



Investment management: RECRUITING A DIVERSE TEAM – from the top down





It's not surprising there is a gender pay gap in investment management when you think there are far fewer women than men employed in the top and upper-middle-quartile earning roles across the industry.

For companies that are serious about closing the gap – and meeting their diversity commitments – there are only two strategies that are likely to work. First, they must promote women into leadership and management positions. Second, they must recruit women into these roles.

Recruitment is the fastest of these options, and in the short term, the one that is likely to yield the strongest results for many companies. In this paper, we explore the best practice and suggest **'active diversity recruitment strategies'** designed to ensure firms find the best people for senior-level vacancies – who just happen to be women.

Where we are

It's clear the investment management sector still has a way to go. This was recently highlighted in the PWC and Diversity Project report, *Time to get serious: If diversity is a business imperative, treat it like one.* As it observed:



"Gender pay reporting has brought the lack of diversity within the investment management industry into sharp focus and added weight to the voices calling for faster change. Yet there is little evidence of progress. Of the five sectors reporting the biggest gender pay gaps in 2018, only investment management failed to record an overall improvement."

Most firms have made some progress in entry-level recruitment, cultural change and putting in place world-leading working practices and policies. However, the results of these changes will not be seen in the short term and could even make the gender pay gap look worse for a while.

This is why it is essential to ensure that recruitment processes are robust enough to provide high-quality female candidates for more senior roles – and the benefits go beyond the immediate positive effect it will have on the stats.

Most firms will need the proportion of women recruited into leadership/management roles to exceed 50% if they are going to meet their various gender diversity commitments. From our analysis, the majority are struggling to get past 20%.



We believe that this level of performance is due in part to the fact that attraction and recruitment strategies that work at junior and entry-level are not as effective at senior levels (section three). Strategies that do work are not being considered (section four).

We also note that several firms abandon policy, process and strategy when it comes to very senior hiring. A significant amount of senior-level recruitment still happens via the “old boy’s” network or is done quietly without due oversight.



Addressing a key misconception

We have heard it said that the problem will not be solved by recruiting women from other firms. More often than not, the men saying this have become managers and leaders by making frequent planned career moves. They are clearly aware that an active job market enables the best to rise to the top and creates a vibrant and competitive industry.

However, it's possible they have noticed that women in senior roles follow a different recruitment approach to men – and are less likely to search actively for roles unless they have decided they definitely want to make a move. In our experience, well over 50% of the female candidates that we put forward for roles last year were not actively looking for a new position when we approached them.

It's important to keep this in mind when planning your recruitment strategy. Using approaches that work for both genders is far more likely to lead to a shortlist that meets your requirements.

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Why are current initiatives not effective at senior levels?

A number of reports, including the Investment Association's 'CLOSING THE GAP', recommend or highlight the recruitment approaches that firms are implementing as part of their diversity initiatives. The two predominant methods concern the wording of job specifications/ adverts and setting candidate diversity targets.

These approaches undoubtedly have their place, but they do not seem to be having sufficient impact when it comes to senior-level hires. We have analysed the approaches and suggested reasons for this based on our own research and experience.



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STRATEGY 1: Gender-neutral job specifications and adverts

It has been shown that strong language associated with male traits is off-putting to women applying for graduate schemes or actively looking for a career start in a competitive market. However, neutral language is less likely to have the same impact on a woman with 20 years of industry experience. As we noted in section 2, she is less likely to read the advert/specification, unless she is actively looking for a new role, so changing the language will have little impact. Also, with her experience in the industry, she will know what the job entails and visualise the environment – the job specification words are unlikely to affect this mental picture.

STRATEGY 2: Diverse shortlists

Diverse shortlists work in an environment where you have an abundance of candidates for each role, such as graduate recruitment. If you have 75 qualified men and 25 qualified women applying for ten graduate positions, it is relatively easy to draw up a 50/50 shortlist.

The situation changes with more senior roles. Recruiters (both in-house and external) generally have time and cost-of-hire as their primary targets, with diversity as a secondary consideration. So, there's little incentive to look further if the applicants for a senior role are nine men and one woman – even if this doesn't lead to a diverse shortlist.

OTHER INITIATIVES

There are other ideas as well, such as name-blinding CVs, ensuring women are included on interview panels, interview training for senior managers and eliminating the salary history question. They are all welcome, but, in reality, may have little impact.

