse talent is successfully recruited, it's often at the entry level or back-end roles.

It may not be easy to overcome these natural tendencies but it can be accomplished. In fact, encouraging diversity and inclusion is shown to deliver measurable effects on financial success and growth indices, and is proven to provide an overall competitive edge.

Here are some interesting statistics illustrating the virtuous relationship between diversity and financial performance:

- Companies with the most ethnically diverse executive teams are 33% more likely to outperform their peers on profitability. (McKinsey, 2017)
- Companies that reported above-average diversity on their management teams also reported innovation revenue that was 19% higher than that of companies with below-average leadership diversity—45% of total revenue versus just 26%. (Boston Consulting Group)
- Venture-capital firms that “increased their proportion of female partner hires by 10% saw, on average, a 1.5% spike in overall fund returns each year and had 9.7% more profitable exits.” (Harvard Business Review)

D&I IN ACTION: 3 EXAMPLES

In our research, we came across several excellent examples of corporate cultures to emulate. While there are plenty of companies doing diversity right, these examples stood out for their focus on candidate and employee engagement strategies.

BANK OF AMERICA

Bank of America has shown a long-standing commitment to D&I. In winning the 2018 award for World's Best Bank for Diversity and Inclusion from Euromoney, Bank of America is certainly among the global leaders in this area. Its support programs for female employees and clients are exhaustive – from virtual professional development sessions for multicultural women, to its **Global Women's Conference and its Women in Wealth series**.

Bank of America's **Diversity & Inclusion Forums** provide female and ethnically diverse first year and sophomore college students with the opportunity to learn about the finance industry, dive deep into specific business areas, develop relationships with professionals and prepare for the 2020 application and interview process.

This commitment to developing an early pipeline of candidates and advancing females in the workplace is evident in **the company's diversity numbers**. More than 50% of its global workforce, over 40% of its global management team, and more than 30% of its board of directors are female.



BMO FINANCIAL GROUP

BMO Financial Group's Diversity and Inclusion Renewal for Sustainable Change (DIR) is a **North American strategy** to build an inclusive work environment that drives employee, customer, and business goals across the organization. The initiative focuses on transforming BMO's senior leadership ranks, talent pipeline, and organizational culture through innovative diversity and inclusion strategies.

Here are some of BMO Financial Group's innovative diversity and inclusion strategies:

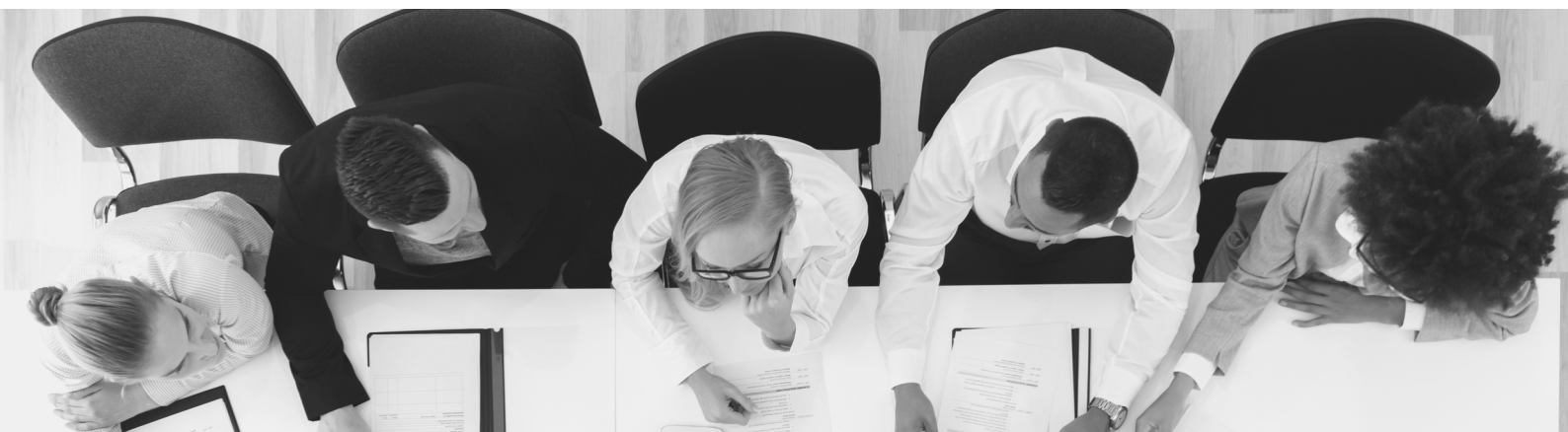
- Diversity and inclusion are integrated into recruitment and hiring processes to proactively engage a diverse workforce early on.
- **BMO's Talent Advisors Network (TAN)** supports talent development by partnering with business leaders to create diverse succession plans, assess talent, identify scenarios where blind spots may be influencing talent decisions, and work directly with diverse talent providing one-on-one coaching.
- They implemented a formal enterprise sponsorship program where senior bank leaders are nominated and paired with talented, diverse protégés who have the potential to assume more senior roles.
- **Enterprise Women's Forum:** This strategy focuses on women customers and entrepreneurs, providing strategic guidance and direction to help them manage their wealth, pursue successful careers, and achieve their own financial well-being.

