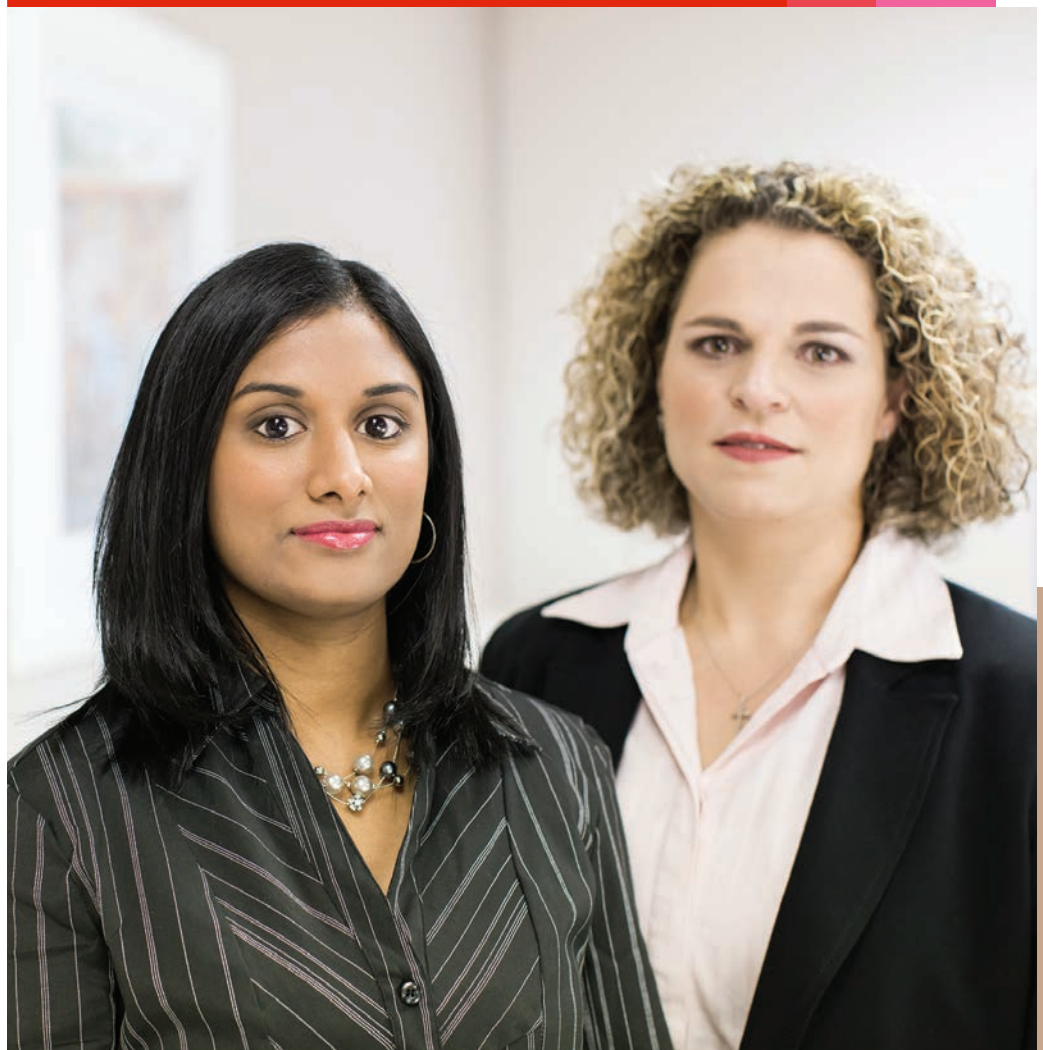


Gaining an edge in the competition for talent: Inclusive recruitment in financial services survey 2017

Current diversity strategies are failing to live up to the expectations of candidates and employers. How can your organisation create an effective and credible approach to recruitment to attract a broader set of talent?

March 2017







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Introduction: Diversity recruitment strategies aren't delivering

The mounting skills gaps within financial services (FS) are spurring a rethink of how talent is sourced and selected¹. As we explore in this report, a key element of this shift is aligning recruitment strategies with diversity and inclusion as FS organisations look to attract more women and people from other underrepresented groups.



