



Diversity and Inclusion in the
Financial Services sector, a
breakfast briefing by CIPD
Scotland, City HR and Oracle.

February 2017



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Foreword

April may be the cruelest month, but February is certainly the bleakest. And on a cold and dreich February morning in Edinburgh this year bleak certainly could be one way to describe the weather. It was therefore with great pleasure that I presided over a meeting of some of the best HR thinkers and practitioners from, mainly, the financial services sector. Diversity and Inclusion were on the agenda. And I'm delighted to say that the outlook is not bleak at all. Indeed, the morning was littered with examples of hope, action, positive stories of change, and commitment to moving the diversity dial in the right direction. And not just organically. There were significant examples of companies within the financial services sector force-functioning the changes we need in our workplace culture to make them more diverse and inclusive.

Many thanks to Standard Life for their hospitality in hosting a really interesting and engaging event.

The outlook is bright: The forecast positive.

Andy Campbell, Oracle HCM Strategy Director





Introduction

John McGurk from CIPD Scotland and N. Ireland welcomed the delegates and set in context this Diversity and Inclusion event, the third such collaboration between CIPD Scotland, City HR and Oracle.

Anecdotally John told the room that in Northern Ireland the enormous work and effort that has been put into religious inclusion has got in the way of other inclusion issues of gender and diversity. This was a salient reminder that we need to keep an eye on all of the streams of diversity, to be truly inclusive across the spectrum

“Making work human”

Diversity: the Difference Divider is something that the people in the room and the organisations they represent really care about. There are lots of issues to address in the workplace but the overriding one is that people should have the opportunity to develop their talent. John offered the thought that Artificial Intelligence will make work more human. Because as he sees it, human intervention will still be needed, however, the mundane and the routine can be done by AI.

“Scotland has an ageing workforce. People are contributing longer. We need to harness the positive benefits of different communities”

Whatever happens with AI, the development of technologies show us that we need to be prepared for future changes in our work culture and practice whether that is technological change or societal change?

Scotland, for example, has an aging workforce and diversity will need to be at the bedrock of that. Companies operating in Scotland need to harness the benefits of diversity. They need to break away from the ‘Group Think’ of the past - which is the result of homogenous decision making. Having a diverse set of contributors inevitably leads to a healthy organisation. Some people might want to turn the clock back – but that is not an option.

“People should have the opportunity to contribute their talents”



Is the Diversity Dial Moving?

A RECENT SURVEY OF CITY OF LONDON INSTITUTIONS LOOKED AT DIVERSITY AND INCLUSION FROM A FINANCIAL SERVICES PERSPECTIVE.

Andrea Eccles from City HR introduced the session and outlined some of the results. All types of banking were included in the research – International, Retail, Investment, Asset Management, Challenger Banks, Wealth Management – and their combined strength represents over 175,000 staff so the findings are significant. The aim was to find out, at a structural level, if the dial really was moving.

Nearly three-quarters of the organisations surveyed and happy to share their results have a female director. However, they are mainly Non-Executive Directors. The good news is that from where we were 4 to 5 years ago (The Davis Report) there has been SOME shift. Also, encouraging is that three quarters of the respondents have completed the Gender Pay Gap Analysis.

From the survey there was a wealth of evidence of things moving forward in the Diversity and Inclusion space mainly demonstrated by behavioral change.

Significantly, there was an increase in ownership of D&I within senior management teams. This is a clear indication that executives now see this as business critical; two thirds of those surveyed had D&I measures in their Performance Management Systems. 82% of the organisations questioned also felt that D&I would increase in significance even though keeping it on the agenda will be hard when other issues such as Brexit and Apprenticeships will also be hitting the HR agenda in the coming months and years.

The survey also highlighted lots of practical things that organisations are doing to make a difference in their workplace culture.

Most have networking groups covering topics such as flexible working, LGBT, parents, race and they include a diverse number of celebrations days within the organization. These have been as varied as the International Day of Pink, Ramadan and Talabatha. And there is evidence of extensive participation in other benchmarking surveys including Stonewall, Race for Equality and Opportunity Now.

Other examples of good practice cited in the report were mental health programmes, D&I training including Unconscious Bias and Gender Awareness as well as Parental support and Gender Equality issues.

In practical terms many of the financial institutions in the survey have signed up to the Women in Finance Charter, and have Women in Leadership programmes and Female Leadership targets. They have implemented and encouraged mentoring and individual sponsorship to help fill the female talent pipeline gap. And many have set hard targets to achieve by 2020.

To underpin these activities many City organisations are implementing a range of programs such as Social Inclusion – which fits with apprenticeship targets, and in 2018 we are likely to see new apprenticeship schemes in the City too.

“There is a greater ownership of diversity and inclusion at the senior management team level”

“We need some measures – not targets”



Many companies have outstanding worker programmes and over half (55%) have home working arrangements, with 90% offering enhanced maternity allowance (the best is 26 weeks on full pay), and shared parental leave.

But what else can we do to shift the diversity dial along?

If you believe that “what gets measured gets done” then that is one way forward.

City HR called for targets to be set across all levels of D&I not just Gender Pay Gap Analysis.

