

# DIVERSITY IN INVESTMENT MANAGEMENT INITIATIVE

DEVELOPING AND PROMOTING AN  
INCLUSIVE CAREER AND EMPLOYEE  
VALUE PROPOSITION

July 2017

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# INITIATIVE OVERVIEW

- Mercer research shows diversity in the investment management industry is hampered by its low profile among university students and early career aspirants.
- To respond to the challenge, a number of asset owners and managers are funding the development of an employee value proposition and career framework designed to attract diverse talent to the investment management industry.
- A mobile-enabled career website will be created with links to work experience, intern and employment opportunities. Career stories and employer inclusion initiatives will also be shared.
- Promoted through social media, partner websites, industry associations, University Societies, and supporter networks.
- Project costs ~\$200,000 plus options to scale and broaden the initiative over time.
- Contributions at \$20,000 each plus \$8,000 per year for ongoing development and promotion

# CURRENT PARTNERS



futurefund

AustralianSuper



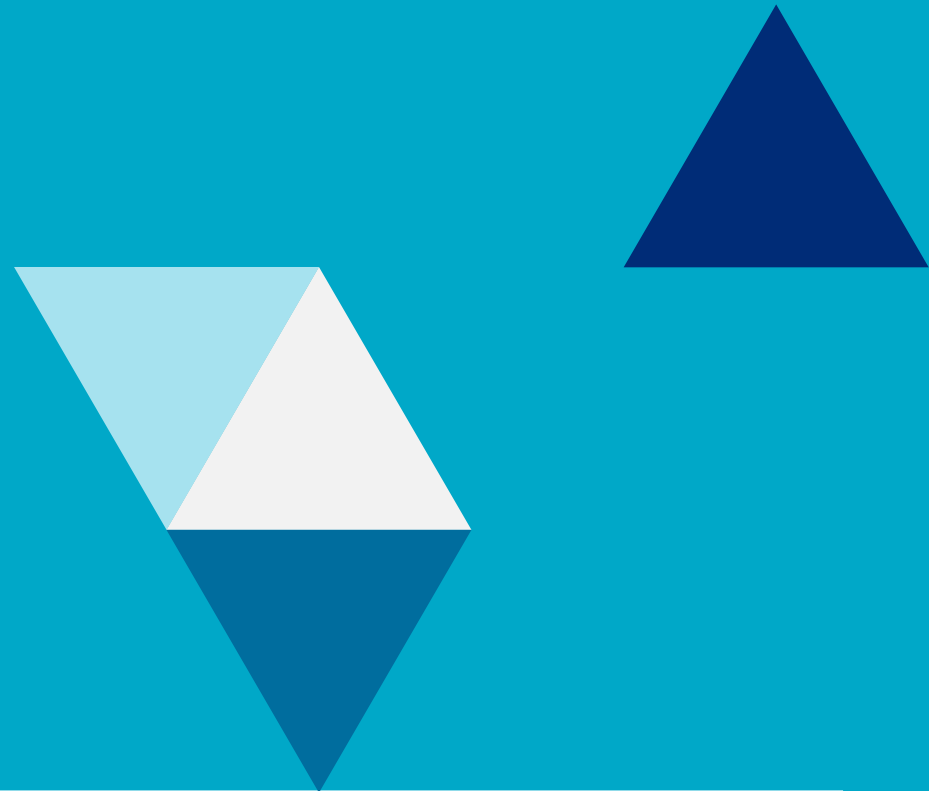
Media partners



# READ FURTHER FOR...

- Background
- Approach to developing a career and employee value proposition
- Process and project deliverables
- Investment

# BACKGROUND



# BACKGROUND

## LANDMARK STUDY REVEALS DIVERSITY BARRIERS

In 2016, Mercer convened a group of asset managers and owners to measure the diversity of the investment management (IM) profession, understand barriers minority talent segments face and explore solutions to create a culture where all talent can equally thrive and the industry can attract different perspectives. Diversity was measured across gender, cultural background, socio-economic background, qualifications, age and decision-making approaches. Quantitative and qualitative methods were used to measure the status quo and barriers to diversity. Key findings include:



### ATTRACTION

- Female recruitment rates are promising
- Educational diversity limited
- Less than 1 in 5 finance students aspire to work in IM
- 41% of female and 27% of male students don't know enough about IM
- The industry has a good story to tell