THE RESULT

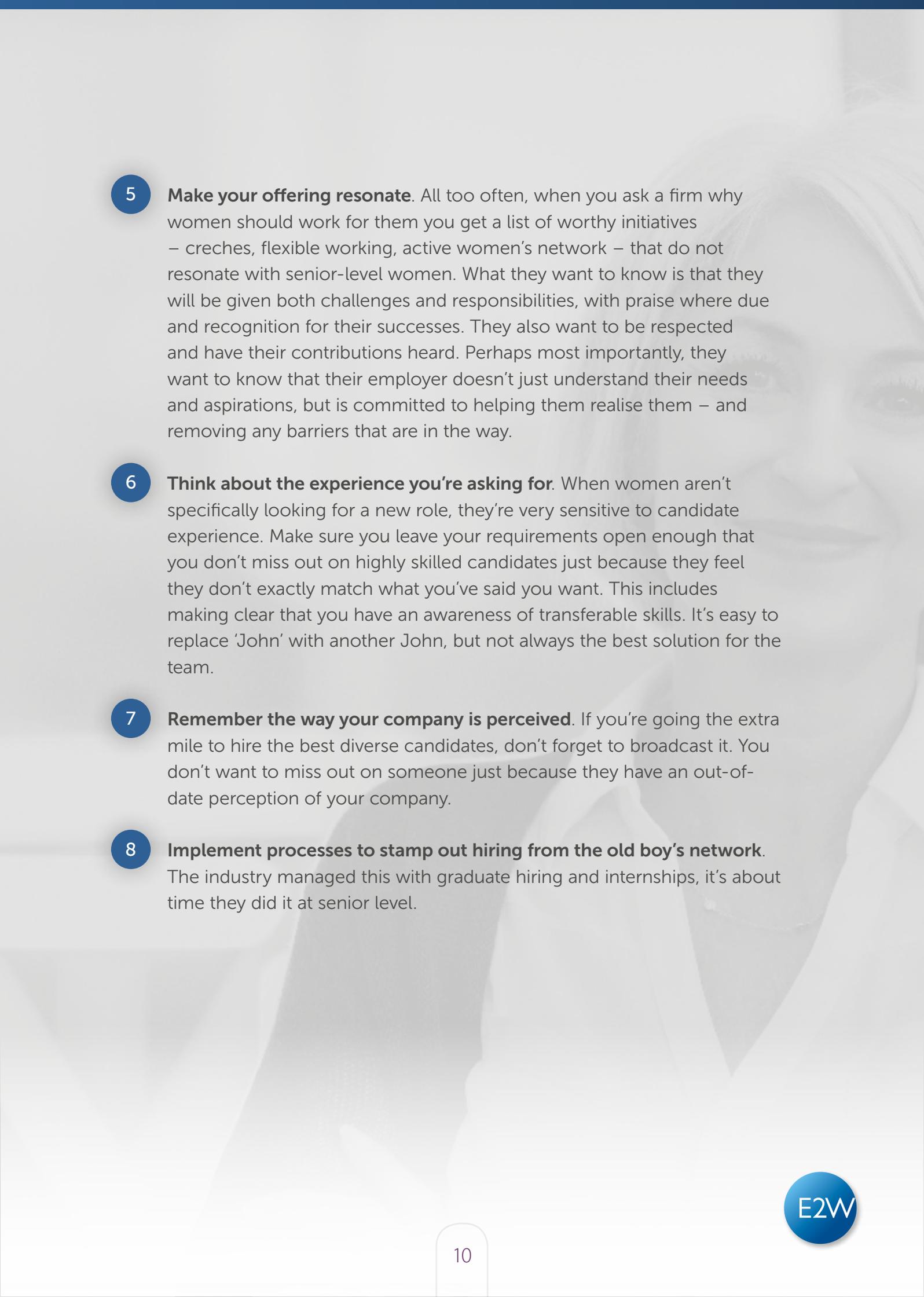
In many firms, recruitment is a well-oiled machine capable of turning out candidates at low cost and in good time, as long as there is an abundance of diverse candidates available. Unfortunately, it isn't anywhere near as effective for higher-level roles – and all that the diversity approaches are doing is tinkering with this process.

If people continue doing the same old things, they will get the same old results – which is something we think the evidence of recent years clearly shows. In the words of the Diversity Project: "If diversity is a business imperative, treat it like one".

Active Diversity Recruitment Strategies

What are the answers? How can companies recruit more women at senior level? Here are our eight key recommendations:

- 1 Measure everything all the time.** It's a business cliché, but if you don't measure it, you can't manage it – or improve it
- 2 Start with the diverse candidates.** All too often, diversity is left until some asks or there's a target to meet. By then, it is too late. Diverse candidates take longer to find, so make sure you have three great ones before looking for other candidates.
- 3 Make sure you have the budget to do it properly.** Diverse candidates are less likely to come to you or be found in the 'usual places'. You need to search for them and that is going to cost. Allocate a budget.
- 4 Work with an expert.** Use credible and established recruitment/search firms that specialise in diverse candidates. They will often have invested in building a large community of women working in the sector to whom they have privileged access. Some will even guarantee to put forward three great diverse candidates for open roles, with a high proportion of these candidates getting hired.

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- 5 Make your offering resonate.** All too often, when you ask a firm why women should work for them you get a list of worthy initiatives – creches, flexible working, active women’s network – that do not resonate with senior-level women. What they want to know is that they will be given both challenges and responsibilities, with praise where due and recognition for their successes. They also want to be respected and have their contributions heard. Perhaps most importantly, they want to know that their employer doesn’t just understand their needs and aspirations, but is committed to helping them realise them – and removing any barriers that are in the way.
 - 6 Think about the experience you’re asking for.** When women aren’t specifically looking for a new role, they’re very sensitive to candidate experience. Make sure you leave your requirements open enough that you don’t miss out on highly skilled candidates just because they feel they don’t exactly match what you’ve said you want. This includes making clear that you have an awareness of transferable skills. It’s easy to replace ‘John’ with another John, but not always the best solution for the team.
 - 7 Remember the way your company is perceived.** If you’re going the extra mile to hire the best diverse candidates, don’t forget to broadcast it. You don’t want to miss out on someone just because they have an out-of-date perception of your company.
 - 8 Implement processes to stamp out hiring from the old boy’s network.** The industry managed this with graduate hiring and internships, it’s about time they did it at senior level.

Final thoughts

Companies can take most of these steps themselves if they want to, but as we suggested in section 4, it can pay to work with an expert. This doesn't just save you time and, potentially, boost your business if it means you get a better person for the job. It gives you access to candidates that you simply couldn't reach otherwise.

At E2W, for example, we know more than 10,000 women who trust us to help them progress in their careers throughout those careers – not just when they are looking for a new challenge. This means they take our calls and listen to our suggestions. Recruitment teams just won't know them in the same way and will not get their attention as a result.

If you're serious about closing the gap, and have a senior role that you're currently recruiting for, get in touch with us today – and see the difference for yourself.

If you would like further information or need help in collecting the gender dividend then please contact E2W.

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