



Diversity  
Project  
NORTH AMERICA



# Diversity Project North America Pulse Survey Report 2020

Nicsa takes a pulse check on the perception of diversity, equity and inclusion (D&I) in the asset management industry.

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## PRESIDENT'S LETTER

In the 50+ years since Nicsa was founded, there have been significant changes in the global asset management industry, and in the world in which we live. As I write this letter, we're in the middle of two transformative forces: the first, a global pandemic with far reaching and unprecedented impact to businesses worldwide; and second, an era of social unrest shining a stark light on racial inequities deep-rooted in our nation's institutions. The latter has led to an increased call to action for greater diversity, equity and inclusion (D&I), not just in the workplace, but in society as a whole. The emphasis now is on taking action – as we all recognize that there's been no shortage of discussion on the topic.

Nicsa's Diversity Project North America (DPNA) was launched in October 2018 to leverage collaborative leadership and accelerate D&I in the global asset management industry. As part of this mission, DPNA conducted a survey of Nicsa member firms and those in the broader industry on their beliefs around D&I and how they rate their own firm's progress. This report seeks to identify the gaps and provide baselines from

which the industry can measure its progress. While data collection began prior to the unfolding of events gripping our nation today, the conclusions remain insightful and we are hopeful that future Pulse Surveys will shed even more light on the issues at hand.

Real, tangible change needs to occur in the industry. For this to happen, D&I needs to be a business-led initiative. The business case is clear: a more inclusive workforce leads to greater diversity of thought and more robust decision-making, improved employee retention, enhanced innovation, and the potential for amplified success in a highly competitive environment.

At Nicsa, we are confident that our member firms are committed to change, and we are proud to be among the industry leaders calling for greater diversity, equity and inclusion. Our collaborative efforts will help position the global asset management industry for the workforce of the future, diversified and transparent, with equitable opportunity for all.

I am honored to be a part of this journey with Nicsa and our member firms, and look forward with anticipation to the tangible progress we make in the coming days, weeks and months ahead!

### #JoinTheMovement



**Jim Fitzpatrick**

President & CEO  
Nicsa

### METHODOLOGY

Survey data was collected from February to April 2020.<sup>1</sup> The 368 total respondents mainly comprised Nicsa member-firm employees, which represent asset managers, broker/dealers, custodian banks, transfer agents, and other professional service firms. Responses were also included from industry members who completed the survey as posted by *Ignites* to their readership.

Nicsa, in collaboration with the DPNA Benchmarking Committee, partnered with CareerAgility to administer its LEAP Pulse Survey to measure the current climate of D&I at respondents' firms as well as the asset management industry overall. The Pulse Survey included 26 questions, which assessed four aspects of the work environment:

- Beliefs about inclusion in the workplace
- Overall work environment
- Career development opportunities
- Career advancement opportunities

The first aspect, "Beliefs about inclusion in the workplace," measured respondents' beliefs about the importance of D&I in general. The other three aspects measured their views of the current work environment and opportunities in the industry and at their own firm. For most questions, respondents rated their agreement with a statement on a scale from 1 ("Strongly Disagree") to 10 ("Strongly Agree"). Respondents were also given the chance to include verbatim comments on their views regarding D&I in the industry.

Overall mean scores were calculated for respondents' beliefs and views on current D&I efforts in the industry and at their firm – including overall work environment, career development opportunities, and career advancement opportunities.

Scores were determined for each question overall, and by gender, racial identity, and identification as LGBTQ. Cohorts with counts of less than 10 each were deemed not statistically significant and are shown as "NS" in the charts. (In this particular report, this applies to respondents answering Gender and LGBTQ demographic questions with "Prefer not to answer.")

In addition to the surveys fielded, Nicsa conducted in-depth interviews with six key industry executives with significant D&I experience and commitment, to garner their views on the DPNA survey results, implications for the asset management industry, challenges faced and progress made, and what is needed for significant, structural change to occur. These interviews took place in September 2020. No direct attribution to these individuals or their firms is made unless authorized and specifically stated.

### KEY TAKEAWAYS

#### **People believe in the importance of D&I; turning talk into action is imperative**

There was a high level of agreement among survey respondents and interviewees alike: diversity and inclusion are important as both a moral and business imperative. And while some progress has been made, there's still a lot of work that needs to be done at all levels to make this a truly inclusive and equitable industry.

