



Diversity  
Project  
NORTH AMERICA

**2021**

# ON THE CLOCK

Advancing Diversity, Equity, and Inclusion  
in the Asset Management Industry

**Nicsa's Annual DEI Perception Study**

Prepared  
with



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## NICSA PRESIDENT'S LETTER

With an increased call to action for greater diversity, equity, and inclusion (DEI) across the global business landscape, asset management industry leaders are taking on the challenge of advancing our industry into a future that is sustainable and equitable for all.

Our Diversity Project North America initiative was founded in 2018 with a mission to advance DEI within our industry's workforces, leadership, and corporate cultures. Since that time, national and global events have shined a spotlight on the institutional inequities that desperately need to change, and our member firms are rising to the challenge. Business leaders are committing to creating atmospheres in which employees can flourish, and corporate C-suites are promoting DEI as key to talent retention and increased innovation. DEI is gaining recognition as a vital component of an organization's business success.

Many have started their DEI journey with an inward practice, correcting and adjusting daily actions and increasing awareness across employee groups. Some have made public declarations and adjusted company policies. Others have increased transparency and tied DEI to their corporate management goals, including compensation.

As an industry, we have taken several significant steps forward, but there is a mountain of progress still to climb.

The time for action is now and we must resolutely and collectively accelerate our efforts.



The Diversity Project North America has the unique ability to leverage collaborative leadership across the industry to advance our mission. Our **Benchmarking Committee**, comprising data professionals across industry verticals, has led an important initiative that seeks to identify perception gaps, highlight opportunities for growth, and provide baselines from which the industry can measure its progress. Beginning in 2020, we conducted a survey to measure the broader industry's beliefs around DEI and how they view their own firm's progress<sup>1</sup>. In our 2021 survey, we received almost 1,200 anonymous responses—a significant increase of 250% from last year's participation rate—and we complemented our findings with insights provided by Diversity Project North America member firm leaders in a series of roundtables discussing the results.

This year, we joined forces with a valued founding member, **EY**, to bring you the 2021 DEI Perception Survey, member firm roundtables, and this report of the findings. Takeaways from this year's results,

<sup>1</sup> 2020 DEI Pulse Survey Results | Nicsa Diversity Project North America, Career Agility

as well as the comparison to last year's, are quite insightful. The past year has been momentous, and its impacts are seen in the increased awareness of DEI as an important business element as well as in perception changes on topics such as talent attraction and retention, transparency, accountability, and the industry's overall response and commitment. We are hopeful that future Perception Surveys will shed even more light on the issues at hand. We thank EY for their steadfast dedication to the Diversity Project mission, including their work on this year's survey and report.

We are very proud to provide a platform for the collaborative efforts that will surely help position the global asset management industry for the workforce of the future. The challenge before us is significant yet not insurmountable, and I am extremely optimistic given the energy and enthusiasm that this initiative has garnered since we started the Diversity Project North America in 2018.

I ask each one of you to join us in advancing our mission and creating a sustainable and inclusive industry that welcomes new participants and encourages different perspectives and leadership styles. Thank you to our Board of Directors, our member firms, our leadership, our committees, and our volunteers for their dedication to such an important initiative.

If you are interested in joining the Diversity Project North America, please **contact me directly**. We would love to have your thoughts, energy, and passion with us during this journey.

With hope for the future,



**Jim Fitzpatrick**

President & CEO of Nicsa

## EXECUTIVE SUMMARY

The asset management industry is on the clock to turn its commitment into meaningful, targeted actions that will advance the current landscape of diversity, equity, and inclusion (DEI).

Following the tragic events and social injustices of 2020 and the hate crimes that occurred into 2021, the call to make DEI a priority was dramatically accelerated. Pressure from employees and clients, as well as the possibility for regulatory scrutiny, created a snowball effect that demanded a response.

Firms stepped up by sharing their commitments to improve DEI, some of which included overhauling hiring processes with the intent to remove bias and expand diversity, taking a public stance of anti-racism, and evaluating investments and various contributions to consider their societal impacts. More organizations started collecting and disclosing DEI data than ever before. Much of these efforts were focused on making progress through strong communication on commitments to the cause as well as the identification and implementation of structural changes throughout the business and supply chain.

These necessary actions from the asset management industry are positive steps in the right direction. However, patience for more meaningful change is running short and the road ahead is long. While it is important that progress is recognized and firms are commended on commitments made thus far, the industry must advance DEI actions and demonstrate measurable results in order to deliver on goals. Setting standards and increasing transparency are imperative in improving the perception of DEI across the industry.

While some of the perceptions gathered this year have slightly improved or remained aligned compared to results from 2020, others have worsened. An overwhelming majority of respondents, almost 90% in both 2020 and 2021, continue to believe in the importance of a diverse workforce and leadership

team to organizational performance. Sentiments on organizations' commitment to creating a safe environment for employees have improved from 73% to 80% of respondents answering "committed" or "very committed" and opportunities for employees to be mentored and sponsored have almost doubled since last year.

43% of last year's respondents felt that their organization was successful in achieving a good diversity balance in all positions. However, 70% of this year's respondents describe their organization as somewhat diverse or not diverse at all across all levels of the workforce and 79% describe leadership as the same. When looking at the industry's success in advancing DEI, 63% of last year's respondents felt that it was successful or very successful while 62% of this year's respondents felt that it was somewhat successful or not successful at all.

People continue to believe in the importance of DEI and that turning talk into action is imperative. Risks of nonaction have grown as pressures from employees, clients, regulatory bodies, and other stakeholders for firms to demonstrate tangible progress beyond their high-level commitments continue to increase. The necessity for more accountability has extended throughout all levels of the organization—especially in setting responsibility for leadership and middle management to execute action plans that will achieve goals and influence change.

While the overall sentiment of "what gets measured gets done" remains, DEI data collection and reporting have evolved at a rapid pace in all industries over the course of the last year. Internal and external stakeholders are demanding transparency on more data parameters than ever before, as well as a clear understanding of how firms will expand collection and tracking efforts over time. Talent attraction in the current working environment has become more competitive and hiring processes must adapt to minimize bias, increase diversity, and promote equity

and inclusion. Employee retention continues to be an area firms are struggling with and emphasizes the need to evolve the industry's current culture. There is a demonstrable case for collaboration across all organizations in the asset management industry to drive standards, best practices, education, benchmarking, and ultimately address all of these areas.

This report presents a summary of the industry's perceptions and provides a number of actionable insights based on leading DEI practices. Capturing additional demographic parameters in this year's survey allowed for more granular analysis on sentiment differences amongst and across groups. Those differences are featured throughout this report, both in comparisons across 2021 demographic groups and in trending identified from 2020 to 2021 survey data. Reactions and additional commentary were also gathered from business, HR, and DEI leaders in the industry, and subject matter perspectives assembled from within finance and across other sectors further informed the report's development.

## OUR DETAILED FINDINGS CENTER ON EIGHT KEY TAKEAWAYS:

### **The industry's response to the events of last year created momentum, but work remains to shift perceptions and continue advancing diversity, equity, and inclusion.**

While some early indicators of success have been seen on the commitments firms have made, survey respondents' perceptions of responses and actions prove there is a need for the industry to adapt and grow. Strategies and programs must be clear and actionable across diversity, equity, inclusion, and even belonging, as well as highly visible to all stakeholders.

**“We are moving in the right direction. Changes like this do not happen overnight.”**

Survey Respondent

### **Differences in perceptions amongst demographic groups suggest people's experiences in the industry vary widely, which can make it difficult to create a sense of shared culture.**

How employees experience corporate culture varies based on their demographic backgrounds, creating an authenticity or perception gap. These gaps must be addressed head on, and behaviors must change across all levels of the organization to improve the industry's current culture.

### **DEI should be factored into every business decision and not be a stand-alone initiative.**

Organizations need to embed DEI criteria into their decision-making governance structures and processes, much in the same way that revenue and cost considerations are currently evaluated. The impacts to people, and specifically elements of DEI, need to be part of every major decision across the organization and throughout the supply chain.

## **Priorities should be set at the highest levels of the organization. Dedicated resources are essential.**

Lack of dedicated resources (time, budget, people) and commitment from the highest levels of the organization is a non-starter to advancing DEI. Boards of directors and executive leadership teams must take personal accountability for their organizations to succeed in DEI. Expecting teams to achieve goals without resources is unrealistic and causes employees to question the authenticity of DEI-specific values that the organization may claim as aspirations.

## **Middle management can be a key enabler for change. Goals and accountability should be made clear.**

Middle managers are uniquely positioned to integrate DEI practices into day-to-day operations. They have heavy influence over the employee experience and the various stages of the hire-to-retire cycle. Alignment is needed throughout the organization to support and prioritize middle management in enacting changes that will advance DEI without the misguidance of compromising on traditional financial goals (e.g., revenue, sales, operational efficiency).

## **Transparency can start now with available metrics. Roadmaps to expand over time should be developed and shared.**

The finance industry overall is widely regarded as a laggard in publicly disclosing DEI statistics. Asset management firms have started to take small steps toward increasing transparency through disclosing their Form EEO-1 data on employee race, ethnicity, and gender as well as publishing more detailed transparency reports, but there remains work to be done. To help close the perception gap, firms must report on their reality—whatever that starting point may be.

## **Training needs to evolve from raising awareness to shifting behaviors.**

Most of the early DEI training programs have been focused on knowledge and awareness, particularly as it relates to unconscious bias. Leading companies are redesigning training to encompass both awareness as well as skill building to further support the mindset and ability to behave in a way that is consistent with the organization's DEI values. They are also designing trainings in all aspects of DEI. The trainings in their current form (i.e., programs largely focused on knowledge and awareness) are not enough and their immediate positive impact tends to dissipate over time.

## **Attracting and retaining top diverse talent will come from putting real substance behind DEI statements and creating a sense of belonging.**

Commitment and action to further equity, inclusion, and belonging is necessary to not only attract and retain diverse employees but allow them to flourish. Employees need to feel safe, supported, and a sense of personal belonging in the workplace. To build a diverse workforce and pipeline to senior and executive leadership roles, firms need to change their hiring processes, internal support structures, and workplace environments in ways that accommodate the needs of all employees.

“We’re on a journey to be better, whether it’s for our employees, for our communities, or for our clients.”

Industry Leader



## THE INDUSTRY'S RESPONSE TO THE EVENTS OF LAST YEAR CREATED MOMENTUM, BUT WORK REMAINS TO SHIFT PERCEPTIONS AND CONTINUE ADVANCING DIVERSITY, EQUITY, AND INCLUSION.

After the racial injustices and social unrest that occurred in the United States in the spring and summer of 2020 and the hate crimes that occurred into 2021, many firms made commitments to create meaningful change in diversity, equity, and inclusion. While some early indicators of success have been seen stemming from those commitments in hiring practices and training programs, it is crucial that the industry continues building momentum to strengthen and achieve goals. Understanding the perceptions of the asset management industry's responses and actions is important to inform how current approaches to DEI need to be adapted going forward.

Individual firms embraced how far to take their public responses to last year's events in different ways, which came down to the leadership of their boards and executive teams. Initial messages in the spring condemned racial injustice and rolled out mental health and emotional support programs for employees in the near term. Throughout the summer, more tangible commitments were communicated after organizations had time to gather inputs from experts as well as solicit employee feedback. Commitments included investments in organizations advocating for racial equity, building programs and relationships with Historically Black Colleges and Universities (HBCUs) and other diverse institutions, mandating unconscious bias trainings, and increasing hiring and retention goals for diverse employees.

“The same firm will send out an anti-racism message every day and also refuse to share DEI metrics. I believe the firms have good intentions and the anti-racism messaging is a good step forward, but not enough for real progress.”

Survey Respondent

Only 23% of this year's survey respondents feel that the industry was “very successful” or “successful” at actively responding to social injustice over the last year. The majority of survey participants came to the consensus that the industry did not get their responses to these events completely right, and when looking at the differences by demographic segment, it was found that Asian or Pacific Islander, Black or African American, and LGBTQ+ respondents had even higher percentages of “not successful at all” responses compared to other groups.

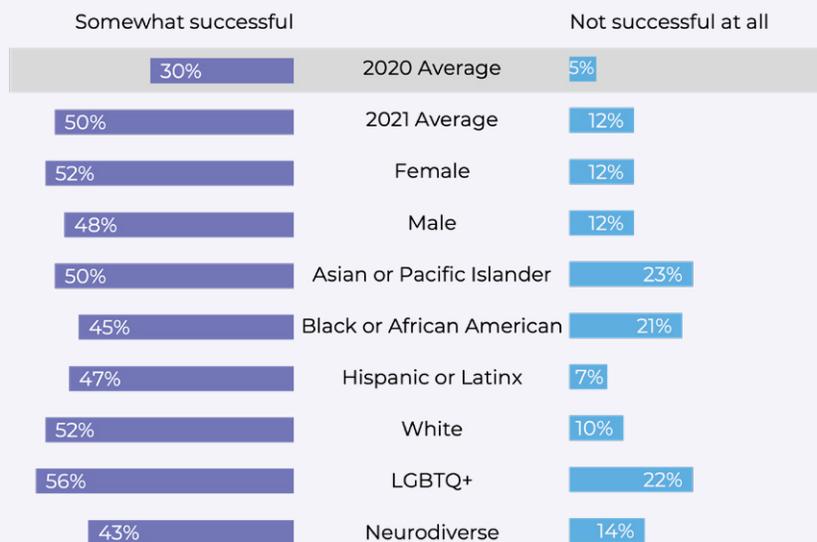


Initial commitments were primarily reactionary to the immediate need for racial justice, and while many organizations publicly shared them on websites, press releases, or DEI reports—others did not. Detailed information on goals and current metrics for diversity factors such as workforce and leadership composition by demographic group weren't publicly shared at first, and many firms in the asset management industry remain slow to share them today. Firms used these initial commitments as their starting points. Additional pressures from employees, clients, and other stakeholders created a need to develop more holistic transformational plans that touched on all areas of DEI. While many firms were aligned in addressing the need for change, how they proposed to achieve it varied.