But there is also an acknowledgement that this also has to come from organisations too and specifically from the board level, through middle management to employees. And that should all be underpinned by people taking accountability for moving their careers – a move to self ownership.

“We need to see core metrics for D&I across the spectrum and even better if they were set at a national governmental level they would be even more effective”





CITY HR BENCHMARKING SURVEY 2016

DIVERSITY AND INCLUSION OVERVIEW

ABOUT THE PARTICIPANTS

- 51 financial service firms
- UK and International Banks and Asset Managers
- Nearly three-quarters have a female board director
- Nearly all have completed their Gender Pay Gap Analysis



D&I IN GENERAL

- Greater increase in ownership of the D&I policy by Senior Management
- Two thirds of these have D&I in their performance measures
- 82% believe D&I will continue to increase in importance over next 3 years
- But the dial still needs to move on gender equality



INITIATIVES - D&I FULL SPECTRUM

- Celebration days: International Day of Pink; Tanabata and Ramadan
- Benchmarking: Stonewall, Opportunity Now, Race for Equality etc.
- Partnering with Stonewall and other organisations
- Mental Health Awareness (33% have a programme)
- D&I Training including unconscious bias
- Ethnic Minorities - Inspirational People
- Transgender Awareness Training
- Parental Support and other Networking Groups

INITIATIVES - GENDER EQUALITY

- Women in Finance Charter
- Gender Pay Gap Analysis
- Women in Leadership Programmes
- Women Networking Groups
- Female Leadership Targets
- Mentoring and Sponsorship
- * Family friendly policies



WHAT IS GOOD IN FINANCIAL SERVICES?

- Good equal opportunities policies and monitoring across the employment life cycle ✓
- D&I Training for All Staff ✓
- Flexible Working Programmes ✓
- Remote Working ✓
- Enhanced Maternity and Paternity Pay ✓
- Shared Parental Leave ✓
- Equalised ShPP for many ✓



CITY HR ASKS: WILL METRICS HELP?

- At the National/Government Level
- At Organisational/Board Level
- At HR/D&I Level
- At the Individual Level - Managers
- At the Individual Level - Self

WHAT GETS MEASURED GETS DONE



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STANDARD LIFE



Enabling better Futures: Standard Life

“This is the start point – what we bring in is diversity from the start”

STANDARD LIFE WAS THE EVENT HOSTS AND THEY GAVE GREAT INSIGHT IN TO SOME OF THEIR CURRENT DIVERSITY AND INCLUSION PROJECTS.

Standard Life has strong values and strong intent which underpins its commitment to the D&I agenda. Sandy MacDonald and Lynne Connolly gave an update on the issues that the business has to address and the initiatives that they had undertaken.

With the complexity and uncertainty in the market at the moment the only constant factor is that the world is more diverse. Standard Life has identified 6 key reasons why Inclusion is important to it as an organization.

1. Global performance
2. Innovating for growth and differentiation
3. Anticipating client/customer needs
4. Adapting to the talent landscape
5. Future proofing the workplace
6. Enhancing reputation and trust in business

These are not hard to understand and they are not unique to Standard Life. For example future proofing the workplace – at the moment there are 5 generations in the workforce – they all have different needs and they all have to be addressed.

Standard Life sees all this as underpinning its purpose to ‘invest in a better future’ and to achieve that you can’t have homogenous decision-making. Therefore, there was a strong business case to adopt this strategy and to consider age, gender, disability, socio economic background, experience and ethnicity at the heart of its programmes.

This links with the company's fundamental belief that everyone deserves the opportunity to fulfill their potential and it's commitment to providing an inclusive workplace where all forms of diversity are valued as these are the things that underpin a resilient and agile business

But this was not just done on an impulse, Standard Life, as you might expect, has taken a data driven approach. Their initial research found that female talent was not being pulled through the organisation. Also, they had no employees less than 21 years of age. This was not a deliberate act of policy, but it was a fact and something that might be expected if you only recruit graduates.

To address these issues Gender Equality and Youth Employability have been a key focus for the past 4 years. These have had a positive impact on the wider diversity and inclusion efforts across the business.

Now Standard Life offers school leavers 6 months of work with a real job and a living wage. They started with 10 school leavers and by the third cohort had really built momentum in the organisation with over 80 managers competing to offer places. The essential element was offering a real job and that was what had a transformational impact. It was very significant. Standard Life worked with schools, young people, those facing multiple barriers to employment and people with disabilities. The conclusion is that the organisation is better for the programme.

The age profile at Standard Life has change from 0.5% of staff being under 25s in 2010 to 8% by the end of 2016.

*"Diversity exists,
inclusion is a choice"*

*"Our organisation is
better for this"*





STANDARD LIFE ALSO HAS A STRONG FOCUS ON IMPROVING GENDER DIVERSITY AT SENIOR LEVELS AND THE TEAM SHARED SOME OF THEIR HIGHLIGHTS.

“The gender profile of the organisation did not reflect our customers. We needed to manage that and we needed to deliver a more diverse talent pool not a Golden Skirts approach (everyone going after the same limited pool of talent). We wanted to build a pipeline of female talent – but it had to be sustainable, therefore, we needed a longer-term approach.