### EXCLUSION

- 41% of female (77% of Anglo-Celtic (A-C) males) IMs feel their manager doesn't support their career ambitions
- Half of women (40% A-C males) say their manager isn't bias aware
- Non A-C aspiring IMs feel locked out of the white PM boys club



### RECRUITMENT

- 40% of IMs joined the profession from the sell-side, limiting gender and educational diversity
- 87% of females strongly agree or agree that there is bias in hiring and promotion activities compared to 40% of males



### PIPELINE

- Women are up to 50% more likely to leave and men are up to 30% more likely than women to be promoted
- 30% of men and 39% of women believe flex is a career killer
- Women are less likely than men to be mentored (75%:68.4%)



### TRUST

- Only 36% of women feel their employer is committed to pay equity, compared to 63% for A-C men
- 77% of women believe key HR decisions are not transparent (40% A-C men)
- Limited disclosure practices

# CHANGE BLUEPRINT

## INDUSTRY LEADERS AGREE CHANGE BLUEPRINT

A range of initiatives to address diversity barriers were identified by industry leaders with the greatest level of support for a compelling and inclusive employee and career value proposition.



### ATTRACTION

Attract more diverse candidates (gender, cultural background and education / professional background) into investment management

- Develop compelling industry employee and career value proposition (EVP)
- Awareness campaign



### EXCLUSION

Leverage cognitive diversity and improve team effectiveness by including and supporting difference

- PM engagement program
- Personal Impact Insights (observational and leadership 360s)
- Behaviours embedded into performance, development and incentive frameworks



### RECRUITMENT

Re-design recruitment practices to address bias, counter risk aversion and open up processes

- Unpack and redesign recruitment processes
- Engage rating houses on turnover impediments
- Cultivate long-term talent pools



### PIPELINE

Reduce female turnover by supporting women through the pipeline and during critical years

- Embed flexible working
- Industry sponsorship program for male leaders and rising female talent
- Reverse mentoring

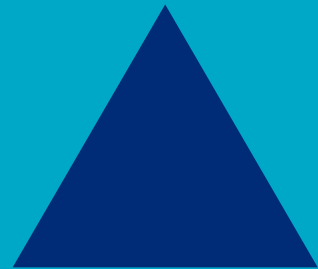


### TRUST

Improve trust in recruitment, pay and promotion decisions

- Develop, report and track progress on company-specific D&I metrics

# EMPLOYEE AND CAREER VALUE PROPOSITION OVERVIEW



# THE CHALLENGE AND OPPORTUNITY

- Less than 1 in 5 (18%) finance students are considering investment management for their future careers
- 41% of female students say they don't know enough about IM compared to 27% of males

*"I don't think uni students, particularly the women, really understand what it means to work in investment management. I'd never seen a female investment manager before I started this grad program so it was hard to imagine working in the industry"*

Female graduate focus group participant

*"Most people still think of Wolf of Wall Street when they think investment management"*

Male graduate focus group participant

## And yet...

- 88% of investment managers say their work is purposeful
- 92% of investment managers say their work is interesting and engaging
- The industry plays a vital role in society and the economy