How far have FS organisations come? The findings of our global inclusive recruitment survey highlight the continuing challenges and need for new approaches. Barely a third of the 55 FS organisations² taking part have seen a rise in female applicants as a result of their specific diversity recruitment practices. Less than a quarter report that they have received more applications from minority candidates. Without more progress on increasing diversity and inclusion, the skills gaps will persist, which will lead to difficulties in meeting strategic objectives.

The need for a rethink of current recruitment approaches is further underlined by the troubling number of women who still experience discrimination. Nearly 30% of the 232 women working in FS³ we surveyed believe that recruitment in the industry is biased in favour of men. A similar proportion believe that experienced women are less likely to be hired than male counterparts. As our survey further highlights, candidates want assurance that they're not going to face this kind of bias. They're therefore looking very closely at progress on diversity and inclusion within an organisation before putting in an application or accepting an offer.

¹ 'Ahead of the curve: Confronting the big talent challenges in financial services: Key talent findings in the financial services sector from PwC's 20th CEO Survey' ([ceosurvey.pwc](https://www.pwc.co.uk/ceo-survey)) explores the evolving skills demands and employee expectations that are driving the need for broadening the talent pool and increasing diversity and inclusion.

² Includes 33 banking and capital markets organisations, 11 insurers, eight asset and wealth management businesses and three FinTech businesses – for more details about the survey sample see page 17.

³ We surveyed 276 FS employees (232 women and 44 men), including 152 people working in banking and capital markets, 64 in insurance, 33 in asset and wealth management and 27 in FinTech – for more details about the survey sample see page 17.

What do we mean by ‘inclusive recruitment’?

Delivering fair and equal recruitment across all attraction and selection activities.

So why are so many FS organisations falling short on diversity and inclusion, and failing to broaden recruitment as a result? While the employers in our survey mainly blame a lack of sufficient candidates, employees point to the lingering assumptions and stereotypes so many women in FS continue to face. There won't be substantial progress until these biases are rooted out.

In this report, we explore employees' and employers' perspectives on how far the industry has come in making recruitment more inclusive and what more could be done to accelerate progress. We also look at the strategies and practices being adopted by the leading FS organisations and how they're gaining a decisive edge in the competition for talent as a result.

We would like to thank all the participants for kindly taking the time to share their experiences and insights. We hope that the findings provide a useful contribution to further progress and debate on how to make diversity a reality within FS.



Jon Terry
Partner
Global FS HR Consulting Leader
PwC (UK)

Falling short

FS organisations in our survey want to attract more women and people from other underrepresented groups, and have established diversity and inclusion strategies to support this. Yet, biases persist and few organisations are seeing significant benefit from their investments. What's holding back progress?

As skills gaps continue to mount, 72% of FS industry leaders in our latest CEO survey see the limited availability of skills as a threat to growth, on a par with concerns over the speed of technological change (73%)⁴

FS organisations are seeking to broaden their talent pool as skills needs change and competition for key people increases. A crucial part of this is increasing the attraction to women and groups less well-represented in the workforce, including people with disabilities and people from ethnic minorities. More than three quarters of FS employers (76%) are actively trying to attract and recruit more women – significantly more than the average

percentage for all sectors participating in the survey (see Figure 1) – and over half of FS employers (51%) are seeking to attract more people from other underrepresented groups. And with such a high proportion of the FS workforce now being contingent workers (including those working for strategic partners and third-party suppliers), the need to attract more diverse talent goes beyond direct recruitment to cover an ever more extended talent network.

Figure 1: Recruiting more diverse talent

Q: Is your organisation actively trying to attract and recruit more diverse talent?

	All sectors	Financial services
Yes - increase female hires	58%	76%
Yes - increase minority hires	49%	51%

Source: 328 employers participating in PwC Inclusive Recruitment Survey 2017 of which 55 are from FS

⁴ 'Ahead of the curve: Confronting the big talent challenges in financial services key talent findings in the financial services sector from PwC's 20th CEO Survey' (ceosurvey.pwc)

To help attract and retain a broader pool of talent, 91% of the FS employers in our survey have established a diversity and inclusion strategy and associated policies, putting them ahead of the average for all sectors (81%). Over three-quarters have aligned their recruitment and selection strategy with their diversity and inclusion strategy (see Figure 2).