“Our objective was to enable women to manage their own careers. Helping them to grow in confidence (if needed) and giving the time, headspace, and opportunity to focus on what they wanted to do with their careers in a supportive environment”

This was not about initiative overload. Standard Life used its existing programmes, succession planning, career development programmes, talent programmes, graduate intakes and all other touch points to ensure that there is no bias in how they bring female talent forward. In the past 2 years they have seen the talent pipeline rise to 43% an increase of 10%.

They introduced a Board Readiness Curriculum to encourage women to consider a board career earlier and they have supported executive leaders to get NED experience. This helped with the organisation’s community and sustainability agenda.

“Developing policies that support this agenda helps us get this right”

Standard Life says ‘we are on a journey. Our focus is on initiatives that have a sustainable impact’.

They have done lots of work on unconscious bias and building inclusive environments and ensured engagement at all levels. The Diversity and Inclusive environment is an agenda that everyone can all be involved in.

Other successes Standard Life has seen as a result of this focus are 62% of female executives hold external appointments.

In addition employee volunteering has increased (employees are offered 3 days of paid leave) from 600 days only a few years ago to 1500 days in 2016

“The aim was to build gender balance in the pipeline”

“Not about positive discrimination”





Empowering Productivity – Women in Finance Charter

FIXING THE FOUNDATIONS: CREATING A MORE PROSPEROUS NATION IN 2015

Following the publication Government’s Productivity Plan ‘Fixing the Foundations: Creating a More Prosperous Nation in 2015’ the Economic Secretary to the Treasury, Harriett Baldwin, invited Jayne-Anne Gadhia CBE, CEO, Virgin Money to lead a review focusing on the representation of women in senior managerial roles in the Financial Services industry. In the third session of the morning Andrea Eccles, CEO, City HR talked to Emily Cox of Virgin Money about the outputs and impact of the report.

This Report and its recommendations are about fairness, equality and inclusion for men and women because the achievement of a balanced workforce at all levels in Financial Services will undoubtedly improve culture, behaviors, outcomes, profitability and productivity.

Research shows that in 2015 women made up only 14% of Executive Committees in the Financial Services sector. Too few women get to the top and there is “permafrost” in the mid-tier where women do not progress or they leave the sector. This is not just about childcare. Women are leaving because the culture isn’t right.

The final report “Empowering Productivity: Harnessing the Talents of Women in Financial Services” has been adopted by HM Treasury as the Women in Finance Charter and seeks to secure the commitment of financial institutions in furthering the “gender agenda” through signing up to the three key but simple recommendations:

1. Financial Services companies have to set targets publically and report on them and update on them annually
2. Someone on the executive team has to have responsibility for this agenda
3. Variable pay / bonuses - for the executive team had to be linked to achieving these gender targets.

To date there have been 93 signatures to the Charter– these are companies representing over half the people employed in the UK in Financial Services. It is an industry wide issue and the charter encourages cross industry collaboration.

Some firms have set multi-year targets with 5 year reporting and others have set 5 year targets while over 60% of the signatories to the Charter have used it to analyze other diversity issues.

Progress has not been quick enough. We have had equality legislation in the UK for 40 years but there is still a need for greater focus. WEF data tells us in 53 years of equality we have not reached parity and in some areas have gone backwards. There are more women in the workplace and they can outperform men in academia but this is not reflected in the workplace. It is now about setting an equal playing field for everyone. An alpha male culture puts many talented men off the profession too – so this is not just about gender.

The questions the report and its recommendations attempted to address were:

1. How do you ensure this issue is discussed at the top table?
2. How do we change the culture?
3. You can set targets and ensure accountability and measurement?

“Middle Management permafrost”



Panel Discussion

This really insightful and positive day ended with a panel discussion where the key thoughts were aired, some watchwords were proffered, fundamental questions posed, if not always answered - but perhaps that's for the next session.

We need to be careful about stereotypes.

Generations/Gender/ LGBT/ Disability – all have to be understood and catered for in the workplace

We should actively change the roles females do – for example some companies do a **6 months job rotation programme** to address this.

Industry needs to get out in to schools and help **change ideas and perception.**

Flexible working is not just a female issue. Surveys have shown that many men as well as women want flexible working as they have roles outside too like coaching.

Women should be able to **opt out and self manage their careers.** They should be able to say I don't want to be on a fast track.

Golden skirts. Chasing the same talent (female) for a shallow pool of jobs - need to be braver and look outside the sector for talent.

The permafrost layer of middle management. They are the least engaged segment of our workforce. This layer also tends to be where top-down communications appear to get blocked



Conclusion

This is a huge subject and in a few short hours we covered whole swathes of it. What for me was exciting was to see action and progress at every angle – the financial services industry, government, local and national, industry bodies, and above all the HR profession itself. They will be the champions of change and the leaders of cultural alignment. The only question I ask is how do we help them get their as fast as they can and should.

Andy Campbell, Oracle HCM Strategy Director

“We cannot fulfill 100 per cent of the world’s potential by excluding 50 per cent of the world’s people”

Ban Ki-Moon, UN Secretary General

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