People are increasingly engaging in meaningful conversations, making D&I more of a business focus, hiring D&I officers and teams, and instituting programs to combat unconscious bias and promote better recruiting and retention practices. However,

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<sup>1</sup> Prior to the racial injustices and social unrest that occurred in America Spring-Summer 2020.

as a significant number of respondents noted, “we still have a long way to go.”

### **The benefits are real – so are the risks to non-action**

The benefits to having a more diverse workforce are tangible – including diversity of thought, improved employee retention, enhanced innovation, and potential for greater success and competitive standing. And, the entire industry can benefit from improved image/perception, by not just diverse candidates, but those who value a more inclusive workplace.

In addition to the benefits, there's the potential for avoiding or mitigating the real risks that may be incurred by not becoming a more diverse and inclusive firm:

- Risk of losing business, as clients increasingly require specific, concrete answers regarding a firm's D&I plans and progress (e.g. RFPs)
- Risk of losing existing talent (retention risk) and potential talent (recruitment risk) to competitors with more attractive D&I values; and
- Increased regulatory scrutiny of asset management firms with respect to these issues in the future.

### **Increased accountability is necessary**

If D&I efforts are to be advanced and become an integral part of both a firm's business plan and culture, there needs to be accountability. People need to be held accountable for the decisions (e.g. hiring, firing, promoting) that they make, and that impact the inclusiveness

and image of the firm. If the results of their actions have potential for direct impact on compensation or other important metrics, it becomes more imperative.

### **“What gets measured, gets done”**

The effectiveness and success (i.e. financial impact) of D&I initiatives can be measured. For this report, Nicsa spoke to top executives at firms that are already doing so. And they revealed that while we could all be doing better in this respect as efforts and metrics evolve, it *is* doable. “What gets measured, gets done” – with D&I, as with any other business-led initiative.

### **Recruiting and retention need work**

Recruiting efforts are generally considered as “getting better,” but there is still the (faulty) view among some business leaders that there aren't enough qualified diverse candidates, and that HR and/or recruiting firms are responsible for sending them these candidates. Recruiting efforts, in fact, need to be owned by all business leaders in their hiring practices, broadened to include more diverse sources, and include goals and metrics for measurement.

Retention is a larger issue according to respondents. A firm may have diverse talent at entry levels, but if programs are not in place for development and promotion, they may leave the firm, leading to even less diversity at mid- and higher levels. Mentoring programs and employee resource groups (ERGs) are a start, and sponsorship programs (and similar initiatives) can be next-level effective in driving retention.

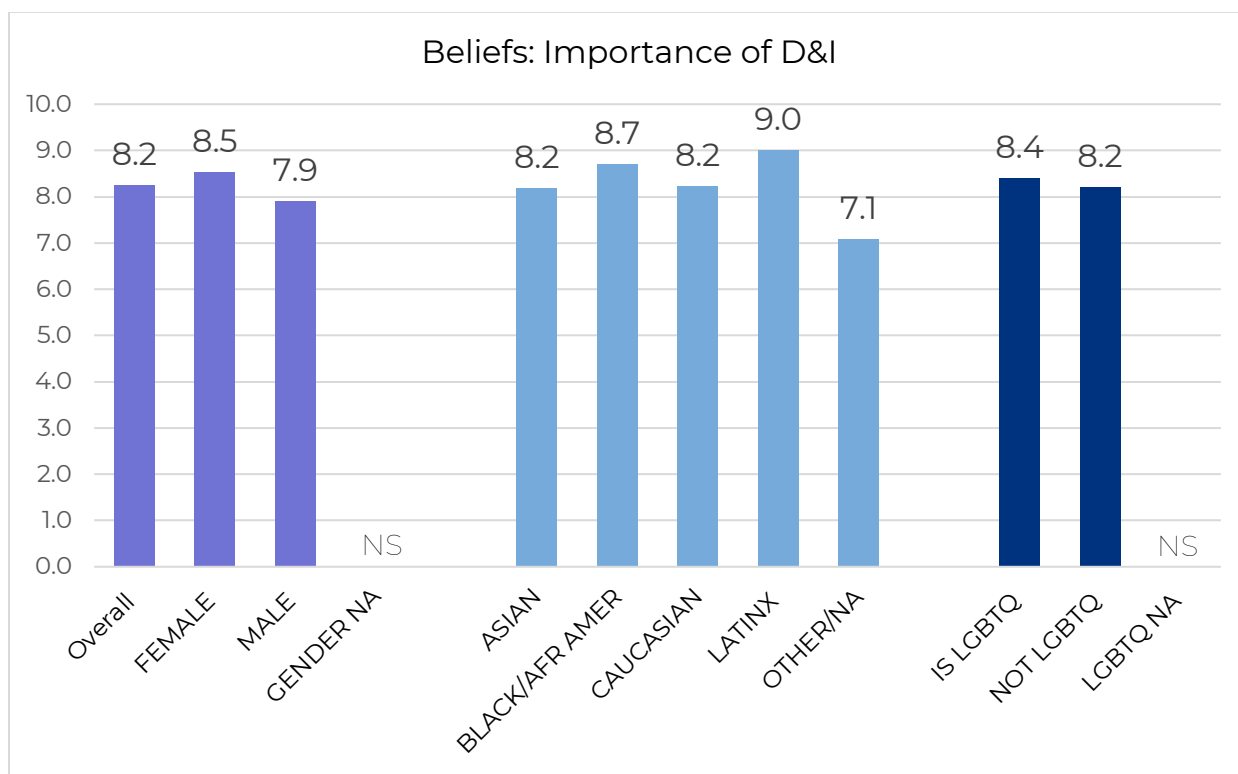
## RESULTS REVEAL GAPS, AND OPPORTUNITIES