These D&I initiatives have helped BMO achieve important results. Most notably, between 2012 and 2016, the bank met its five-year goal of 40% women's representation among senior leaders in the United States and Canada, with women in these roles increasing from 33% to 40.1% and women of color and visible minority women increasing from 4.4% to 6.5%.

SCHNEIDER- ELECTRIC

With over 100,000 employees worldwide, Schneider-Electric is one of the world's major global power system companies. The company shunned a long-held policy of repatriating US and French Nationals to run all its business branches, and instead adapted to the local environments, making inclusion a core strategy of its operations.

Today, it couples global tactics and business plans with local decision-making. This focus on diversity has enabled the company to **grow by 6.2% in Q1**, with its Asia-Pacific arm growing by 14%, and its digital power management growing in leaps and bounds.



While these three examples are far from comprehensive, they are a great start for anyone in need of inspiration. These companies are paving the way for innovative ways to promote both diversity and inclusion in the workplace, and are reaping the benefits from their efforts.

D&I STRATEGIES & RECOMMENDATIONS

A strong diversity and inclusion strategy can help your organization attract the best talent and drive results. Here are some recommendations on how to implement a successful diversity and inclusion program:

✓ **Match your diversity and inclusion goals to your business objectives.**

The best diversity and inclusion programs are tied to a company's business strategy. Diversity and inclusion initiatives should be mapped to specifically support and drive your business-growth. This might include drawing in and retaining the right talent, adapting to location and sociocultural contexts, and maximizing local impact.

✓ **Create diversity and inclusion benchmarks.**

First, look at the diversity among your overall employee population. From there, analyze that information by looking at all of the steps in the employee lifecycle, including the candidate pool, hiring, employee performance reviews, promotions, compensation and turnover. It's also important to examine diversity measures by department and management level. This will help you identify the necessary areas for training or help decide where to set more aggressive recruiting goals.

✓ **Expand your hiring pool.**

Post in diversity-oriented job groups, partner with diversity organizations, and connect with diversity-oriented groups at universities. Take a chapter out of Under Armour's book and consider leveraging technology to expand your college recruiting efforts to more diverse schools. [Learn more, here.](#)

D&I STRATEGIES (CONT.)

✓ **Determine how you will track and evaluate your D&I efforts.**

Like other business initiatives, tracking the progress of your D&I program is critical to both its short-term and long-term success. Creating goals, establishing objectives, and setting a clear timeline will help you identify any blind spots or points of unintentional bias, assess the effectiveness of any modifications, and remove any systemic obstructions to full company-wide inclusion.

✓ **Aim for 100% company-wide integration.**

Seamlessly and firmly include diversity and inclusion strategies into every process of your company—your recruitment, operations, leadership evaluations and training. Successful companies have created employee networks (e.g, employee resource groups, community outreach groups) to help further reinforce and encourage adoption. The goal is to develop a work culture that includes flexibility, acceptance and equity at all levels, not just top down.

✓ **Be patient.**

Creating a more diverse and inclusive organization takes time and results will not be achieved overnight. Be patient, stay consistent, and continue to look for inspiration from companies who have reaped the rewards of making diversity and inclusion part of their DNA.

LOOKING TO THE FUTURE

Increasing diversity in the finance industry can't be improved through hiring practices alone. It's critical to also create a culture of inclusion and opportunity where every team member's voice is heard.

In this eBook, we've explained how attracting and retaining strong talent that is representative of the diverse world we live in starts from the inside.

An inclusive organization can't exist without a diverse workforce. And an organization must be inclusive in order to retain its diverse staff.

It takes a comprehensive effort and continued investment over the years to attract, hire, develop, and retain a diverse workforce while building an inclusive culture.

If you want to attract the best talent and drive innovative results, initiate the strategies outlined in this eBook and start reaping the benefits of a more diverse and inclusive company culture.



[CASE STUDY] UNDER ARMOUR

Under Armour needed a way to diversify their talent pool and create stronger relationships with students. **Learn how** they started leveraging their current employees in their recruiting strategy and reached 10x the number of campuses with Turazo.

TURAZO CAN HELP!

A RADICAL NEW APPROACH TO HIRING

Turazo is transforming the way companies attract, engage and successfully hire diverse talent. Companies use Turazo to cultivate their own talent acquisition network, connecting prospects with company employees for one on one conversations.



Turazo



@TurazoTeam



hello@turazo.com

Our web-based system offers everything you need in a recruitment CRM and candidate engagement platform, including smart matching, video interviewing, email, applicant assessment and tracking, all in one, easy-to-use solution.

For more information, and to schedule a demo, visit turazo.com.