Prior to the events of 2020, last year's survey respondents agreed that the industry had made progress in advancing diversity and inclusion with only 35% reporting that progress was lagging. However, 62% of this year's respondents feel that the industry was "somewhat successful" or "not successful at all" in advancing DEI initiatives over the course of the past year. Male and neurodiverse respondents believe the industry was more successful at advancing DEI while almost all other groups feel it was less successful (especially Asian or Pacific Islander and LGBTQ+ respondents) **(fig. a)**.

DEI programs need to be broken down more explicitly within the individual components of diversity, equity, and inclusion. Having a DEI leader

**(FIG. A) PERCEPTIONS OF THE INDUSTRY'S SUCCESS IN ADVANCING DEI INITIATIVES HAVE WORSENE**





or at least a dedicated team provides a means for fully building out each area and embedding an organization's goals into all facets of the business. It is common to build an overarching strategy and identify key areas of focus over the near and long term, but this ultimately needs to be converted into clear, actionable steps on diversity, equity, inclusion, and even belonging. Getting specific allows organizations to be more prescriptive in tackling the fundamental issues.

Equity is one component that needs more attention from the asset management industry when setting specific commitments, and it needs to be addressed by the highest levels of organizations. Diversity and inclusion were priority focus areas for many firms last year, but the industry will continue to lag progress in equity initiatives if they're not considered from both a singular and interdependent lens. For example, in the United States there are large gaps in socioeconomic and education that create inequity in financial services employment opportunities. To address this, firms must consider equity factors alongside diversity factors in adjusting recruitment and hiring practices. Similarly, most equal pay analytics performed in the industry will cover only employees, excluding owners or partners in the business where the highest earnings arise.

“The industry has public aspirations to progress DEI initiatives but only time will tell if efforts are genuine and meaningful.”

Survey Respondent

“There may be good work being done but I'm just not aware of it.”

Survey Respondent

While 57% of last year's survey respondents agreed that their organization had an external reputation for having an inclusive work environment, 42% of this year's respondents describe their organization's external reputation as “average.” Similarly, 46% of respondents feel their organization's internal reputation is also “average,” with the majority of Black or African American respondents feeling that both external and internal reputations are “lagging” (33% and 45%, respectively). Compared to other demographic segments, male respondents perceive their organization's reputations (both internal and external) to be more leading.

#### FIRMS' PERCEIVED EXTERNAL REPUTATIONS HAVE WORSENE

2021

**42%**  
of respondents describe their organization's reputation as “average”

2020

**57%**  
of respondents agreed that their organization had an external reputation for being an inclusive work environment

The industry's need to change corporate culture will be addressed in the next section of this report, but it is important to call out the ties between culture, reputation, and people's perceptions here. If the work being done by the industry is not visible, the ability to change perception, and therefore reputation and culture, is lost. Seizing onto the concept of perfection and letting it prevent initial conversations or shared results will ultimately stretch out the timelines for organizations to achieve their goals and have potentially negative impacts to their reputation and culture.



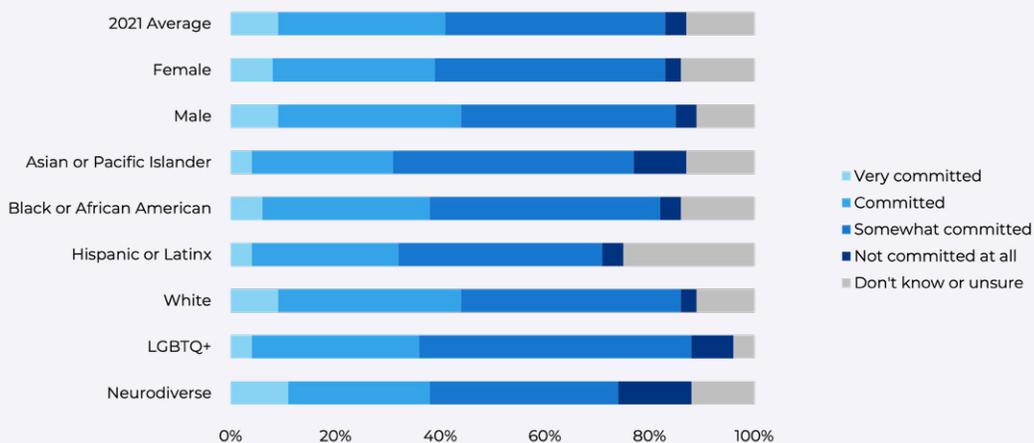
Diversity goals and targets, for example, will take time to achieve and will therefore be less immediately visible when looking at the composition of leadership teams and the workforce, especially for organizations with low turnover. If firms share qualitative information on actions being taken to create a pipeline that enables their organization to achieve those targets in the long run (and show how they tie into the data), perceptions may improve as people see that something is being done.

Looking ahead, 74% of survey respondents feel that the industry is “somewhat committed” or “committed” to making changes to improve DEI in the next year, though Asian or Pacific Islander and LGBTQ+ respondents feel it is less committed compared to the responses from other demographic segments (**fig. b**). Overhauling DEI and changing the industry’s reputation is a difficult task that won’t happen overnight. Taking action in the near-term is non-negotiable, which means firms will need to embark on a journey to enact change without necessarily knowing what their final destination will be. There are a lot of elements to think through and there is value in doing that one step at a time. Sharing those steps and correcting course along the way will be crucial to shifting perception.

## ACTION ITEMS

- ▶ Adapt initial commitments from last year to develop a holistic approach to DEI that is well integrated throughout the organization
- ▶ Set clear and actionable goals on diversity, equity, inclusion, and even belonging that go beyond bundling them into an overarching DEI strategy
  - ▶ Dedicate attention to setting goals that are specific to equity factors, such as socioeconomics and education, so they are being equally addressed alongside diversity and inclusion
- ▶ Take the time needed to confidently develop and commit to detailed DEI plans and goals; clearly communicate what is being done to create those plans and when they will be completed in order to raise awareness and build trust

(FIG. B) OUTLOOK ON THE INDUSTRY'S COMMITMENT TO CHANGE IS POSITIVE





## DIFFERENCES IN PERCEPTIONS AMONGST DEMOGRAPHIC GROUPS SUGGEST PEOPLE'S EXPERIENCES IN THE INDUSTRY VARY WIDELY, WHICH CAN MAKE IT DIFFICULT TO CREATE A SENSE OF SHARED CULTURE.

Within the different demographic groups (age, level within the organization, race or ethnicity, etc.), this year's results yielded differing perceptions on nearly every survey topic. This suggests that different groups have varying experiences in the industry throughout their career lifecycles.

A common theme that emerged from these different groups' perceptions was the more optimistic outlook that both male and white demographics had across nearly all topics. The wide range of experiences within the industry would lead to believing that it is likely impacting the culture, which was highlighted in some of the responses where people viewed it as a barrier to progress. Culture is the "how" in an organization (i.e., how things get done, how people work together, how value is created, and how people are motivated). Organizations often define their mission, values, and even their desired culture. However, employees may experience culture in an entirely different manner than these definitions and from one another, creating an authenticity or perception gap.

### CULTURE IS A POWERFUL TOOL IN INCREASING DIVERSITY IN LEADERSHIP AND IMPROVING RETENTION

When considering the obstacles to increasing diversity in leadership, 26% of respondents feel that "corporate culture or environment" represents the largest obstacle to progress (**fig. c**). However, underrepresented groups identified culture as a barrier at a significantly higher rate than their male and white counterparts. A possible cause for this disparity is the varying experiences that these different groups have throughout

"You can have someone terrific walk in the front door but if you don't have the culture and the other important verticals and dimensions in place, they're going to walk right back out."

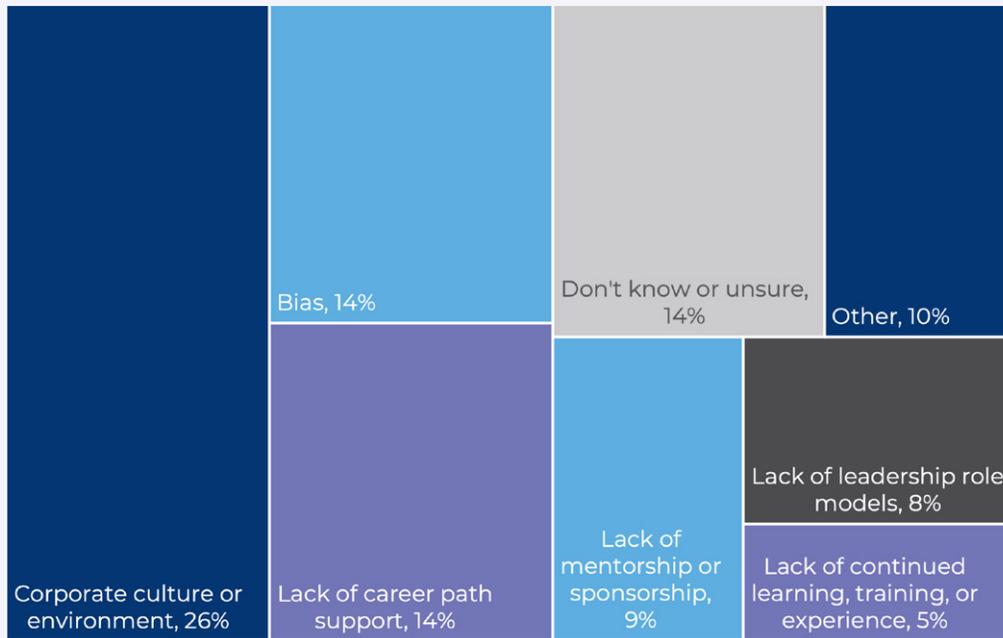
Industry Leader

their careers. Culture can be a difficult item to define, which by default makes it even more challenging to understand how to change. Most commonly accepted definitions of culture orient around it being a concept of shared experiences amongst a group of people. If groups are unaware of the experiences of others and how they may differ from their own, it could cause culture to become fragmented across those demographic groups and not shared holistically within an organization or the broader industry.

Establishing a strong culture that emphasizes the importance of diversity and equity and fosters inclusivity and belonging can be a differentiator in retaining top talent. For organizations seeking to foster diverse talent from within and attract it from outside, keeping a sharp eye on whether culture is established, understood, and experienced in shared ways across employee groups is critical to success. Leaders who recognize talent diversity and engagement as core to executing on long-term business strategies, both to enable the innovation necessary to keep up with change and to attract and retain key talent, will yield a differentiated and more authentic culture.



(FIG. C) OBSTACLES TO INCREASING DIVERSITY IN LEADERSHIP



Culture requires purposefulness, cultivation, and nurturing, starting with executive leadership and permeating down through various levels of management and employees in the organization. Leaders can start this journey by documenting the desired characteristics of their organization's culture and working with their employees to understand whether gaps exist against the target state. Where necessary, behaviors that need to be changed to shift the culture should be determined and reinforcing levers or mechanisms to nudge the altered behavior should be identified. In addition to gaining an understanding of employee experience within the organization, it is equally important to develop a view into the social structures within, and sometimes beyond, functions and teams. Informal structures and the identification of the key influencers within them can often be the fastest route to drive behavioral change.

“The senior leaders and executive leadership teams I’ve spoken with are enthusiastic and very invested in trying to attract more diverse candidates, but in practice when diverse talent is hired, they’re then expected to conform with the established company corporate culture.”