### Belief in importance of D&I is rated higher than observed practice

Survey respondents firmly believe that diversity and inclusion is important in the asset management industry, contributing to better business performance and employee satisfaction. The average rating for all questions (combined) on Beliefs about inclusion in the workplace was 8.2 out of 10, ranging from 1 (Strongly Disagree) to 10 (Strongly Agree).

*“It is important to be mindful of the extent to which the business environment is diverse and inclusive.”* This was the highest rated survey question overall, part of the section on Beliefs about inclusion in the workplace, with an average score of 8.8. Four of the other six questions in this section also achieved average scores greater than 8.0, underlining the widespread view in the industry that D&I is important for attracting, retaining, and engaging employees, and increasing overall performance.

Two questions regarding Beliefs were rated lower however, each at an average of 7.5 – the importance of incorporating specific D&I goals into daily activities, and that employee resource groups (ERGs) are helpful in creating more inclusive environments. These results reveal the need for greater development and use of metrics and incorporation into goals to include D&I in business-led initiatives, and that while ERGs are helpful for what they provide, they may not be sufficient for moving D&I forward. (See graph below for all cohorts for Beliefs about inclusion in the workplace; combined score for all questions is shown.<sup>2</sup>)

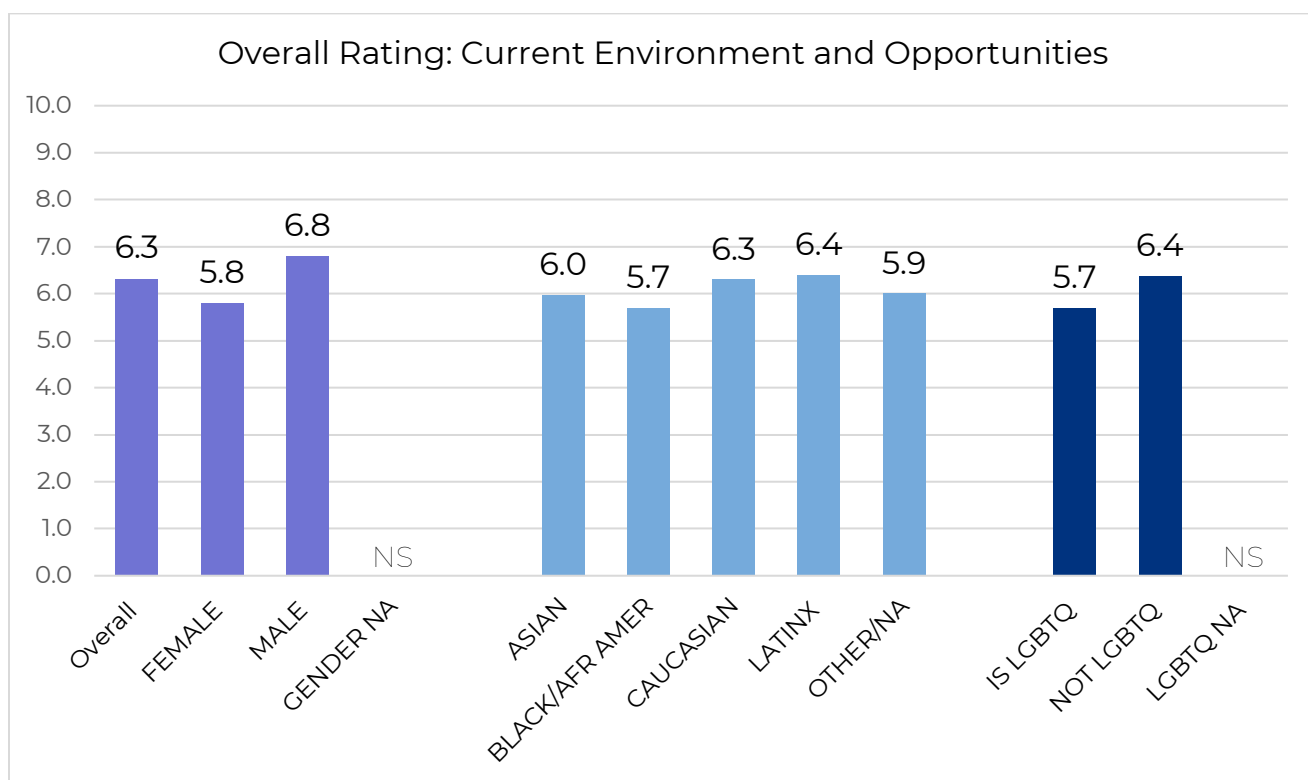


<sup>2</sup> Asian includes respondents identifying as both East and South Asian.



### **Back to “reality.”**

Scores for the questions regarding respondents' views on their actual overall work environment, career development opportunities and career advancement opportunities were significantly lower than their Beliefs about the importance of D&I. Combining the results from these three aspects in total generates an overall score as to how respondents consider the current state of D&I progress at their firms and in the industry. The average overall score of 6.3 on the 10-point scale showed that respondents were moderately positive on the progress made in increasing diversity and inclusion, but there was room for improvement. Males, Latinx, Non-LGBTQ-identifying, and Caucasians gave efforts-to-date the highest scores. Lowest scores were given by Black/African Americans, LGBTQ-identifying, and Females, which was not surprising and provided validation of the need for greater action on the D&I front. (See graph below for all cohorts for combined overall scores.)