# WHAT IS AN INDUSTRY EVP?

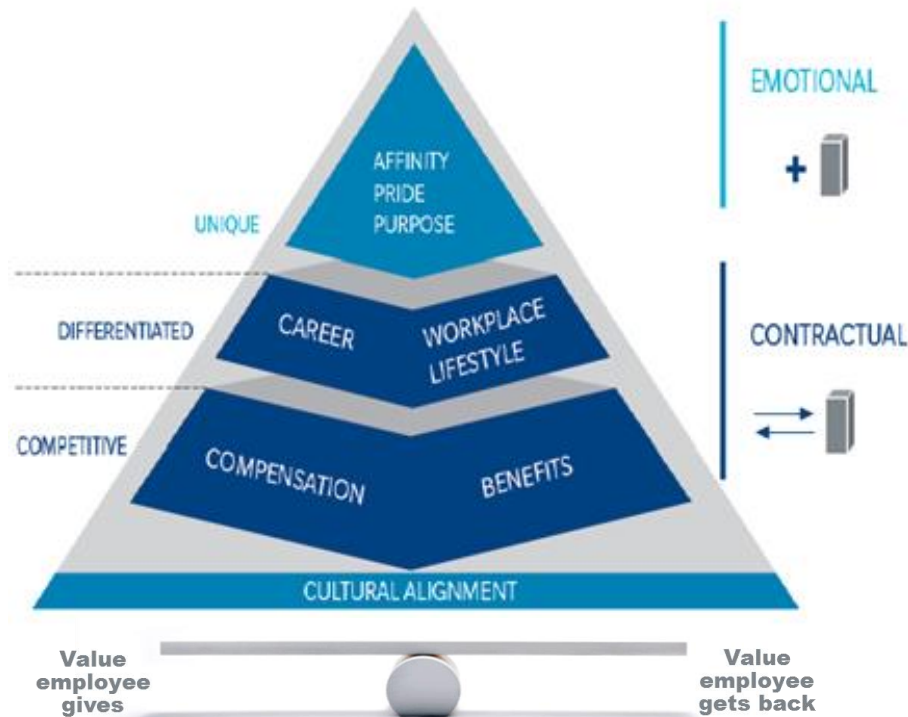
Set of offerings or associations that characterise how an employer (or industry) differentiates itself from its competitors; equation by which employees balance effort and return from employer (or industry)

## Career

Organisations that can successfully link long-term career aspirations to available career paths are more effective in driving long-term engagement and retention. The same is true for industries.

## Compensation

Should be internally equitable and externally competitive. The way in which pay is set and progressed can have a huge effect on how an employee engages with work.



## Affinity / Pride / Purpose

Captures a meaningful and compelling reason for being that generates positive employee emotions and contributes to building a company's (or industry's) brand to help attract, motivate, and retain employees.

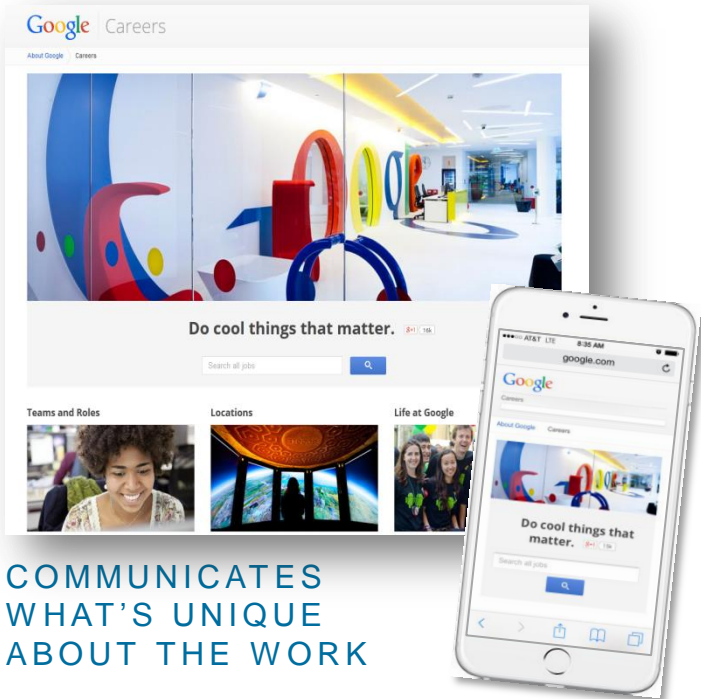
## Workplace lifestyle

Providing exceptional on-site amenities and services, along with flexible work arrangements, encourages productivity.

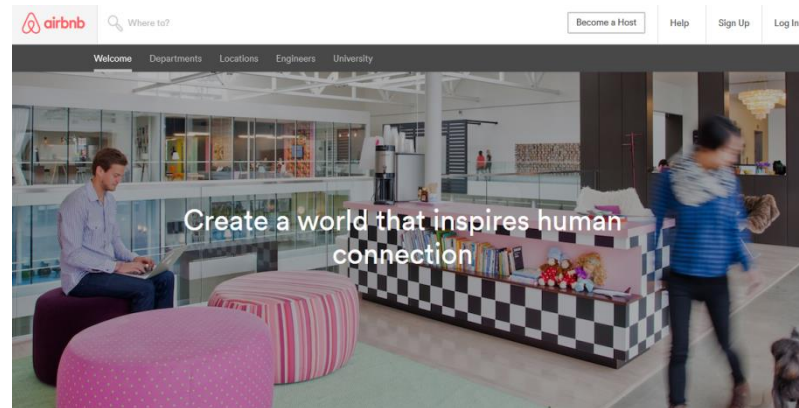
## Benefits

Employers not only need to ensure market competitiveness, they must communicate and differentiate their offerings to attract and retain critical talent.