Survey Respondent



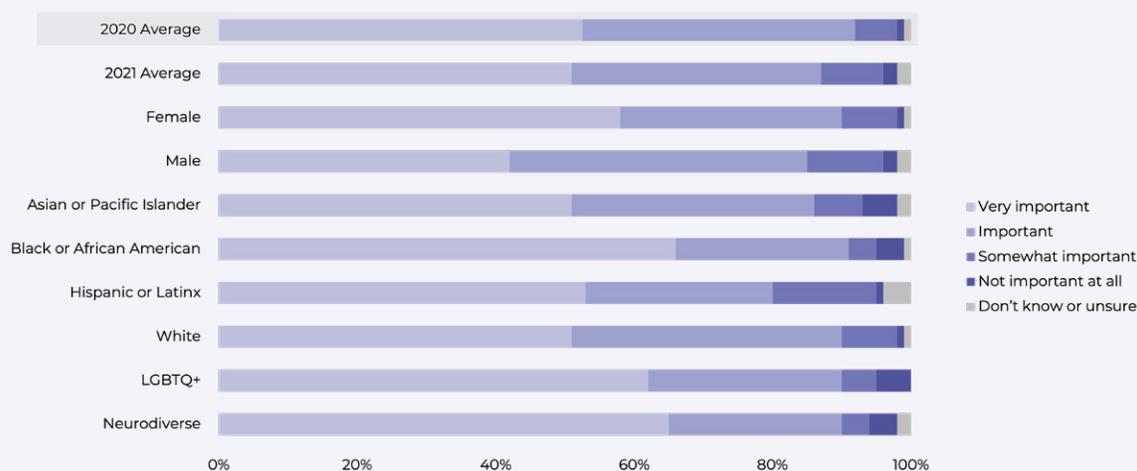
## DIVERSE LEADERSHIP TEAMS ARE IMPORTANT IN ATTRACTING AND RETAINING DIVERSE TALENT

Similar to the response on obstacles to increasing diversity in leadership, survey responses varied across demographic groups when asked to measure the importance of a diverse leadership team to attracting and retaining diverse talent. The majority of all respondents agreed that it was either “important” or “very important.” However, male and white respondents lagged their female and non-white racially and ethnically diverse counterparts in perceptions of importance: 42% of males as compared to 58% of females feel that it is “very important.” Non-white racially and ethnically diverse groups were also more likely to respond with “very important” than their white colleagues (**fig. d**). High levels of importance were also collected from LGBTQ+ and neurodiverse groups. These views continue the trend from 2020

where respondents strongly agreed that diversity in leadership and management positions within a company helps attract talent.

As women and other underrepresented groups continue to increase in the market, diversity cannot be ignored. However, leadership in most organizations and across the industry does not reflect the growing percentages of the workforce associated with these groups. The reasons for this vary, but it is clear that people tend to look to history when they want to know what is possible. When they don't see someone who looks like them or someone with whom they can identify, they may be less likely to believe in having an opportunity to join the leadership ranks. Moreover, they may not have a mentor or sponsor who they feel understands their circumstances to provide the proper support and coaching necessary to navigate the corporate ladder.

(FIG. D) PERCEPTIONS OF A DIVERSE LEADERSHIP TEAM'S IMPORTANCE IN TALENT ATTRACTION AND RETENTION REMAIN CONSISTENT





## ORGANIZATIONS MUST SEEK PERSPECTIVES FROM EMPLOYEES IN DIFFERENT DEMOGRAPHIC SEGMENTS

When asked about the obstacles to increasing diversity in leadership and in the workforce, a large number of respondents answered “don’t know or unsure” for both (14% and 17%, respectively). Considering the intense focus that the industry has put on these issues, it is telling that a large population of respondents still do not understand or are unsure about the underlying reasons for progress being hampered.

Though 9% of executives who participated in the survey indicated that they also don’t know or are unsure of the primary obstacles to diverse leadership, 18% feel that “lack of mentorship and sponsorship” has more of an impact than other barriers (compared to the average of 10% for this obstacle). Staff levels ranked “don’t know or unsure” above average, at 19% for leadership obstacles and 20% for workforce obstacles. Bias is perceived by this level to have more of an impact on increasing diversity. Organizations must consider these differences on multiple dimensions to best identify where further education or programming is required (e.g., mentorship and sponsorship programs alongside behavioral training on bias).

Underrepresented groups had more conviction in these two questions and were less likely to choose “don’t know or unsure” when compared to male or white respondents. This suggests the possibility that underrepresented groups have a better understanding of the underlying barriers to progress. Organizations need to seek opinions and perspectives from these groups when defining their DEI strategies and plans.

Intersectionality, a term coined by professor Kimberlé Crenshaw in 1989 to mean the overlap and “intersection” of personal characteristics such as gender, race, or socioeconomic background, should be used by

organizations to understand the wide range of experiences that their employees may have beyond singular dimensions of diversity. Different ranks and business units may also develop unique cultures or shift the perspectives of employees, and should be considered when seeking feedback on culture, defining metrics and goals, and tracking progress.

## ACTION ITEMS

- ▶ Determine tangible shifts “from” current behaviors “to” new behaviors based on what should be kept, started, or stopped to achieve the desired culture, then define “reinforcing levers” for each behavior, for example<sup>2</sup>:
  - ▶ **From:** It is enough to not engage in exclusive behaviors, resulting in unsettling comments often times going unchecked
  - ▶ **To:** We expect non-violent, anti-racist activism where we talk to each other about exclusionary behavior
  - ▶ **Reinforcing lever:** Provide the workforce with upskilling on inclusive leadership, modeled by leaders who actively check unsettling comments
- ▶ Perform a mapping exercise of the social networks in your organization to identify key influencers and drive new behaviors through them
- ▶ Evaluate performance and reward systems to ensure that they encourage desired behaviors
- ▶ Create safe and supported forums for employees to share their career journeys through storytelling; encourage leaders to set the tone in these forums by sharing their own stories first
- ▶ Use cultural change to drive the retention of diverse talent and determine promotion and development strategies for those individuals (e.g., inclusive mentorship and sponsorship programs)
- ▶ Identify gaps in diversity at the leadership level and define opportunities to improve

<sup>2</sup> How to evolve a healthy corporate culture in a remote working world | EY - US



## DEI SHOULD BE FACTORED INTO EVERY BUSINESS DECISION AND NOT BE A STAND-ALONE INITIATIVE.

Achieving DEI goals will be dependent upon organizations considering possible impacts to diversity, equity, and inclusion as part of each business decision. With this in mind, firms need to embed DEI criteria into their decision-making governance structures and processes. In much the same way that revenue and cost considerations are evaluated, the impacts to people, and specifically elements of DEI, need to be part of every major decision across the organization.

Survey results show an overwhelming agreement from all respondents that both a diverse workforce and a diverse leadership team are “very important” or “important” factors in organizational performance, with response rates of 88% and 86% respectively **(fig. e)**. When looking at different demographic segments, Black or African American and LGBTQ+ respondents rate the importance of both highly.

### FEELINGS OF DIVERSE TEAMS' IMPACT ON PERFORMANCE REMAIN CONSISTENT

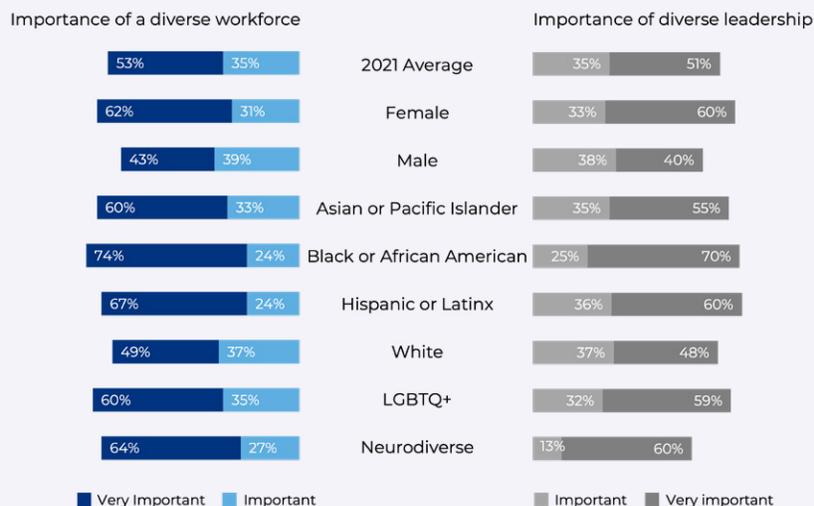
**2021**  
**88%** of respondents feel that a diverse workforce is “very important” or “important” to organizational performance

**2020**  
**90%** of respondents agreed that a team with diverse members experiences increased overall performance

This aligns with prior year results where respondents strongly agreed that a team with diverse members experiences increased overall performance and that diversity in leadership roles significantly contributes to employee engagement.

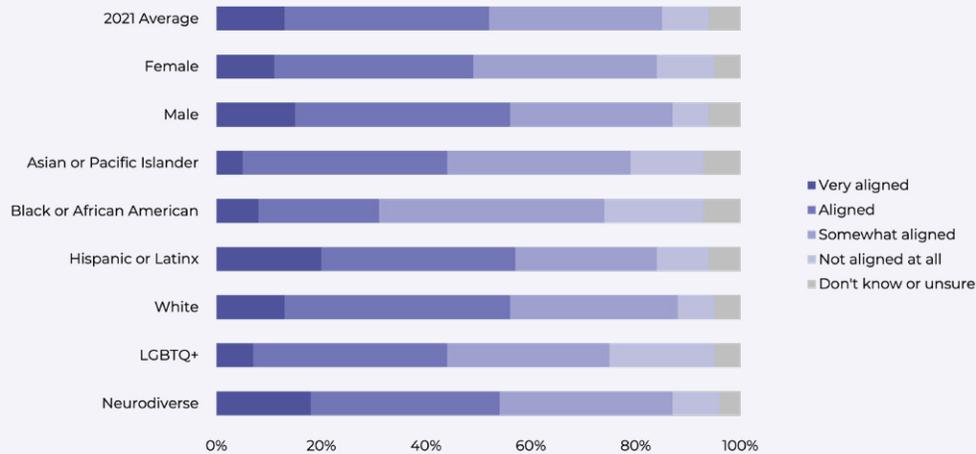
When asked about the alignment of their organization's DEI positioning with the everyday actions of its people, 72% of respondents feel that their organization is “aligned” or “somewhat aligned.” While it is a positive sign that most feel there is alignment, room remains for improvement. Especially when considering how Asian

**(FIG. E) PERCEIVED IMPORTANCE OF DIVERSITY IN ORGANIZATIONAL PERFORMANCE IS HIGH**





**(FIG. F) PERCEIVED ALIGNMENT OF ORGANIZATIONAL MESSAGING TO ACTIONS SHOWS ROOM FOR IMPROVEMENT**



or Pacific Islander, Black or African American, and LGBTQ+ respondents feel that their organization's messaging is less aligned compared to other demographic segments (**fig. f**). These results indicate that DEI may not be permeating throughout all areas of organizations and the decisions they make on a daily basis.

Much of this report and the survey that informed it are focused on the effects of DEI on the workforce, but it must be stressed that DEI is much bigger. When embedding it throughout the business, this issue cannot be addressed by HR alone—all functions should be thinking about DEI and actively engaged in achieving the organization's goals. One area where the industry can make immediate change is to align behaviors related to its stated DEI positioning throughout the supply chain. Vendor relationships should be evaluated from front to back and reassessed

“Diversity is not something you measure in a 1–5 scale. [It] should be a social norm, promoted by every level of management regularly and in the mind of everyone you work with.”

Survey Respondent



to consider DEI statistics and values of suppliers, such as workforce and leadership compositions or anti-discrimination policies. Vendor due diligence questionnaires must be amended to evaluate DEI on an ongoing basis and be integrated into existing or new risk management practices.

More investment managers are also beginning to evaluate the stated purpose and culture of potential investment companies, including how well those two things align with the company's actions, in their investment due diligence and decision-making processes. The asset management industry possesses a high degree of influence to enact change and better alignment in advancing DEI across all sectors of the economy. Similarly, firms must also be mindful of evaluating their business decisions against the purposes and goals they have set out to achieve in their organizations on a consistent basis. Leaders in the industry who find ways to make decisions that are mutually beneficial for both business and DEI factors will differentiate themselves from their peers.



## ACTION ITEMS

- ▶ Add impacts to DEI as a core component in diligence and evaluation governance processes and templates for all business decisions
- ▶ Perform lookback exercises on major decisions made in the past 3-5 years and evaluate how they may have impacted DEI factors; develop lessons learned for the future based on the findings
- ▶ Communicate from executive leadership the expectation that DEI factors should be considered in the day-to-day decisions of employees, providing guidance and examples based on unique business units or lines of business
- ▶ Evaluate supply chains to measure suppliers' DEI metrics, commitments, and values and seek opportunities to improve where needed (e.g., through engagement and remediation with the supplier or through terminating the relationship)
- ▶ Incorporate DEI metrics and considerations in the investment decision-making process





## PRIORITIES SHOULD BE SET AT THE HIGHEST LEVELS OF THE ORGANIZATION. DEDICATED RESOURCES ARE ESSENTIAL.

Meaningful, sustained progress in DEI will not happen without buy-in and vocalization from leadership. As discussed in the prior section on perception differences, critical components of shifting the corporate culture are setting the tone and priority at the highest levels of leadership, holding the organization accountable, embedding it in all aspects of the business, and dedicating the resources to enact change.

74% of survey respondents feel that industry leaders are “effective” or “somewhat effective” at publicly supporting DEI. This rating drops when looking at Black or African American, LGBTQ+, and neurodiverse respondents, who believe that industry leaders are less effective (**fig. g**). When asked about the effectiveness of industry leaders at taking action to advance DEI, about the same number of respondents answered that they are “somewhat effective” or “not effective at all.” Again, differences in perception were found for some demographic groups, including Asian or Pacific Islander, Black or African American, and LGBTQ+ respondents, who feel that industry leaders are less effective (**fig. g**). The asset management industry's current leadership is not diverse and, given historically long tenure rates for boards and executive teams, that may be slow to change. This does not excuse inaction toward advancing DEI within individual firms. Boards of directors and executive leadership teams must take personal accountability for their organizations to succeed in DEI. It is worth noting that many other companies are starting to establish personal accountability at the leadership level by tying executive compensation to DEI success, either directly or indirectly.