### **What does all this data mean?**

People believe in the need for a more diverse and inclusive workplace, and that there is actual work to be done to turn beliefs into reality. Multiple survey respondents related that they felt the level of discussion had increased, which is a positive step; however, accountability and a concrete action plan were perceived as lacking at many firms.

### In practice, D&I is a work-in-progress

#### Overall work environment

The current overall work environment is less than optimal for advancing D&I objectives, based on survey responses. The average rating for all questions (combined) for this aspect was 6.1 out of 10. Black/African Americans, Females, and LGBTQ-identifying respondents rated their overall work environment lower than majority groups, indicating the need for going beyond programs already in place (e.g. ERGs) to development of more business-led initiatives with measurable goals and results.

Senior management is generally a positive force for change, according to respondents – the three highest rated questions in this area were related to senior/executive leadership commitment to D&I (scores ranging from 6.8 to 7.1). Interviews with top industry executives with significant D&I experience provide validation for this outcome; at their firms, senior leadership is committed to expanding D&I initiatives, and most have hired a Head of Diversity & Inclusion and dedicated team. The challenge is making sure that engagement and execution are at all levels and are ideally included in goals and targets tied to compensation and promotion.

Respondents are less optimistic regarding recruitment and retention efforts, noting that current efforts are deficient. The recruitment question “My organization has no problem attracting high-performing individuals from diverse backgrounds” received a score of 5.3, and the retention question “The industry is successful with retaining diverse candidates” received only a slightly higher score at 5.5. For each of these questions, males provided the highest average rating at 6.0, which is still not a resoundingly positive view.

Notable comments<sup>3</sup> from respondents with respect to recruitment and retention included:

*“Many companies talk about diversity and inclusion but pass over women and minorities for promotions and then they leave the companies.”*

*“The best opportunities are not equally distributed...Recruiting needs to happen across various universities (not the typical ones) and across a host of majors (not just in business schools).”*

*“Applicant flow is a major area of concern. The industry is not very appealing to many Millennial and Gen Z employees.”*

