PRESERVER PARTNERS

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Recruiting Diverse Talent to the Investment Space

DEI, or Diversity Equity and Inclusion, is steadily increasing in importance to the financial services (FS) sector, not only because it has been proven to improve bottom lines, but because it is what potential employees want to experience in work environments. FS overall is one of the least diverse fields in the United States, especially in terms of gender parity. Despite just over half of entry-level positions in FS being filled by women, the drop in representation in senior roles is drastic, especially for women of color. Only 86 women are promoted for every 100 men to begin with, and alarmingly, "representation of Black, Latina, and Asian women falls by a staggering 80% between the entry-level and the C-suite." Furthermore, the gap between women in senior leadership roles and the C-suite is currently at 9% and widening. If more active measures are not taken, this gap is likely to increase to 14% by 2030.

According to DEI.extension.org, diversity is realized when there is a substantial presence of groups that are underrepresented both in the field and in broader society. Equity means actively promoting "impartiality and fairness within the procedures, processes, and distribution of resources by institutions or systems." Inclusion happens when diverse populations feel and are welcomed in an institution. Visible DEI matters to people, as seen in a Glassdoor survey; 76% of people seeking jobs say diversity levels are important when choosing where to apply.

A common approach for companies starting DEI efforts is recruiting diverse talent from entry-level positions and hoping to retain them through the ranks. These programs can be implemented internally through internship programs, or externally through a non-profit placement model.

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Nevertheless, the point of DEI recruiting is to increase representation of populations that have not historically been in the investment space and thus firms should not limit their searches to traditional channels. For example, to increase the percentage of diverse individuals at senior levels, companies can recruit from experienced professionals who have taken career breaks. No matter the approach, any one of these recruitment models can have long lasting impacts on an organization if done wholeheartedly.

The Advancing Black Pathways and Advancing Hispanic/Latino Pathways Fellowships at JPMorgan Chase stand out as internal recruitment models. These are 6-week intensive programs where fellows are trained in general business acumen for the first 3 weeks, and then exposed to a line of business for the second half. The fellowship is an exploratory program for diverse talent who have just completed their 2nd year of college, with a focus on building networks within the organization. The programs recruit diverse talent with a clear, early pathway for Black, Hispanic, and Latino students. Other banks that use internally driven DEI models bring students in for a couple of days without as much access to the firm's resources–that alone is a huge advantage. However, this fellowship is not focused on transferable skills, but rather, exposure to the company with the expectation that fellows will return the following summer as interns.

There are plenty of non-profit organizations providing educational and career support to underrepresented populations like Management Leadership for Tomorrow (MLT), INROADS, and Seize Every Opportunity (SEO). But, for external recruitment models, Girls Who Invest (GWI) has established itself as a front runner. GWI runs a 10-week program in which scholars are taught core finance and investment concepts for 4 weeks and then placed in paid internships with the organization's buy side partners. Scholars are also given pre-work learning during the winter of their 2nd year in college to sharpen their skills. GWI's partnerships with buy side firms and asset managers are key in getting diverse talent into these spaces. Its reach and direct partnership model make it a unique program. GWI has a long and impressive list of partner firms, some of which have started to hire undergraduates due to this program. However, return offers are not guaranteed at all firms.

The entry-level programs are a good start, but how can the drop-off rate of diverse talent between entry-level and the C-suite be addressed? Women often reach an inflection point mid-career where they must make work-life balance choices. According to an Oliver Wyman report done in 2016, "the exit rates of women in financial services in the mid-part of their careers are not only higher than those of their male colleagues, but also significantly higher than in other industries." Retention strategies being used today often miss the mark. Business resource groups, mentor relationships and other internal retention programs in many cases add extra hours to the full-time job. In addition, these programs do not actively engage the entire organization, just the minority population, and do not change the overall culture of the firm. Having leaders visibly model inclusive behavior helps create that environment, along with enlisting members of the majority groups to further the DEI agenda. Examples of this are ally groups, cross-cultural mentorship/sponsorship pairings, and cultural celebration days.

Another way to actively work against the drop-off is to recruit people who have taken extended career breaks. The talent pool is already experienced, highly educated, and motivated to return to work. Programs like iRelaunch are working to eliminate bias against this category of job seekers. iRelaunch offers a self-paced course with 5 phases and 30 steps of both curated and proprietary content. Resources include conferences, a relaunch readiness assessment, and coaches to help relaunchers along their journey–which typically takes about 3 months. iRelaunch also partners with firms to track and maintain a job board which helps relaunchers connect with employers for returnships–an internship for experienced professionals looking to return to work–and direct hiring opportunities. What makes iRelaunch stand out is that they provide the roadmap back to work and are agnostic of the reason for the relauncher's career break, as some return-to-work programs are only for caregivers or mothers.

Firms looking to start or increase their DEI efforts should consider partnering with non-profits like Girls Who Invest, iRelaunch, and many more that are focused on bringing diverse talent to finance and recruiting from alumni of these programs. Likewise, there is the option to create an internship or shadowing opportunity that increases exposure to both your business and the investment management space. Organizations should also look at internal hiring practices to ensure they are inclusive by writing job descriptions in neutral terms and making sure the pool of candidates for promotion within the firm is just as diverse as the pool for hiring. It is unwise, however, to think that DEI stops with hiring practices as it is a long-term commitment requiring data-driven solutions and buy-in from top down. In the long run, the only way to continue attracting diverse talent is to visibly retain diverse talent.