Last year's survey respondents found that it is important to have specific diversity and inclusion goals incorporated into daily activities. When this year's participants were asked a similar question, only 42% believe that DEI-related performance metrics are “very

important” or “important” to their organizations' current evaluations of leadership. Some firms are adding DEI into their leadership evaluations by setting sliding scales for compensation percentages that either improve or decline relative to where DEI goals are or are not met. Rather than a binary success or fail mark, executives are rewarded in line with the progress they make or have their compensation cut for coming in at levels deemed unacceptable by the board.

### OPPORTUNITIES FOR SPONSORSHIP HAVE IMPROVED



Sponsorship can be critical to advancing the diversification of the industry and allows leaders to individually execute on that commitment. In 2020, 52% of respondents said that their organization did not have a program matching high-potential individuals with an advocate or sponsor, while 25% of respondents didn't know. This year's results show a decrease to 25% of respondents who feel they do not have opportunities to be sponsored within their organization as well as an increase to 35% of respondents who don't know or are unsure if they have opportunities. The majority of LGBTQ+ respondents feel that they do not have any programmatic or informal sponsorship opportunities.



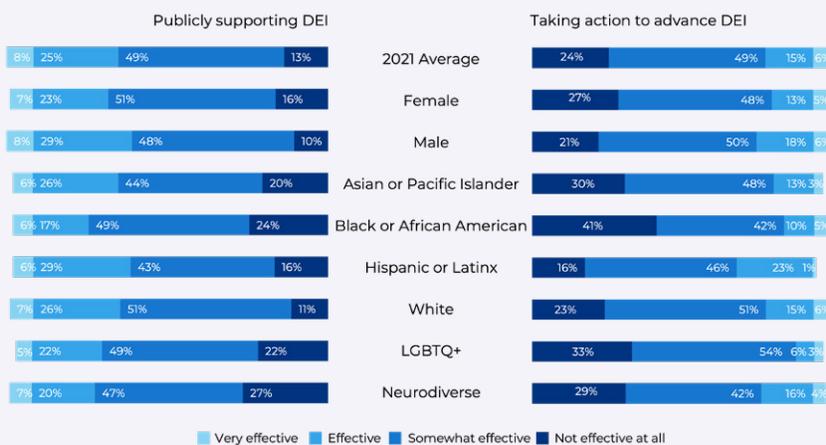
Additionally, executive-level respondents expressed a stronger sentiment than the average that a lack of mentorship or sponsorship is a key barrier to increasing diversity in the workforce and in leadership (18% and 10%, respectively). It warrants further consideration of this as an informed response, given executives have had to climb the ranks within the industry, and should be looked at alongside the responses for other levels and demographic groups. For example, only 7% of staff-level respondents selected “lack of mentorship or sponsorship” as an obstacle.

Sponsorship often occurs organically and can be less effective when forced into a formal structure. However, there should be an expectation of current leaders to hone the skill sets needed to be an impactful sponsor and commit to bolstering the next generation of leaders through attention to the diverse backgrounds, values, and experiences that they bring. Finding potential in a sponsorship candidate should be a top priority; finding common interests to further develop that relationship outside of the workplace may come in time. When

building out succession plans, there should be intention to ensure that the pipeline is filled with diverse candidates, including a view of additional experience, training, and support needed to get them ready for advanced roles.

Though most employees are not interacting with the executive team on a daily basis, it is important that these leaders create a culture of safety, support, and inclusion for all members of their workforce. Their voices and actions matter. Every communication made to employees is an opportunity to stress the priorities of the organization. If DEI is identified as a key priority, employees should be hearing from executives on related goals, activities, and other efforts on a regular basis. As an example, the CEO at a large United States financial services organization starts every all-hands meeting with a discussion on a DEI-related topic, which demonstrates an ongoing focus as well as shows the level of priority that it has within the company. When employees experience

**(FIG. G) PERCEPTIONS ARE NOT ALIGNED ON THE EFFECTIVENESS OF PUBLIC SUPPORT VS. TAKING ACTION**





an organization in a way that differs from its stated culture and values, an authenticity gap is created that may make it difficult to attract and retain diverse talent.

Attracting and retaining diverse employees can also be a challenge if those employees are unable to see themselves in an organization. The asset management industry has a reputation for projecting a homogenous, non-diverse image amongst its highest ranks. Setting the tone for DEI at the top becomes inauthentic if firms aren't actively working to change the image of the industry. While there are increasing consequences from investors and other external market or regulatory bodies for not having a diverse board and executive team, the current composition of the asset management industry's leadership will not shift overnight.

It's important for non-diverse leadership teams to be aware of their gaps and work to close them over time while also not shying away from finding other methods of bringing diverse perspectives into their command centers in the interim. Some firms are doing this by establishing councils of diverse senior leaders or managers who are in the executive pipeline and represent different lines of business. They supplement missing perspectives to the executive team to help inform strategic decisions and their impacts.

Another way firms are integrating DEI throughout their business model from the top down is by changing the traditional executive team structure. Where Chief Human Resources Officers (CHROs) may have owned components of DEI in the past, many firms have hired Chief Diversity Officers (CDOs) or other diversity lead roles to build a strategy and roadmap to better infuse DEI into the day-to-day operations of the organization. To equip CDOs for success, they must be given a seat at the table to influence the organization's strategy alongside other

“At the end of the day, it comes from the top, and if DEI initiatives don't have any real metrics or work behind them then it's not going to move the needle.”

Survey Respondent

executive leaders. If they are not directly reporting to the CEO or given an unobstructed avenue for access, it is highly likely that their objectives are taking a backseat to other business performance factors.

The deployment of DEI resources should be properly scaled to align with the size of the organization while also robust enough to achieve set goals. Smaller firms often feel constrained by a lack of budget or devoted roles to launch and manage impactful DEI programming, often having to rely on third-party providers where larger firms are able to employ specialists. Third-party providers can offer highly valuable outside perspectives and leading practices, and executive leaders should act as stewards to ensure that relationships with these providers both align with and support their organization's unique culture and needs.



“Our customers and employees are demanding more DEI initiatives from the company but leadership struggles to put money and time toward [them] to push things forward.”

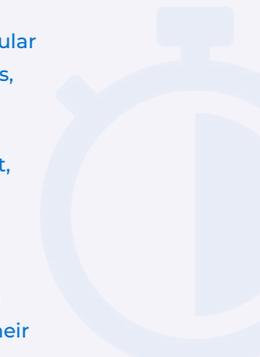
Survey Respondent

Lack of dedicated resources and commitment from the highest levels of the organization is a non-starter to advancing DEI. Board and C-suite leaders emphasizing these priorities in internal operations is one important component, and ensuring they align with the products and services offered by their businesses is another. Expecting teams to achieve DEI goals without sufficient investment, explicit statements on the importance, and accountability from the executive team is unrealistic and causes employees to question the authenticity of DEI-specific values that the organization may have shared. Where verbal commitments have been made, the executive team must treat them like any other business priority.



## ACTION ITEMS

- ▶ Develop targeted skill sets in executives that enable successful formal or informal sponsor relationships between them and high-potential pipeline candidates, with particular attention to fostering diverse perspectives, values, and experiences
- ▶ Dedicate focused resources (time, budget, people) to DEI initiatives based on the organization's size and targeted scale of impact; add a CDO or DEI lead to the executive leadership team and give them direct access to the CEO to ensure that their directives are prioritized throughout the business model
- ▶ Embed DEI into leadership communications, giving it the same amount of “airtime” as other business priorities
- ▶ Identify opportunities to advise and inform the strategic decisions of non-diverse executive leadership teams based on the insights and experiences of diverse talent within the organization
- ▶ Set personal accountability for the executive leadership team to make tangible progress on DEI goals, including consideration for formal performance metrics (e.g., compensation ties)





## MIDDLE MANAGEMENT CAN BE A KEY ENABLER FOR CHANGE. GOALS AND ACCOUNTABILITY SHOULD BE MADE CLEAR.

Oftentimes, middle management is put in the difficult position of being evaluated on the achievement of traditional financial goals for their organizations (e.g., revenue, sales, operational efficiency, cost cutting) while trying to balance the composition, well-being, and developmental needs of their teams. At times, these two objectives can appear to be in conflict, which prevents managers from viewing them for what they actually are—mutually beneficial.

There are countless studies signifying the financial outperformance achieved by companies with DEI embedded in their cultures, policies, and programs. Employees at all levels should understand that one can contribute to and enable the other. Middle managers, who will be most successful when they achieve both, are uniquely positioned to integrate DEI practices into day-to-day operations. They have heavy influence over the employee experience and the various stages of the hire-to-retire cycle, including hiring, deployment, career development, promotion, mentoring, rewards, and performance evaluation—all of which can create an environment of DEI and belonging.

### HIRING

When evaluating potential hires at the business unit or group level, middle managers are most closely connected to where their needs and gaps lie. One of the largest gaps in the asset management industry right now is diverse talent, and all firms are competing in the same talent pool to address that gap. Middle management has the most direct influence over increasing DEI in the hiring process.

In order to broaden the talent pool and attract more

diverse talent, managers need to think creatively and become more flexible in traditional hiring practices. Many companies are rethinking their target institutions for campus hires to include colleges and universities with more diverse student bodies. In addition, there has been a shift to assess candidates with an eye for their potential and core competencies instead of whether or not they have direct experience with the responsibilities defined in the job description. If candidates have the right teaming and interpersonal fit but require some additional training to get up and running with the technical aspects of a position, managers must be more open to making the investment of time and resources to grow those skills. It should also be considered whether or not open positions are development opportunities for people already in the organization or team, and if they can be backfilled with new candidates.

### CAREER DEPLOYMENT, DEVELOPMENT, AND PROMOTION

Identifying career deployment and development opportunities and preparing employees for advancement in their careers begins with their direct supervisors. In 2020, survey respondents felt that their organizations were committed or very committed to providing career development opportunities to all employees and somewhat agreed that their organization had a clear development process based on well-defined competencies. However, only 33% of this year's survey respondents feel that their organizations are “successful” or “very successful” at providing career development opportunities such as promotions, experiences, and learning to diverse employees.

Managers need to be held accountable for proactively providing guidance, education, and encouragement in support of career development and promotion paths for their direct reports. This can be further



supported by HR business partners, mentors, and sponsors. Otherwise, employees may not have the awareness or confidence to raise their hands for promotion opportunities, or they may be unsure how to identify them. There could also be a misconception about the qualifications and requirements. Another

#### PERCEIVED COMMITMENT TO PROFESSIONAL DEVELOPMENT HAS WORSENERD

2021

**33%**

of respondents feel that their organizations are "successful" or "very successful" at providing career development to diverse employees

2020

**79%**

of respondents felt that their organizations were committed or very committed to providing professional development opportunities to all employees

element to consider is promotion bias. Firms need to make a concerted effort to identify and address promotion bias in leadership and management through training, coaching, and increased accountability. Routine reporting practices on hiring and promotion metrics should be developed, and firms should ensure that there are tangible consequences for underperforming on DEI goals—just as there would be for other targets such as revenue or operational efficiency.

## MENTORING

Mentorship, either formally or informally, can go a long way in creating a more inclusive and supportive work environment. 81% of this year's survey respondents have opportunities to be mentored within their organizations, which is a significant increase compared to last year where 48% of respondents agreed that their organization offered a mentoring program to all employees.

It is important that mentorship programs are created based on the talent needs of the organization or the specific business units. Again, this is something that

"[Leaders] may need to be more intentionally reaching back and pulling forward. More of the tapping on the shoulder to say yes you can, have you considered it, we really think you should apply. It's a different strategy that needs to be employed."

Industry Leader

middle managers are closely acquainted with and can take leadership on. Formal mentoring programs should not be limited to specific demographics of people and should instead include a wide range of both mentors and mentees. Only 55% of this year's survey respondents feel that they have some opportunities to serve as a mentor within their organization. Compared to other demographic segments, more Black or African American, LGBTQ+, and neurodiverse respondents believe that they have no opportunities at all (**fig. h**).

Reverse mentorship programs are also effective at improving corporate culture by enabling direct reports to educate their managers on their diverse backgrounds, views, and experiences.