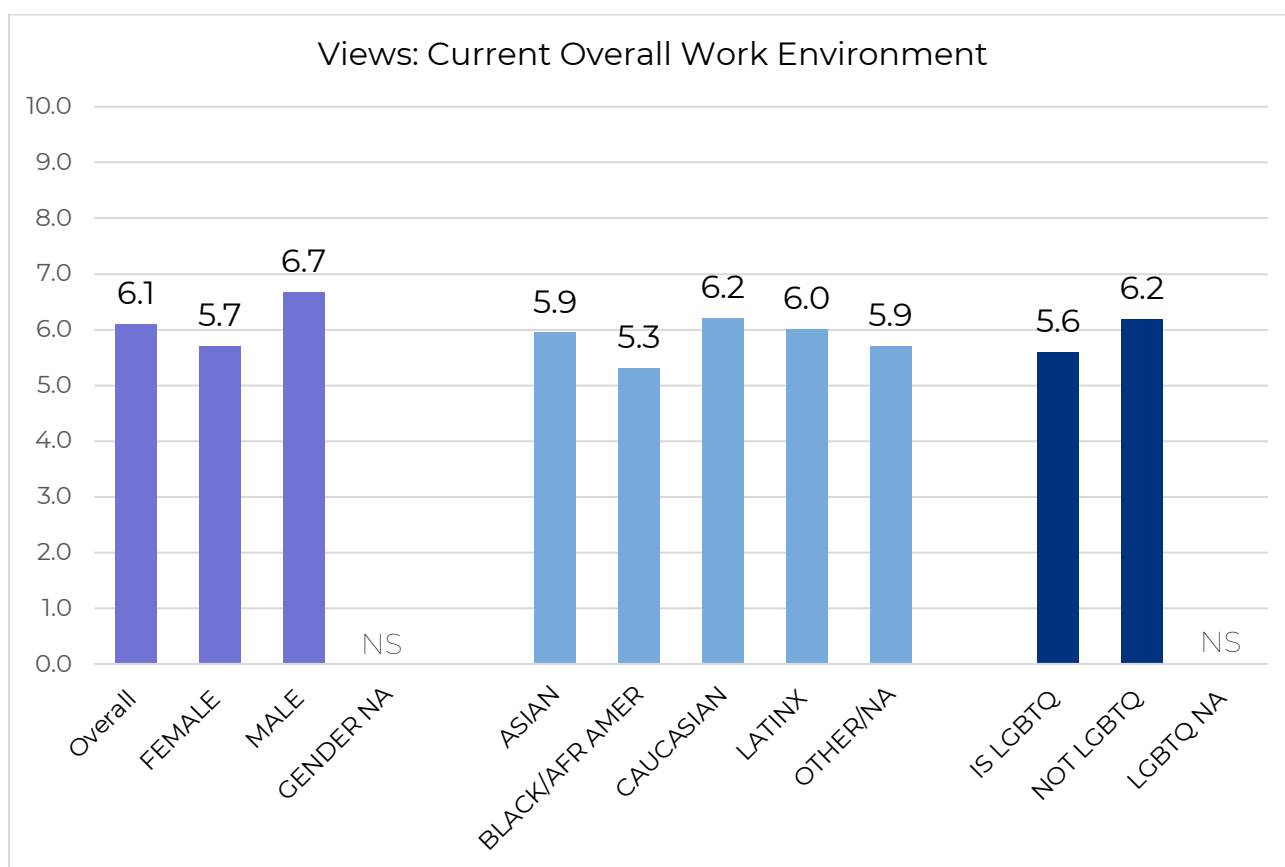
Interviewees were also vocal in their concerns regarding recruitment and retention. While some mentioned that their firm’s recruiting efforts have improved, others maintain that it is not the case at their firms. They stated that the common refrain “there aren’t enough talented/qualified diverse applicants sent to me by HR” is an excuse and is not acceptable. Widening recruiting efforts (as mentioned above) is one solution, as is rewriting job descriptions to eliminate gender and racial bias. And this is not simply an HR concern; it is incumbent on all business leaders to evolve their hiring practices and work with HR to solve the problem. Greater D&I efforts can boost the industry’s image with younger candidates (who tend to value D&I in their career decisions) and aid in recruiting a more diverse workforce.

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<sup>3</sup> Verbatim/unedited

## Pulse Survey Report

The bigger problem appears to be with retention. Even if a firm has diverse representation at entry levels, if programs are not in place at a given firm to retain this talent, they will leave the firm – and that leads to less diversity at mid- and higher levels. Nearly all interviewees mentioned implementation of sponsorship programs as one successful way to mitigate attrition of diverse talent at these levels. Sponsorship programs take mentoring a giant step further, by partnering high potential lower-level employees with senior management sponsors, helping them with their career and being an advocate for them with others at the firm.