# HALLMARKS OF A COMPELLING EVP



ARTICULATES A CLEAR PURPOSE FOR THE WORK



COMMUNICATES WHAT'S UNIQUE ABOUT THE WORK



HELPS EMPLOYEES CONTRIBUTE TO SOCIETY

MAPS OUT CAREER PATHWAYS



# CRITICAL EVP QUESTIONS



## ***Brand***

How is our EVP viewed externally?

What are we known for as an industry?

What types of candidates does our brand attract?

What type of candidates do we want to attract?



## ***Segments and personas***

What's the best way to segment the talent market?

How can we leverage personas to communicate more effectively?



## ***Leadership***

In what ways do leaders support or undermine employee engagement and the EVP?

Are leaders reinforcing the right messages?



## ***Promise***

What makes the work experience in our industry different?

How will we ensure the integrity of our EVP?

Do we have success stories?



# PROCESS AND DELIVERABLES

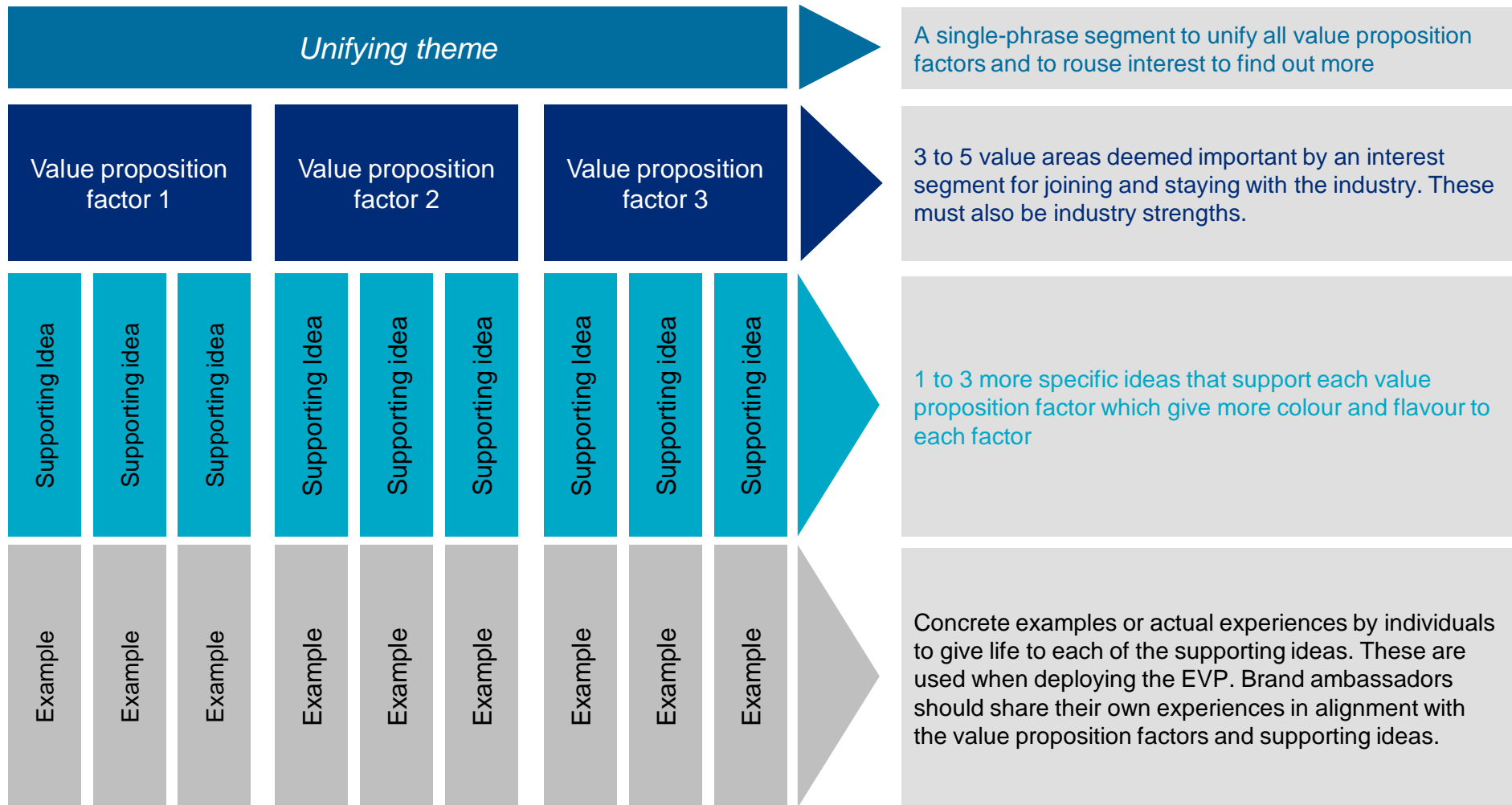


# PROCESS TO DEVELOP THE EVP AND CAREER FRAMEWORK

<b>1</b> FORM WORKING GROUP	<b>2</b> GATHER EMPLOYER PERSPECTIVES	<b>3</b> GATHER EMPLOYEE PERSPECTIVES	<b>4</b> DRAFT EVP AND CAREER FRAMEWORK	<b>5</b> PREPARE FINAL OUTPUT
<ul style="list-style-type: none"> <li>• Form working group based on appetite to fund</li> <li>• Agree scope, process, timelines, deliverables and success measures</li> <li>• Develop draft personas</li> </ul>	<p>Review PDs for range of roles from analyst to CIO</p> <p>1 on 1 interviews with 15 organisations (CIOs and HR) to understand</p> <ul style="list-style-type: none"> <li>• What they want from investment managers at each level               <ul style="list-style-type: none"> <li>– Skills, capabilities, behaviours, experience</li> </ul> </li> <li>• Typical career pathways               <ul