#### OPPORTUNITIES FOR MENTORSHIP HAVE IMPROVED

2021

**81%**

of respondents have opportunities to be mentored within their organizations

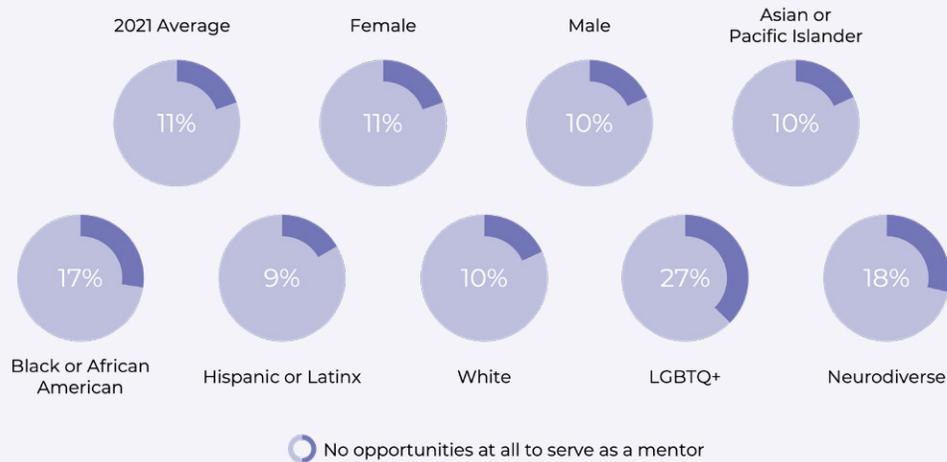
2020

**48%**

of respondents agreed that their organization offered a mentoring program to all employees



(FIG. H) SOME DEMOGRAPHIC GROUPS FEEL THEY HAVE FEWER OPPORTUNITIES TO SERVE AS MENTORS



## REWARDS AND PERFORMANCE EVALUATIONS

Managers often significantly influence the compensation levels and incentives of their team members, starting from the initial offer through each performance cycle and promotion. As with promotion bias, equal focus should be placed on training, coaching, and increased accountability to avoid bias influencing the pay and other rewards offered to all employees. Clearly defined policies, analysis, and other oversight practices from HR and Legal functions should be established by companies as a backcheck and as part of sound governance to protect from and detect bias in the system before it manifests discriminate pay practices.

Setting DEI goals for the organization as a whole requires middle management's involvement alongside their senior leadership in providing both a top-down and bottom-up set of metrics. Setting goals at the organization level allows the company to define an overall framework for the current priorities and some key organization-wide initiatives. These should be in line with the overall DEI strategy and roadmap. However, this should be complemented by individual goals permeating at least through middle management to reflect the execution of

those corporate goals within the context of the managed units or teams. For example, some groups may be struggling with building a strong pipeline of diverse talent while other groups may be focused on developing career path options and deployment opportunities to retain underrepresented employees. The key is requiring managers to have DEI goals while allowing them the flexibility to define them in a way that reflects the priorities of their teams.

Managers need support systems with dedicated resources to identify their hiring and retention gaps, perform analysis on the causes of gaps, and develop targeted action plans that meet the overall DEI goals of the organization. Firms must establish DEI targets at the most granular levels possible to emphasize responsibility with middle management. They must also hold managers accountable for their success or failure within the broader goals of the organization, and back that up with tangible rewards or consequences.

Employee retention is heavily influenced by the experiences had within reporting structures. Corporate culture takes on its day-to-day form through the daily interactions between managers and their direct reports. These interactions can greatly influence whether or not employees feel safe and supported at work, which directly impacts their sense of inclusion and belonging.



80% of this year's survey respondents feel that their organization is "very committed" or "committed" to creating a safe environment where employees feel a sense of belonging and trust, which is an improvement from prior year results. Compared to other demographic segments, Asian or Pacific Islander, Black or African American, and LGBTQ+ respondents believe that their organizations are significantly less committed (**fig. i**). As referenced in the previous section on perception differences, the perception gap between demographic segments in this year's survey results must be addressed through the day-to-day experiences of employees, typically impacted by the actions of middle management, in order to make progress on creating an environment of inclusion and belonging. If demographic groups feel a lesser sense of belonging and trust, it is middle management's responsibility to have conversations to identify what needs to change to improve that. Managers may ultimately need training and support from internal DEI resources to gain the skills needed to identify and remediate these situations.

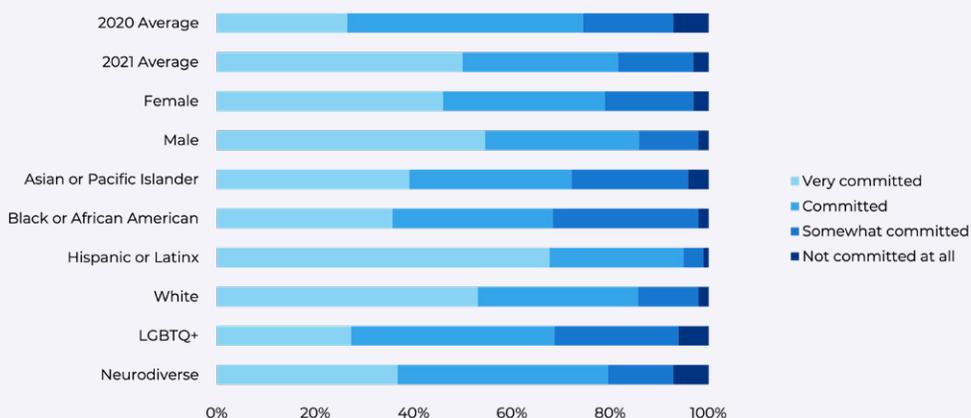
Setting accountability at the middle manager level, alongside executive and senior leadership, is a key element of achieving a diverse, equitable, and inclusive culture. Alignment is needed throughout

the organization to support and prioritize middle management in taking action to advance DEI without the misguidance of compromising performance.

## ACTION ITEMS

- ▶ Hold routine development conversations between managers and direct reports to regularly identify and measure against paths to deployment, promotion, and advancement
- ▶ Establish an inclusive mentorship program based on the unique business and employee needs; consider reverse mentorship programs to educate managers on the diverse backgrounds, views, and experiences of their direct reports
- ▶ Set DEI goals based on the specific needs at the individual business unit level
- ▶ Recognize and support the needs of managers at the senior and executive leadership levels by providing them with the training and resources needed to accomplish goals (e.g., measuring and addressing gaps, training new employees)

(FIG. I) ORGANIZATIONAL COMMITMENT TO CREATING A SAFE ENVIRONMENT HAS IMPROVED





## TRANSPARENCY CAN START NOW WITH AVAILABLE METRICS. ROADMAPS TO EXPAND OVER TIME SHOULD BE DEVELOPED AND SHARED.

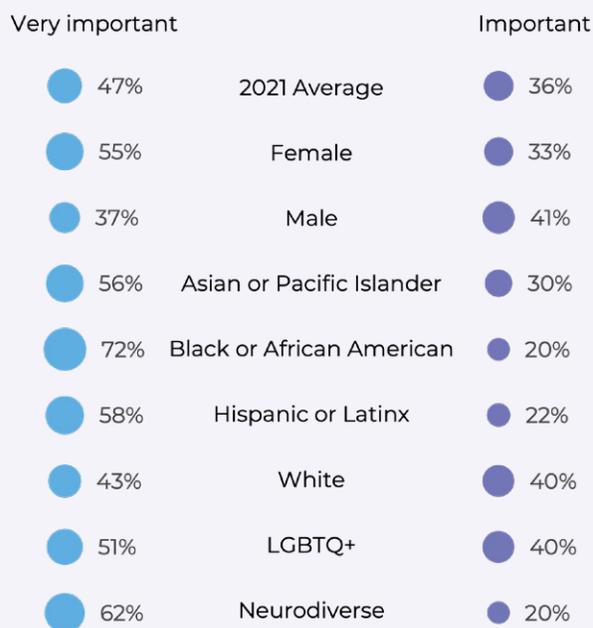
Over 80% of this year's survey respondents feel that the availability and transparency of DEI metrics is "very important" or "important" (**fig. j**). When looking at the responses from different demographic groups, a higher percentage of staff levels answered "very important" compared to executive respondents (56% and 43%, respectively). When it comes to organizations sharing their DEI metrics, respondents were split on how that is being done. About one-third of respondents don't know or are unsure if their organization shares DEI metrics, while an additional 22% said they do not share them at all (**fig. k**). Again, this result diverges based on a respondent's rank. Staffs answered above average on "don't know or unsure" at 42% and executives answered below average with 12%. Executives also had a stronger response on their organizations sharing metrics both internally and externally with a rate of 37% compared to the average of 27%.

Technology, professional services, and even banking organizations have begun publicly releasing periodic DEI reports to provide greater transparency into key metrics, shine a light on opportunities for improvement, and hold themselves accountable. While some large asset management companies have followed suit, the finance industry overall is widely regarded as a laggard in publicly disclosing DEI statistics. The asset management industry has started to take small steps toward increasing transparency through disclosing their Form EEO-1 data on employee race, ethnicity, and gender as well as publishing more detailed transparency reports, but there remains work to be done.

A recent study from LGBT Great, Diversity Project UK, Nicsa's Diversity Project North America, and EY on diversity data in the investment, wealth management, and savings industry found that diversity data collection is limited in scope, the focus on diversity dimensions is narrow, and collecting diversity data is not routine for the majority of organizations surveyed<sup>3</sup>. Diversity metrics collected from employees must be expanded beyond race, ethnicity, and gender and should be supplemented by data on equity and inclusion.

Regularly collecting and sharing data is a critical component of being committed to advancing DEI and helps drive accountability with internal and external stakeholders. Leaders in transparency reporting are publicly sharing hard data sets and specific targets, including detailed action plans to achieve them. In the asset management industry, it has been more common to provide high-level commitments outside of published reports (i.e., posted on websites or blog posts) with little to no definitions of success to measure against.

**(FIG. J) FEELINGS OF IMPORTANCE ARE STRONG FOR DEI DATA AVAILABILITY AND TRANSPARENCY**



<sup>3</sup> Holding up the mirror: diversity data in the investment, wealth management and savings industry | LGBT Great



**When speaking with industry leaders about the current gap in data collection and reporting, several common challenges were identified and related recommendations to address them have been provided below:**

### 1. Employees are hesitant to report their diversity data.

Employee trust is the number one success factor in collecting DEI data. Most firms rely on the initial recruiting and hiring stage to collect diversity data, which is when an employee's trust in an organization is likely at its all-time low. Depending on an organization's attrition rates, much of that data may also be outdated from when those employees first joined. Firms are expanding their data collection efforts through self-identification initiatives, which encourage employees to disclose and update their personal diversity data on their own terms, and usually in a dedicated HR or talent portal.

To make these initiatives successful and combat employee hesitancy, it is important to put the appropriate planning, communication, and infrastructure in place. Employees must understand what types of data organizations are collecting, where and how they're collecting it, what they intend to do with it, and what controls are in place to safe-guard employees' personal information (including how they can take this data back if they so choose). Communicating a clear understanding of the purpose and objectives behind data collection efforts—especially what benefits they will bring to employees—should be firms' top priority.

Also, organizations must take employee feedback into account for how they choose to define themselves. Many of the personal demographic dimensions and definitions that make up current common diversity metrics remain imperfect and must adapt to better fit today's workforce (e.g., breaking down binary definitions of gender). Employees must be allowed to provide feedback on the data organizations are collecting or given space

“If companies are truly committed to making positive changes, there needs to be an awareness that this will be a long-term process that will need real numerical commitments.”

Survey Respondent

to write in their own identifications. Firms may not get it right on the first try, but they can commit to listening, learning, and changing going forward.

### 2. How can firms collect and report data on equity and inclusion?

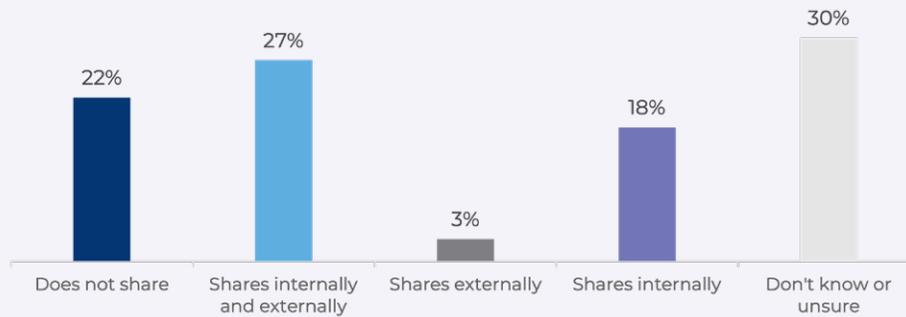
Diversity data has been the primary focus informing many organizations' goals and objectives in advancing DEI. These metrics are more established and widely collected compared to equity and inclusion data, making them easier to report. Firms need to realign their priorities to address all three components of DEI with equal weight and attention, even if that means relying on qualitative data alongside quantitative data to disclose benchmarking and progress.

Equity in the workplace relates to providing equal access to all opportunities an employer has to offer—hiring, rewards, learning, mentoring / sponsoring, promotion, development, and experiences. Metrics can be aligned to each of these areas, often leveraging core HR and training data. Some of the most common analytics are performed in relation to pay equity, promotions, and composition of business units and leadership.

Employee engagement surveys can be highly valuable in capturing feelings of inclusion and belonging. Allowing employees to provide scaled



(FIG. K) PERCEPTIONS ARE SPLIT ON HOW ORGANIZATIONS SHARE DEI DATA



responses on different measurements of inclusion such as feeling safe and supported in the workforce or feeling comfortable to be themselves enables organizations to benchmark where they are, collect feedback on what to improve, and design targeted action plans to address.

While equity and inclusion metrics can be difficult to obtain, the effort to identify and track them highlights the level of commitment and sponsorship “from the top” and will ultimately provide a path for measuring current state and progress. They can also be embedded in other data collection efforts (e.g., hiring, engagement surveys, and exit interviews). If quantitative data does not immediately exist, qualitative information can provide insights and supplement until quantitative metrics become available.