### ***Career development and advancement opportunities***

Opportunities for career development and advancement were generally rated higher than the current overall work environment, with each receiving an overall average score of 6.5. Respondents rated general organizational and senior leadership communication most highly (7.6 and 7.2 respectively), which reveals that for the most part, there is heightened commitment and awareness around the need for equitable professional development and advancement.

However, the three areas rated lowest (in most need of improvement) were regarding more concrete actions:



## Pulse Survey Report

*“My organization has a clear development process based on well-defined competencies”* (average rating of 5.9),

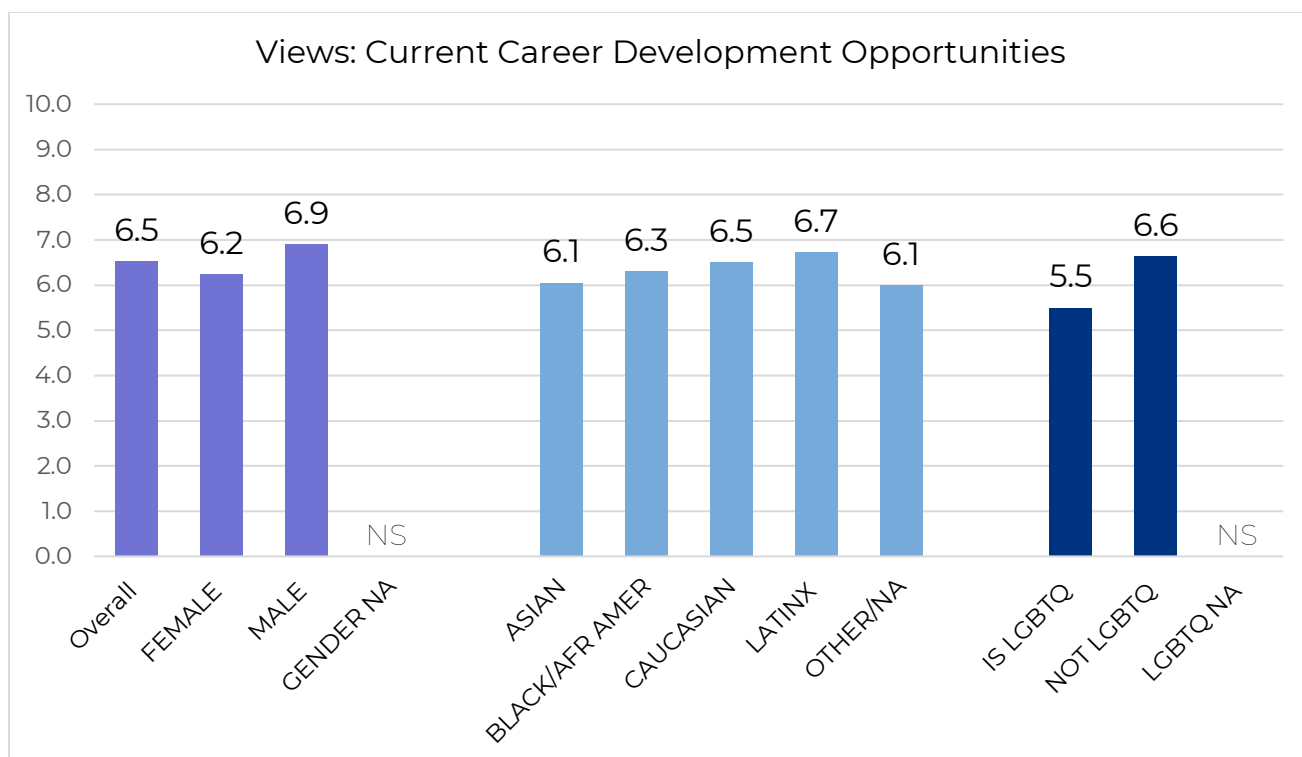
*“My organization offers a mentoring program to all employees”* (average rating of 5.5), and