style="list-style-type: none"> <li>– Desired / relevant experience</li> <li>– Triggers for progression</li> </ul> </li> <li>• What they offer talent               <ul style="list-style-type: none"> <li>– Affinity / Pride / Purpose</li> <li>– Career</li> <li>– Flex</li> <li>– Compensation and benefits</li> </ul> </li> <li>• Views on personas</li> </ul>	<ul style="list-style-type: none"> <li>• Review existing survey data to pinpoint role and industry strengths</li> <li>• Interview representatives from each persona category to assess:               <ul style="list-style-type: none"> <li>– Affinity / Pride / Purpose</li> <li>– Career</li> <li>– Flex</li> <li>– Compensation and benefits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Document EVP anatomy (see next page)</li> <li>• Document career framework (see next page)               <ul style="list-style-type: none"> <li>– Entry points (graduate, early career, mid career) and required skills / experience for each level</li> <li>– Map out learning and development to facilitate talent development and movement (vertical and horizontal)</li> </ul> </li> <li>• Gather feedback and finalise with working group</li> </ul>	<ul style="list-style-type: none"> <li>• Create industry brand / visual identity</li> <li>• Mercer or industry body develops and maintains website               <ul style="list-style-type: none"> <li>– Web architecture</li> <li>– Create web copy</li> <li>– Create additional web content eg video interviews</li> </ul> </li> <li>• Industry EVP available for companies to adapt / customise</li> </ul>

# DELIVERABLES

## EVP ANATOMY



# DELIVERABLES CAREER FRAMEWORK

		Investments Direct	Investments Indirect	Investments Other
CAREER LEVEL	5			
	4			
	3			
	2			
	1			