It is important for global organizations to recognize and embrace that they have to start somewhere—even if that somewhere is not the full picture. Collecting and reporting metrics on a global scale may be a challenge right now, so firms should start with the areas they have access to and develop a roadmap to expand over time. Organizations cannot let the fear of incompleteness keep them from reporting anything at all. Stakeholders will value their transparency, and they can communicate their plans to achieve a holistic view.

### 3. Global organizations are struggling with legal, cultural, regulatory, and operational barriers to collecting DEI data.

Regulatory and systematic barriers or risks to data collection, analysis, and reporting are often raised as a concern in assessing which metrics to use, which segments to include, and to whom it will be disclosed. In some countries, certain demographic data cannot be collected under local laws, which prohibits a company from reporting on them. In other cases, the collection and reporting can create additional risk for the organization. For example, an equal pay analysis might be performed under legal privilege, so the ability to reference it and the underlying findings may be limited. However, many companies will comment on the process, frequency of the analysis, and their commitment to closing pay gaps. This approach may provide an acceptable balance between providing some level of transparency without adding risk to the organization.

When planning regional data collection initiatives, firms must make sure they consider how DEI statistics that are meaningful in one region may and should differ from those in another. The legal, political, and cultural histories of different countries and regions drive diversity priorities. Gender disparity tends to be a universal issue. However, while the United States and South Africa may be



focused on race as a diversity dimension, religion and caste could be the emphasis in India. Global firms should collect and report on region-specific issues that are being faced in the different locations in which they do business. This may influence the data required on a jurisdictional or regional basis.

#### 4. **There is no industry standard for DEI metrics.**

Another challenge faced by the industry right now is the push to disclose DEI data without accepted industry standards to make that disclosure consistent, repeatable, and commonly defined. As firms are increasing their focus on DEI data as part of the Social (S) in ESG, their stakeholders are doing the same, especially in Requests for Proposal (RFPs). Different investors and prospective clients are asking for multiple DEI data points with varying definitions and levels of granularity, which makes it difficult for firms to collect and report what is most relevant and impactful.

There is an opportunity for the industry to collaborate across firms and with their stakeholder groups to define baseline DEI metrics, definitions, and reporting standards. Industry associations such as Nicsa's Diversity Project North America can be leveraged to bridge communication and drive leading practices. These guidelines will evolve over time.

#### 5. **How much data should be shared, and who is the right audience?**

Sharing data is essential to shifting corporate culture both across the industry and within individual firms. Better transparency leads to increased trust, a stronger sense of branding and reputation, and redefined measures of success tied to organizational performance. Multiple stakeholder groups are interested in DEI data; it is important for firms to understand the unique needs of each when developing what to share, when, and how.

Hiring managers and other people internal to the organization that are in positions to enact change will require different levels of information to effectively set goals and measure progress than the rest of the workforce. However, sharing detailed DEI data across all levels can give employees a sense of ownership over their business units that enables them to put pressure on driving change. While formal accountability needs to be set at the C-suite, senior leader, and middle management levels, sharing progress on key performance indicators (KPIs) for DEI across business units and groups increases transparency and makes this information more accessible. This is especially important for staff levels, who oftentimes may be unaware of how important DEI-related metrics are in evaluations of leadership. 29% of staff respondents in this year's survey answered "don't know or unsure" on this question compared to an average of 14% uncertainty across other ranks.

The need for transparency and accessibility also extends to external stakeholders—such as investors, market entities, and regulatory bodies. As they continuously expand their reporting requirements for DEI data, organizations must adapt or risk non-compliance. Many firms are proactively establishing processes and procedures to accommodate expanded reporting requirements.

“The pressure that we continue to get from prospective clients to be more transparent with our data is almost insurmountable at this point.”

Industry Leader



To help close the perception gap, firms must report on their reality—whatever that starting point may be. As addressed in last year's report, what gets measured gets done. Organizations must recognize where they are, however far back or forward that may be, and put a stake in the ground to make progress. They should take time up front to figure out what metrics they want and need to measure, how and to who they're going to report them, where their gaps are, and how they're going to close them. Then firms must design an execution plan to show progression, fill gaps, and celebrate milestones along the way.



## ACTION ITEMS

- ▶ Develop a communication campaign to gain employee trust and participation in data collection initiatives by socializing objectives, benefits, and the intentions for using the information
- ▶ Measure baselines—no matter where firms are in the DEI data journey, figure out the current state, identify gaps, and develop a roadmap to expand over time
- ▶ Collaborate with peers and industry organizations on DEI metrics and reporting standardization. [Click here](#) to inquire about joining the Diversity Project North America's Benchmarking Committee
- ▶ Read [“Holding up the mirror: diversity data in the investment, wealth management and savings industry”](#) from LGBT Great, Diversity Project UK, Nicsa's Diversity Project North America, and EY





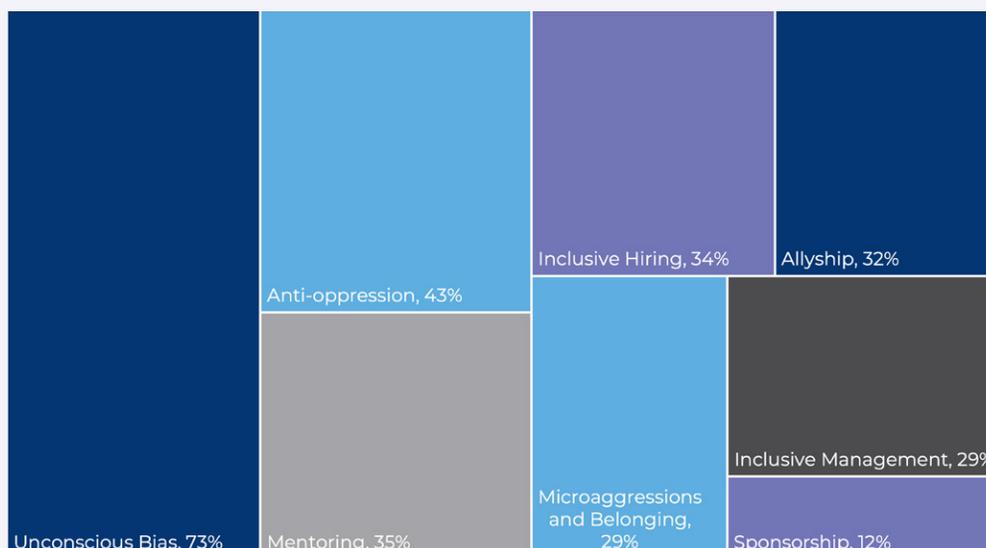
## TRAINING NEEDS TO EVOLVE FROM RAISING AWARENESS TO SHIFTING BEHAVIORS.

For most companies, the objective of DEI training is to provide an instructional program aimed at aiding people with different experiences, backgrounds, and attributes to work together most effectively. Such programs have existed for a long time, some driven by regulatory compliance and others company-led to support the organization's mission and values. How individuals interact with other people is defined by their knowledge and awareness, attitude, and behavior. Most of the early DEI training programs have been focused on knowledge and awareness, particularly as it relates to unconscious bias. Leading companies are redesigning their training programs to encompass both awareness as well as skill building to further support the mindset and ability to behave in a way that is consistent with the organization's DEI values.

DEI trainings in their current form (i.e., programs largely focused on knowledge and awareness) are not as impactful on corporate culture as the industry assumed that they would be. When asked how successful their organization's DEI trainings are at making a positive impact or evolving the current culture, the majority of this year's survey respondents answered that they are only "somewhat successful." Amongst the demographic segments, male, Hispanic or Latinx, and white respondents feel that these trainings are more successful while Asian or Pacific Islander, Black or African American, LGBTQ+, and neurodiverse respondents had higher percentages of "not successful at all."

Over the past year, many firms implemented new or refreshed training programs on a variety of DEI topics. According to the survey, the highest attended topic across all demographic segments was "unconscious bias," with 73% of respondents saying that they attended this training offered by their organization (**fig. I**). This is likely due to many firms mandating unconscious bias trainings after the social injustice events of last year, which produced mixed results as to their effectiveness.

(FIG. I) UNCONSCIOUS BIAS TRAININGS HAVE BEEN HEAVILY ATTENDED WHILE OTHER TOPICS ARE LACKING





Firms should be actively and regularly tracking employee satisfaction scores and engagement rates on employee resource groups (ERGs), trainings, councils, and any other programs to advance DEI. If employees are ranking their satisfaction low or are not attending or engaged, organizations need to ask why and get to the root causes so they can address the actual issues. What is the real resistance? Is it because the current structure feels performative or inauthentic? Do employees not feel trust in the organization? Employee feedback is important in all aspects of the business, and especially in DEI.

“The folks who are voluntarily raising their hands to attend DEI trainings are probably not the ones who need to be there.”

Industry Leader

Bias is inherent in everyone, and it is important to acknowledge that everyone comes with bias on many different levels. Studies have shown that people will remember new knowledge gained through training, but over time their beliefs and behaviors tend to revert back to how they were before the training. This is particularly true where skill building is not equally emphasized in the DEI training. It is critical to teach people how to recognize their own specific biases while also showing them how to adapt related behaviors to eliminate their harm to others. This skill building can take many forms, but the intent is to provide an opportunity to practice appropriate responses in interactions with diverse groups of people. Virtual reality-based training programs are emerging to this effect, where people are put in realistic situations and asked questions to gauge how

they would react. They then receive tailored coaching and feedback based on their responses. Context is key and making the learning experience more personal elevates it to a level that can be practiced and repeated in day-to-day scenarios.

In addition to unconscious bias, leading companies are expanding their DEI curriculum to other topics, such as inclusive management, inclusive hiring, microaggressions and belonging, allyship, mentoring, and anti-oppression (anti-sexual harassment, anti-discrimination, etc.). As this curriculum grows, it is important to avoid making mandated DEI trainings feel like a compliance requirement, where the overall value and purpose is being lost on employees who view it as a check-the-box exercise. If mandatory trainings are not designed effectively, firms run the risk of causing adverse effects and making little progress toward changing attitudes and behavior.

Another approach to making training more effective is by integrating DEI concepts into other broader training efforts rather than having it as a standalone topic. Any resistance to a solely DEI-focused session can be diffused by embedding it into other related programs. Examples include promotion milestone programs, leading virtually, high-performing teams, as well as code of conduct or ethics certifications. This integrates DEI directly into the roles and responsibilities of everyone in the organization and avoids making people feel targeted.

Remember that DEI training is only one element of shifting behaviors and forming a more inclusive culture. As discussed throughout this report, a multifaceted DEI strategy includes re-engineering hiring, promotion, and deployment practices, redesigning rewards and flexibility arrangements, creating accountability through defined metrics and performance evaluations, expanding mentorship and sponsorship programs, and providing internal and external stakeholders with greater transparency on the current state and goals. Most firms also engage with employees on DEI through ERGs and other programs or councils. 76% of last year's survey respondents agreed that company-wide ERGs help attract, engage, and retain high-performing individuals.



68% of this year's respondents feel that their organization is "somewhat successful" or "successful" at providing access to mentorship / sponsorship programs, ERGs, and councils that address DEI. When asked about the broader industry, 41% of this year's survey respondents believe that the industry is only "somewhat committed" to providing access to DEI

#### ACCESS TO ERGS, COUNCILS, AND PROGRAMS IS LACKING BUT PERCEPTION OF IMPACT REMAINS HIGH

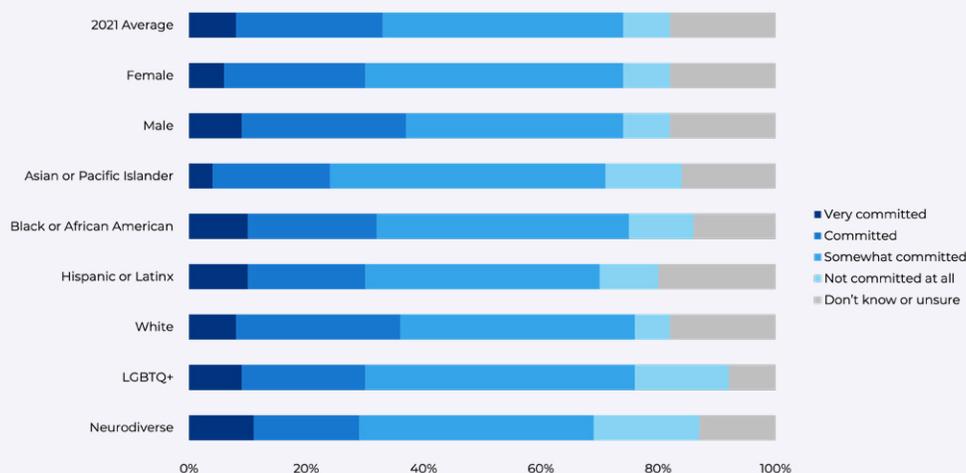


resources, such as mentorship / sponsorship programs, ERGs, and councils that specifically address DEI **(fig. m)**. Compared to other demographic segments, a higher percentage of Asian or Pacific Islander, LGBTQ+, and neurodiverse respondents believe that the industry is "not committed at all."