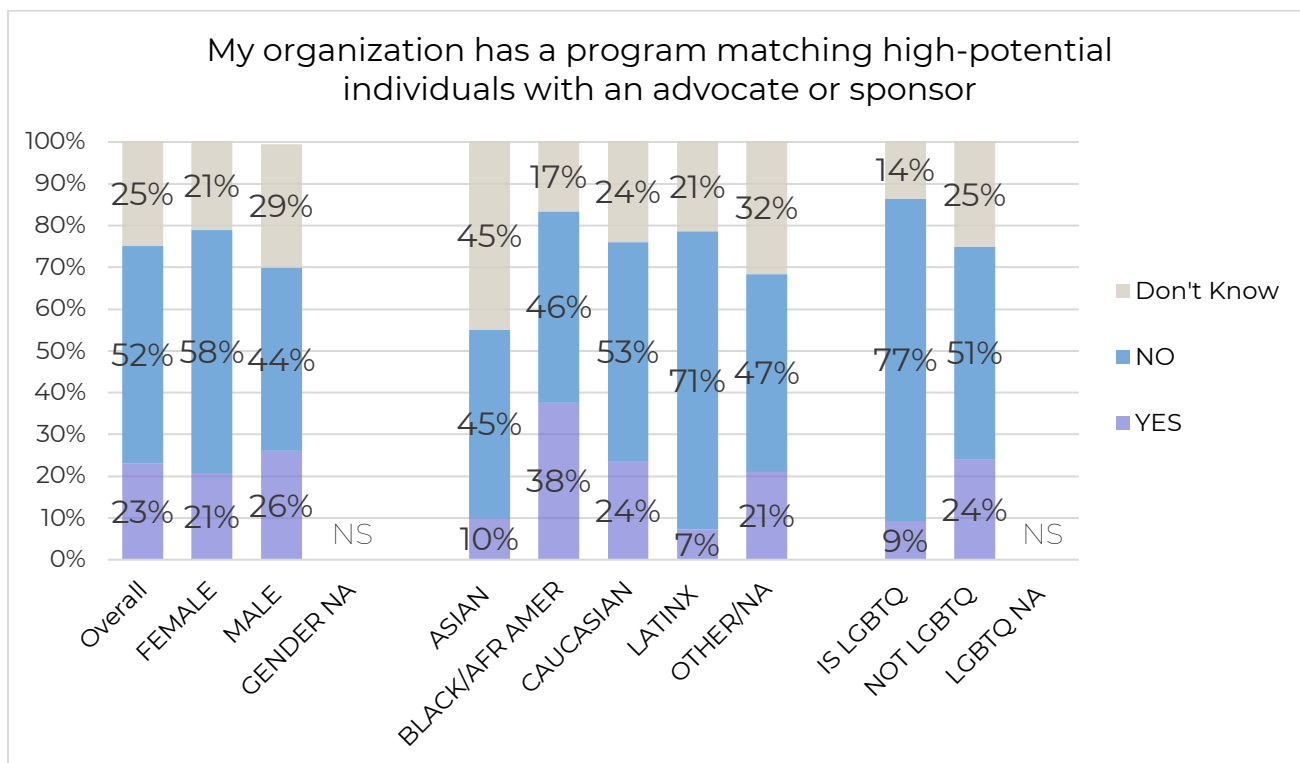
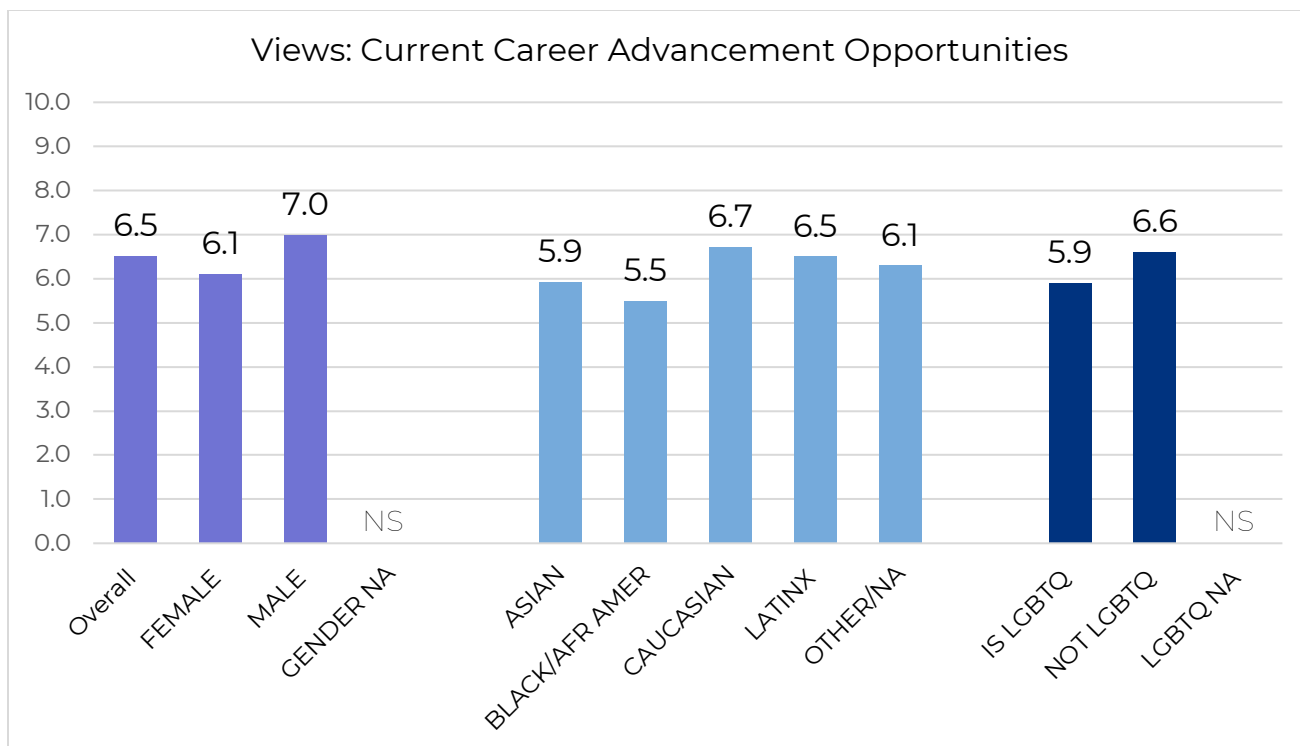
*“The best candidate is promoted regardless of age, gender, ethnicity, or sexual orientation”* (average rating of 6.2).