Captured for three different types of investment teams



## PORTFOLIO MANAGER

Key responsibilities

Core competencies

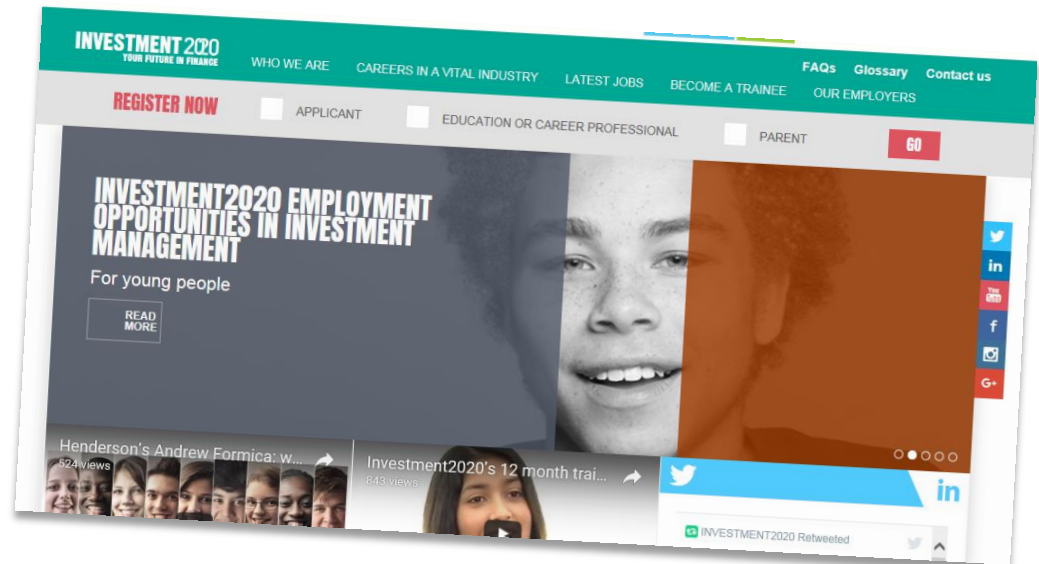
Development actions

Next step career options

# DELIVERABLES BRAND AND WEBSITE

## WEBSITE

- Articulates EVP and career framework
- Video content heavy / first person story telling of career journeys
- Jobs board feeding from partner sites
- Links to partner recruitment pages and content
- Promotes employer inclusion initiatives
- Regularly updated with links to industry events and content
- Promoted through social media, partner websites, industry associations (finance and non-finance), University Societies, and supporter networks
- Scalable to broaden to adjacent roles in investment management over time
- Foundation partner receive due recognition and profile across the site



## BRAND

- Project name and brand
- Visual look and feel
  - Logo
  - Colour palette
  - Image treatment

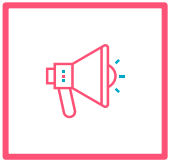
# DELIVERABLES

## EDUCATION AND WORK EXPERIENCE PROGRAM

Initial partnership with F3 – Future Females in Finance

Option to expand to other programs to reach different diverse segments over time

### WHAT IS F3?



#### WHOLE OF CAREER LIFECYCLE

Early introduction to finance at school and university will increase awareness of the industry



#### EDUCATION

F3 conducts panel sessions at school and at university in subject and course choice; what the industry does; what post graduate courses are available



#### CAREER

F3 showcases female role models, explains the different types of roles in the industry and demystify career paths



#### WORK EXPERIENCE

F3 provides a fun and practical online work experience program, providing access to industry mentors who support a group of five women to work on a specific business problem involving financial modelling.



*Fostering the next generation of female talent in financial services*



[www.fthree.com.au](http://www.fthree.com.au)

# DELIVERABLES

## ONGOING CAMPAIGN MANAGEMENT

- Coordinate new content from funding partners
- Manage relationships with promotion partners and maximise opportunities
- Facilitate speaking opportunities and requests
- Scope ways to scale and broaden reach, including additional work experience and internship opportunities
- Funded by foundation and new partners

# INVESTMENT



# INVESTMENT

STAGE	PROFESSIONAL FEES
Project scoping and set up	\$13,500
Gather employer perspectives	\$30,000
Gather employee perspectives	\$18,000
Create EVP and career framework	\$52,000
Create brand and visual identity for website	\$15,000
Create website	\$40,000
Create and produce website content	\$32,000
<b>Total upfront costs</b>	<b>\$200,500 plus GST</b>
<b>Project management and travel costs @ 5%</b>	<b>\$10,025</b>
<b>Total project costs from 10 foundation partners</b>	<b>\$210,525</b>
Awareness campaign and ongoing management (from 1 July 2018)	\$8,000 per year for an initial 3 years
F3 work experience program	Company funded @ \$10,000 annual subscription and \$5,000 per group of five women



**MERCER**

**MAKE TOMORROW, TODAY**