## ACTION ITEMS

- ▶ Create DEI training programs with a focus on both awareness and building the necessary skills to truly shift behaviors
- ▶ Expand DEI training curriculum to include topics such as inclusive management, inclusive hiring, microaggressions and belonging, allyship, mentoring, and anti-oppression
- ▶ Integrate DEI into broader training and development programs to embed it in the roles and responsibilities of everyone in the organization
- ▶ Talk to employees about engagement with DEI trainings, councils, ERGs, and other resources
  - ▶ For those who are not engaged, identify the root causes of why and address them through broader DEI action plans
  - ▶ For those who are engaged, identify what's being done well and where there are opportunities to improve

**(FIG. M) SOME DEMOGRAPHIC GROUPS PERCEIVE THE INDUSTRY'S COMMITMENT TO PROVIDING DEI RESOURCES WORSE THAN OTHERS**





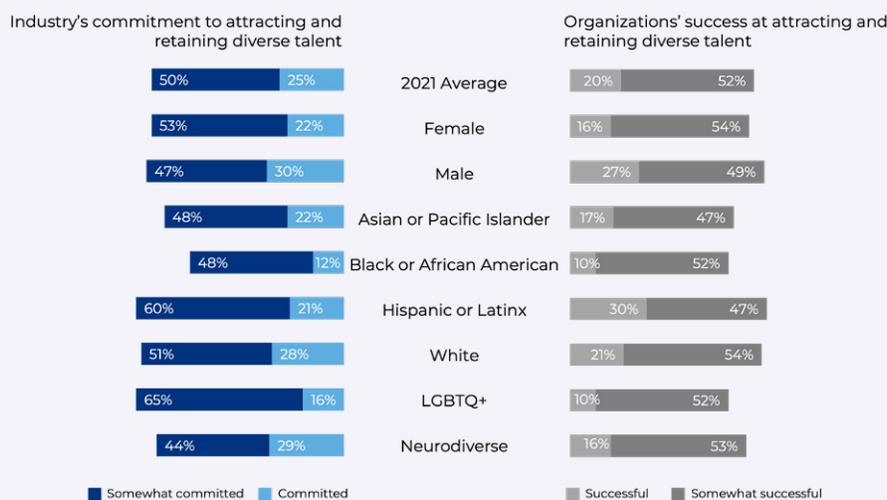
## ATTRACTING AND RETAINING TOP DIVERSE TALENT WILL COME FROM PUTTING REAL SUBSTANCE BEHIND DEI STATEMENTS AND CREATING A SENSE OF BELONGING.

Imagine a company that set earning expectations but never took the steps internally to enable and support reaching those goals. The reaction from all stakeholders—including investors, the Board of Directors, analysts, employees—would likely be one of disappointment and lack of confidence. DEI expectations are no different. When a company articulates its position on the role of DEI within the organization, stakeholders expect real action to be taken to achieve the desired state. If those statements are not backed by substantive actions, they appear inauthentic. With the resulting lack of confidence, diverse candidates and those who value DEI in their

employer are less likely to accept employment or remain with a firm that delivers empty statements.

Over 70% of this year's survey respondents feel that the asset management industry is both "somewhat committed" or "committed" to attracting and retaining diverse talent and that their organizations are "somewhat successful" or "successful" at attracting and retaining diverse talent (**fig. n**). This has improved since last year, when survey respondents only somewhat agreed that their organization had no problem attracting high-performing individuals from diverse backgrounds and believed that the industry was only somewhat successful at retaining those individuals. Compared to other demographic segments, Black or African American and LGBTQ+ respondents in this year's survey believe that the industry is less committed and less successful.

(FIG. N) PERCEPTIONS OF COMMITMENT AND SUCCESS IN ATTRACTING AND RETAINING DIVERSE TALENT HAVE ROOM FOR IMPROVEMENT





When narrowing the focus to leadership specifically, 67% of this year's survey respondents feel their organization is "somewhat successful" or "not successful at all" at finding a diverse pool of candidates to fill leadership positions. This perception has worsened since last year, where 61% of survey respondents felt that leadership was committed or very committed to identifying a diverse pool of candidates for advancement to any position (including executive leadership roles). Particular attention must be paid to how the attraction and retention of diverse employees will impact leadership pipelines over time. Improving one cannot be tackled without improving the other.

#### PERCEPTIONS OF FIRMS' SUCCESS AT FINDING A DIVERSE POOL OF CANDIDATES TO FILL POSITIONS HAVE WORSENED



Companies are taking real action to attract diverse talent, especially in light of the overall evolution in ways of working. They are assessing what capabilities can be done by machine versus what must be done by humans, challenging how firms have traditionally assessed skill sets and experiences. Where employees will carry out tasks, there is a greater focus on competencies needed to fill the position. For example, there is a growing appreciation for neurodiverse workers and the unique aptitude that they can bring to certain roles. Requirements surrounding years of experience, which have long been a barrier for many diverse candidates, are being replaced by hiring based on defined competency areas, thus opening the door to new and broader talent pools.

Over the past few years, the actions taken to improve leadership diversity were largely oriented around gender (in the binary sense of male and female). Recent events have accelerated the focus on improving race

and ethnicity diversity in boards of directors and executive leadership groups. It is important that the industry works together to both expand the traditional definitions of demographics, such as gender, race, and ethnicity, to be more encompassing (i.e., to include non-binary and multi-racial identities) as well as factor in more non-visible demographics such as LGBTQ+, neurodiversity, and disability. To increase the representation of these groups at the leadership level, firms need to also increase and include them throughout the workforce. Better integrating DEI into hiring and retention processes will be a big piece of solving that puzzle.

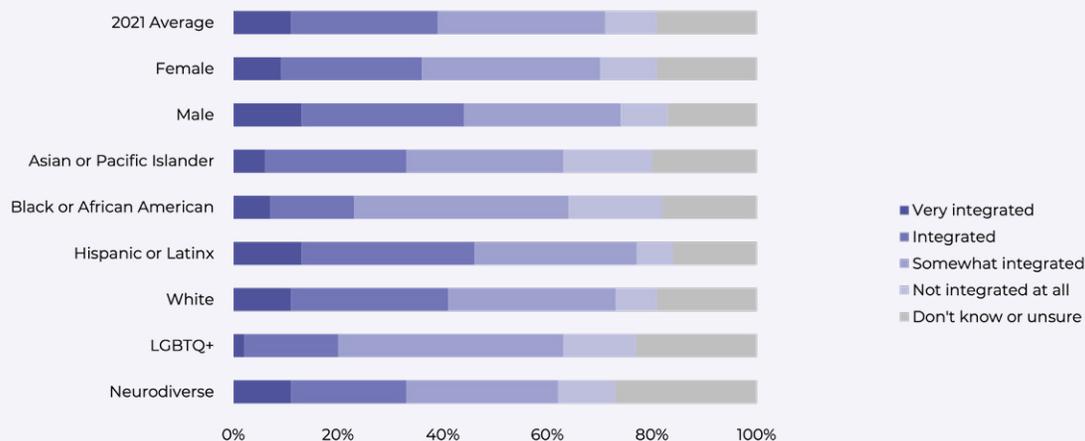
## HIRING

60% of survey respondents believe that DEI is "somewhat integrated" or "integrated" in their organization's hiring process and 19% don't know or are unsure. Compared to other demographic segments, female, Asian or Pacific Islander, Black or African American, and LGBTQ+ respondents believe it is less integrated while male and Hispanic or Latinx respondents believe it is more integrated (**fig. o**).

The hiring process begins with recruiting. As was discussed in the previous section on middle management, every company is competing for the same talent pool right now, and the asset management industry has many outdated barriers to entry that limit diverse candidates. If firms want to attract more diverse talent, they need to think creatively to change their hiring practices and remove these barriers. Recruiting methods also need to be differentiated based on the specific talent goals of the organization. Having multiple avenues to source diverse talent in alignment with the needs of the business is important to ensure that firms are not only filling roles with candidates that are best fit to their company, but that their company is best fit to the candidates.



**(FIG. O) DEMOGRAPHIC GROUPS DIFFER IN THEIR PERCEPTIONS OF DEI INTEGRATION IN HIRING PROCESSES**



Some firms are leveraging ERGs and the outreach they have in their communities through career fairs or networking events to improve their organization's brand image, spread awareness and education on the industry, and broaden their reach. While opportunities exist to better educate those outside of the industry on asset management, there is also a pressing need to improve branding if firms want to attract and retain diverse talent. As data provided in the previous section on people's perceptions of the industry's response to last year's social injustice events shows, the industry does not currently have a leading reputation for DEI.

Brand and reputation help build awareness of the asset management industry while educational efforts help increase people's preparedness for potential careers within it. Firms can invest time and money into building core curricula at the secondary education and collegiate levels to provide young adults with the skill sets necessary to succeed in financial services and asset management. Focusing on early skills development not only provides exposure to the industry, but it also helps extend the talent pipeline. It is critical that bias is eliminated from establishing these educational programs and that youth from all diverse backgrounds are afforded equal opportunities to participate. At the collegiate level, many

“Rebranding is essential for some shops because asset management isn't always seen as the most appealing and diverse place to go.”

Survey Respondent

firms are also strengthening their relationships with colleges and universities by offering internship programs, making donations, hosting networking events, and sponsoring extracurricular club activities.

The need for better branding and education also extends to the talent that is currently out in the workforce.



“You start to think about rewinding the clock and what the industry looked like 20 years ago. It’s not a modern picture and it doesn’t look like what it does today.”

Industry Leader

People have become more comfortable with switching industries when making changes in their careers. Without a deeper understanding of the values, priorities, and opportunities from firms in the industry, people may be less likely to pursue careers in asset management. Shifting the industry’s overall brand and reputation will require collaboration from multiple firms. This can be a difficult and resource-intensive initiative for one firm to try and tackle alone, but these holistic changes are necessary and will benefit everyone by attracting a broader pool of talent.

Other components of hiring include the application, screening, and interview processes. Many firms are starting to adapt their application and screening processes to broaden the qualifications they are looking for and remove biases that may have otherwise impacted the stage a candidate would reach. Job descriptions are easy to rewrite to feature more inclusive language (e.g., removing gender-specific pronouns) and put less emphasis on strict or unnecessary qualifications. One example is a firm that removed timed requirements from their job descriptions (“20 years of experience in financial services”) and was able to bring in more diverse

candidates from outside the financial services industry as a consequence. They determined that it was more important to find a good fit in interpersonal and teaming skills and that they were willing to train candidates on more technical market knowledge over time.

After applications are received, blind resume reviews (where the applicant’s name, school, and other personally identifying information is removed) are being implemented by many firms to reduce potential bias from recruiters and hiring managers. Some organizations are turning to emerging technologies, such as virtual reality, to remove bias from initial qualification screening by testing potential candidates in a virtual environment on how they handle realistic situations related to the open position or company model. Organizations need to push hiring managers to think outside the box and source candidates based on their potential.

Diversity should be integrated within interview panels as well as candidate pools. Candidates need to be able to picture themselves as a part of an organization, and the people they meet throughout the recruitment and hiring process are a big influence on that. If there are no diverse leaders within the organization or business unit to participate in interviews, there may be opportunities to bring in diverse peers or colleagues from other groups who would interact with the role on a routine basis.

Some firms are moving away from traditional resume-based interview structures to put candidates through “day-in-the-life” interactions and behavioral analysis scenarios. Interview styles that avoid “checking the box” for candidates against job descriptions can also help avoid unintentionally manifesting bias where managers struggle to see someone who is not an exact fit being successful in a role. Limiting the scope of evaluation criteria during the hiring process unfairly takes valuable candidates out of the running, where committing future time and effort to train someone with potential and interest on the specifics of a role can have a big pay-off in a relatively short timeframe.



Once the decision is made on the candidate who will receive an offer, careful attention to equity and fairness should be given when developing the package as well as during negotiations. It is widely understood that the majority of pay gaps relate to the starting pay of employees. That is why legislation has been introduced in many jurisdictions to eliminate some of the historical pay practices thought to create or perpetuate inequality in pay.

## RETENTION

Talent retention presents a separate set of unique challenges after bringing candidates in through the recruitment and hiring process. Commitment and action to further equity, inclusion, and belonging is necessary to not only retain diverse employees but allow them to flourish. Equity is revealed in many forms, including in rewards and incentives, learning and development, deployment, promotion, access to leaders, and mentoring or sponsorship. Inclusion must be deeply embedded with an organization's culture to foster an environment where differences are celebrated and all employees are heard. Building a social and philosophical connection with employees provides them with a sense of belonging to the larger group. There are many steps companies can take in each of these areas, a few of which have been highlighted below.

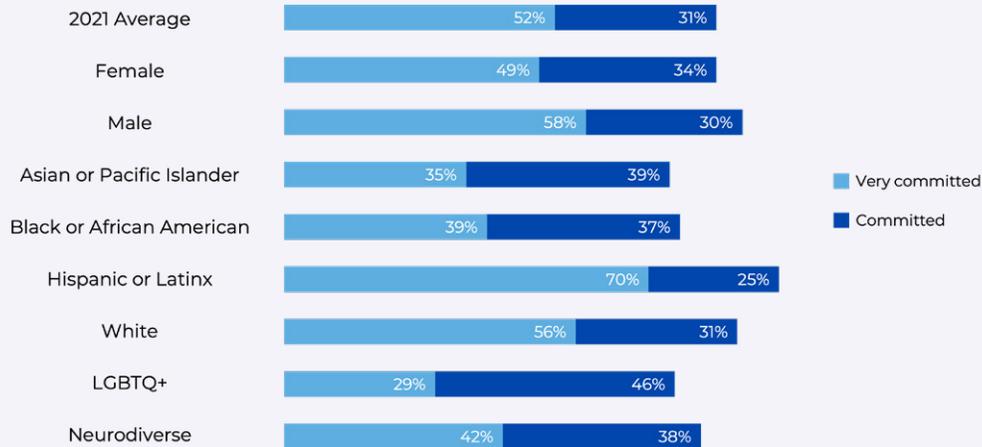
One important component of retention is providing employees with equal development opportunities to grow their careers. Many firms have instituted formal development plans, ideally joined with succession planning efforts, to provide employees with more structure and a place in which they can raise their goals and career objectives on a more consistent and thoughtful basis. These plans can be connected to performance and discussed as part of regular appraisal or review cycles.