It could be argued that these are respondents’ perceptions, not necessarily factual. However, perceptions are very important – if this is what a firm’s workforce perceives, that can lead to dissatisfaction and ultimately loss of talent to competitors.

Clearly, there’s work to be done to make the industry more equitable in terms of development and advancement opportunities. Mentorship and sponsorship programs can be implemented; specific, measurable D&I goals and targets can be instituted; accountability can be raised. Perhaps these programs are already in place, and there is simply a need for greater communication and awareness so employees will take advantage of them. The third chart below, titled “My organization has a program matching high-potential individuals with an advocate or sponsor,” reveals that on average only 23% are sure that their firm has a mentorship or sponsorship program. In addition, 52% stated that there is no such program at their firm, and 25% are not sure. In order for these initiatives to work, employees need to be aware of them and encouraged to use them.

There is “no one size fits all” prescription – each firm needs to evaluate and develop what’s best for their particular requirements and position them (and their employees) for future success.





### MOVING FORWARD

The asset management industry has risen to many challenges in 2020, including the resounding call for greater diversity, equity and inclusion. People feel more empowered to talk about these important issues, to ask the questions and have the difficult conversations that we need to have in order to effect significant change. The challenge? To translate the “talk” into greater action, into measurable goals and objectives, based on business-led initiatives.

The aim of the Pulse Survey conducted by Nicsa’s Diversity Project North America is to provide a baseline from which to measure industry progress around D&I. We intend to repeat this Pulse Survey as we move forward as an organization and hope to improve its relevance along the way with more respondents and additional lenses through which to evaluate the results. It’s important to note that the initial survey was administered prior to the racial inequities and resulting social unrest that occurred in Spring and Summer of 2020 and that climate in member firms may have changed since then. Moving forward, we expect to see a greater number of industry participants willing to engage in the dialogue, offering greater transparency and broader perspectives. We hope you find this Nicsa Pulse Report, as well as future iterations, useful tools that spur engagement and commitment at all levels.

*Together, we can create a more diverse and inclusive asset management industry. If you would like to join the Diversity Project North America, please contact Nicsa at [info@nicsa.org](mailto:info@nicsa.org).*

### ABOUT NICSA & DIVERSITY PROJECT NORTH AMERICA



#### SHARED PRACTICES

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.

Nicsa aims to help firms operating in all segments of the global asset management industry meet the changing needs of their clients by aligning and educating industry participants through formal education programs, interactive forums, networking opportunities, and initiatives such as the Diversity Project North America (DPNA). The Diversity Project North America promotes a diverse and inclusive 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

#### POOLED RESOURCES

leaders pooling resources from industry participants around challenges we all face.

The Project spans the entire range of the profession: asset managers, fund complexes, asset servicers, broker dealers, asset owners and professional service firms that support the industry. We seek to share best practices, identify gaps in our industry and initiate action to help solve or improve those inadequacies.

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.*

#### MEASURED RESULTS