Training and equipping managers to discuss promotion opportunities and related learning or experience requirements strengthens communication channels with direct reports. Employees should also be given the opportunity and support to source other roles that are internal to the organization but outside of their current groups or functions. Diverse talent pools already exist within organizations and are strong candidates for filling open roles based on their institutional knowledge. Firms need to be flexible in accommodating non-linear career growth paths for employees who may be a good fit to move horizontally. Organizations need to establish a stronger emphasis on promoting and developing talent from within so those resources can get to where they want to be in the organization with the tools, training, and resources to be successful.

Corporate culture has been a strong theme throughout this report, and it continues to be relevant in employee retention. Employees need to feel a sense of belonging and safety at work. 83% of this year's survey respondents feel that their organization is "very committed" or "committed" to establishing and communicating policies that safeguard employees, such as non-discrimination and zero-harassment policies. However, when looking at responses by demographic segment, it was found that Asian or Pacific Islander, Black or African American, LGBTQ+, and neurodiverse respondents feel their organizations are less committed to establishing and communicating these policies (**fig. p**). Without a sense of personal belonging and feeling safe and supported in the workplace, employees are highly likely to leave and find those things elsewhere. If employees do choose to leave, organizations should conduct thorough exit interviews to identify improvement areas for retention.



**(FIG. P) SOME DEMOGRAPHIC GROUPS FEEL ORGANIZATIONS ARE LESS COMMITTED TO POLICIES THAT SAFEGUARD EMPLOYEES**



In the overall lifecycle, flexibility is also highly influential throughout the talent attraction and retention cycle. 64% of this year's survey respondents feel that their organization is "committed" or "very committed" to enabling a flexible working environment. Employees are increasingly citing flexibility as key criteria in their decisions on where they want to work. Providing flexibility in the ways people work, especially opportunities for remote and alternate working hours, is a clear differentiator in the current hiring environment. Studies show that women and underrepresented groups have the highest levels of remote-work aspirations. If asset management organizations are forcing people back to traditional in-person BAU structures from pre-pandemic times, those talent pools and employees may feel isolated from the industry and will ultimately leave it.

To build a diverse pipeline to senior and executive leadership roles, firms need to put a heavy emphasis on changing their hiring processes, internal support structures, and workplace environments in ways that accommodate the needs of all employees. This cannot be done without considerable effort from all levels of the organization to advocate for change and come together to address gaps in perception based on different demographic backgrounds or experiences. It is imperative that the asset management industry dedicate the time, budget, and people to gain trust, improve branding and reputation, and build out a more diverse, equitable, and inclusive culture that will establish lasting change for generations to come.



## ACTION ITEMS

- ▶ **Help shift the industry's overall brand and reputation and help attract qualified candidates from other areas:**
  - ▶ Leverage ERGs to improve brand image, spread awareness and education on the industry, and broaden reach
  - ▶ Invest time and money into core curricula at the secondary education and collegiate levels to provide children and young adults with the skillsets necessary to succeed in financial services and asset management
  - ▶ Collaborate with other firms to share resources. [Click here](#) to inquire about joining the Diversity Project North America's Education Engagement and Outreach Committee
- ▶ **Improve the hiring pipeline for available positions, especially at leadership levels:**
  - ▶ Establish differentiated recruiting methods based on specific talent goals (e.g., at certain ranks, within business units)
  - ▶ Strengthen relationships with colleges and universities by offering internship programs, making donations, hosting networking events, and sponsoring extracurricular club activities
- ▶ **Adjust hiring processes to broaden candidate pools:**
  - ▶ Rewrite job descriptions to feature more inclusive language (e.g., removing gender-specific pronouns) and put less emphasis on strict or unnecessary qualifications
  - ▶ Conduct blind resume reviews (where the applicant's name, school, and other personally identifying information is removed) to reduce potential bias from recruiters and hiring managers
  - ▶ Include diverse leaders on interview panels or change interview structures to include diverse peers or colleagues from other groups who would interact with the role on a routine basis
- ▶ Implement formal development plans for all employees to enable better communication of their career goals, promotion opportunities, and learning and experience needs
- ▶ Promote and develop talent from within so resources can get to where they want to be in the organization with the tools, training, and resources to be successful
- ▶ Conduct detailed exit interviews with employees who leave the organization to identify improvement areas for retention
- ▶ Expand definitions of diversity in leadership and workforce goals to include broader views on gender, race, and ethnicity as well as non-visible parameters such as LGBTQ+, neurodiversity, and disability

## METHODOLOGY

Nicsa's 2021 DEI Perception Survey of the Asset Management Industry was launched in collaboration with the Diversity Project North America Benchmarking Committee and EY. It went live in late February 2021 with Nicsa's Strategic Leadership Forum industry conference and closed in June 2021 with Nicsa's Fearless Leadership Symposium—the first and only national conference focused solely on DEI issues specific to the global asset management and fund industry.

Data was collected from almost 1,200 respondents representing a diverse set of firms and organization types within the industry. The survey measured the perceptions of respondents on 37 core questions across key DEI themes such as leadership; workforce; metrics and performance; talent, hiring, and work environment; training, mentorship, and sponsorship; and DEI response and commitment. The majority of responses were collected based on a four-point scale (e.g., asking respondents to choose if they felt something was very important, important, somewhat important, or not important at all plus an additional option for don't know or unsure).

An additional 10 questions were asked to gather personal demographic data from respondents on areas such as age, racial or ethnic identity, gender identity, highest educational attainment, LGBTQ+, neurodiversity, geographic region, type of organization employed by, business unit or group within the organization, and level within the organization. At the end of the survey, respondents were given the opportunity to provide free-text commentary with any additional thoughts on the state of DEI in the industry, some of which were featured anonymously throughout this report.

Nicsa and EY also hosted a series of virtual roundtable sessions to gather reactions and insights from industry leaders on the perceptions captured in the survey data. Over 30 business, HR, and DEI leaders from over 20 Nicsa Diversity Project North America member firms participated in these interactive dialogues, with anonymized quotes and examples from the discussions included throughout this report. The quantitative data collected through the survey is interpreted within the context of relevant qualitative factors, such as the roundtable commentary and other industry insights.

Note that demographic segments with counts of less than 45 were deemed not statistically significant and were omitted from the graphics and numerical result references provided within this report. However, the responses of these groups were included in analysis and were considered when determining trends and key takeaways. For example, Native American or Indigenous survey participants totaled 13. While the responses of these individuals are important and were meaningful in informing the report's broader conclusions and content, specific deductions based on the raw data cannot be presented in charts, graphics, or numerical references based on statistical significance.

Where applicable, data from the 2020 survey results has been provided alongside the results from 2021 for benchmarking purposes. In order to provide a clear comparison, the numerical range from the 2020 results (1 to 10, with 1 being "Strongly Disagree" and 10 being "Strongly Agree") was mapped to the relevant four-point scales for the 2021 data set. For any questions or to receive a deeper dive into the full results set, please contact [Nicsa](#).

## GLOSSARY OF TERMS

**Allyship:** The consistent practice of taking action to support and advance the interests of a marginalized individual or group of which you are not a member.

**Belonging:** The feeling of psychological safety and trust one experiences, which leads to better inclusion. The experiences of belonging are not static and can often change from situation to situation.

**Culture:** The set of local cultural norms, beliefs, standards, and expectations, that may or may not include ethnicity and religion. Cultural background or affiliation refers to the culture in which a person has been raised, and / or the cultural environment with which they most identify. This is an invisible dimension and may be influenced by aspects such as geographic region, religion, and social group. One's genetic heritage can be different to one's cultural background. Also, people may identify with a mixed cultural background.

**DEI:** diversity, equity, and inclusion

**Diversity:** All of the qualities or ways in which people differ, which can include on the basis of nationality, background, education, gender, race, ethnicity, generation, age, working and thinking styles, religious background, sexual orientation, disabilities, abilities, experiences and technical skills, geography, and many other characteristics.

**ESG:** Environmental, Social, and Governance

**Equity:** Treating all people fairly and impartially, especially with regards to access, advancement, opportunities, and the elimination of barriers.

**Flexibility:** Creating an agile workplace culture and working smarter, not working less. Challenging the assumptions about where, when, and how work gets done, while maintaining a clear focus on the results to achieve. Being agile and responsive to the differing needs of people, teams, clients, and others.

**Inclusion:** All people being welcomed, respected, supported, and valued in their encounters and environments, which can lead to a feeling of belonging.

**Intersectionality:** A term coined by professor Kimberlé Crenshaw in 1989 to describe how race, class, gender, and other characteristics “intersect” and overlap with one another on an individual or group level.

**LGBTQ+:** Acronym describing the community of people who identify as lesbian, gay, bi, transgender, queer, or other non-heterosexual / non-cisgender identities such as intersex or asexual and / or allies.

**Mentor:** Anyone in a position of experience, regardless of their level or title, who provides mentorship.

**Mentorship:** Guidance or advising provided by a more experienced, connected, or knowledgeable person to a less experienced, connected, or knowledgeable person. Informal mentorship can have little to no defined structure and can be based on personal chemistry or common goals and experiences, while formal mentorship is often more structured and can be part of a program or process with set pairings and time frames.

**Neurodiverse:** A concept that considers the range of differences in human brain function and all variations of cognitive function, which can include Autism Spectrum Disorder, ADHD, dyslexia and others.

**Non-binary:** Someone whose gender identity is neither man nor woman. “Non-binary” is also a term used to describe gender identities other than strictly “man” or “woman.”

**Sponsor:** Typically someone of a more senior or executive level or title who tends to use their own political capital to further a sponsored employee.

**Sponsorship:** Advocacy and advancement provided by a more experienced, connected, or knowledgeable person for a less experienced, connected, or knowledgeable person. Informal sponsorship can have little to no defined structure and can be based on personal chemistry or common goals and experiences, while formal sponsorship is often more structured and can be part of a program or process with set pairings and time frames.

## ABOUT NICSA

Nicsa is a not-for-profit trade association striving to connect all facets of the global asset management industry in order to develop, share, implement, and advance leading practices. Nicsa member firms include asset managers, broker dealers, custodian banks, transfer agents, and other professional service firms including audit, tax, law, technology, marketing, and compliance.

In 2018, Nicsa launched the Diversity Project North America to promote a diverse and inclusive global asset management industry with the right talent to deliver the best possible results for our clients, reflect the society we serve, and ensure long-term business sustainability. We aim to achieve diversity across all dimensions through collaborative leadership from executive business leaders pooling resources from industry participants around challenges we all face.

We strive to deepen the understanding and perception of what the asset management industry entails and the varied roles within it, to encourage a broader range of new candidates.

**Note:** The observations contained in this work represent the thoughts of individuals comprising Nicsa leadership and its committees. They do not necessarily reflect the views of Nicsa or any of its member organizations. Nothing herein is intended to be or should be construed as legal advice.

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as of September 2021.

**THE DIVERSITY PROJECT NORTH AMERICA IS COMPRISED OF 9 ACTIVE COMMITTEES MADE UP OF MORE THAN 100 ENGAGED AND PASSIONATE VOLUNTEERS:**

**CEO Advisory Council:** sets the strategic direction for the Project; comprised of business leaders from founding member firms

**Executive:** ensures committee work aligns with Project objectives; comprised of business leaders from founding member firms

**Benchmarking:** identifies metrics and standards

**Education Engagement & Outreach:** attracts diverse talent to the industry

**Events:** offers training and education for inclusive leadership

**Fearless Leadership Symposium:** drives content and speaker identification for annual event

**Industry Engagement:** shares findings and solicits actionable industry feedback

**Member Engagement:** identifies and develops the next generation of leaders at our member firms

**"Next" Practices:** shares forward-looking ideas to help firms build bold programs that advance equitable opportunity and support business results

**DIVERSITY PROJECT NORTH AMERICA MEMBER FIRMS**



## ABOUT EY

### How EY Global Wealth & Asset Management Sector can help your business

In EY wealth and asset management work today, not everything is innovation; a lot of it is evolution. And it's important to know the difference. FinTech disruptors continue to shift the rules, newer investors aren't flocking to older channels and cost pressure is relentless. From data and AI, to tech platforms and partners, the questions have never been bigger, and the stakes have never been higher.

At EY, we help clients re-think everything from pricing and operating models to competition and convergence. We bring critical questions into focus, which lead to bolder strategies, simplified operations and sustainable growth. Our sharp understanding of the state of play allows us to shift discussion from reacting to change, to helping shape it. Ultimately, EY teams work with clients not just to stay competitive, but to change investing for the better.

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