Slow progress

Yet, while some report strong progress, most still have a long way to go (see Figure 3). Only a quarter have been able to attract more experienced women as a result of the diversity practices they've employed in their recruitment efforts, for example. A third have seen no effects as yet. External female leadership appointments is the only area where FS is seeing a significantly higher return on its investment and efforts than other industries.

The survey findings indicate that diversity and inclusion is still more of a high level commitment than a reality on the ground within many FS organisations. Nearly half of the female participants working in FS (47%) believe that organisations aren't doing enough to encourage diversity in the workplace. More than half (53%) believe that organisations talk about diversity, but don't feel opportunities are really equal for all. Significantly, less than a quarter of participants are aware that their employers are actively trying to recruit more women and people from minority groups.

Figure 2: Aligning recruitment and inclusion

Q: Are your organisation's recruitment and selection strategy and diversity strategy aligned?

	All sectors	Financial services
Yes - completely	30%	31%
Yes - somewhat	51%	45%

Source: 328 employers participating in PwC Inclusive Recruitment Survey 2017 of which 55 are from FS

Figure 3: Limited gains

Q: Have the diversity practices you have employed in your recruitment efforts had any of the following effects?

	All sectors	Financial services
Increased levels of female applicants	39%	36%
Increased levels of minority applicants	27%	22%
Increased levels of female campus/graduate hires	32%	27%
Increased levels of minority campus/graduate hires	14%	16%
Increased levels of female experienced hires	27%	25%
Increased levels of minority experienced hires	15%	11%
Increased levels of external female leadership appointments	24%	42%
Increased levels of external minority leadership appointments	8%	7%
No - we have seen no effects as of yet	29%	33%

Source: 328 employers participating in PwC Inclusive Recruitment Survey 2017 of which 55 are from FS

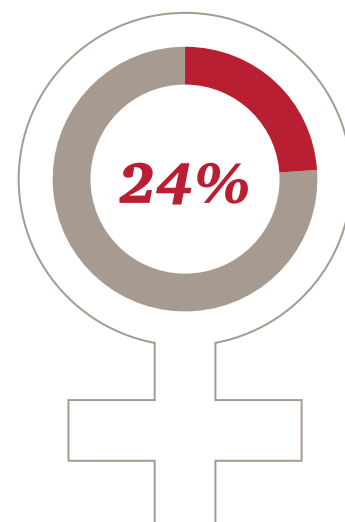
Biases still persist

The FS organisations that report increased recruitment among women and people from minority groups are mostly large banking groups. They've been focusing on diversity and inclusion for longer. They also have more funding and manpower to support a broad spectrum of initiatives in areas ranging from encouraging people to return after career breaks to building skills and talent pipelines among minority groups. Yet, progress requires more than just time and funding. What really marks out the front-runners is their recognition of the biases and barriers that impede inclusion, and their readiness to actively target and tackle them.

And our survey highlights how much bias women in FS continue to face. More than one in four (28%) believe that employers are too biased in favour of men within recruitment, much the same as when we asked a similar question two years ago⁵. A similar proportion (29%) believe that experienced women are less likely to be hired than male counterparts. And if they are hired, more than half of female participants in our survey (53%) believe that women aren't paid as much as equally qualified men. This is in spite of the fact that 80% of employers monitor salaries to identify any possible discrepancies between how much equally qualified men and women are paid.



29% of female FS participants believe that experienced women are less likely to be hired than male counterparts



24% of female FS participants have experienced gender discrimination when applying or being interviewed for a job

5 'Female millennials in financial services: Strategies for a new era of talent', PwC 2015 (http://www.pwc.com/en_GX/gx/financial-services/publications/assets/pwc-female-millennial-report-v2.pdf). The participants in our current survey cover a broader range of ages and career stages.

Figure 4: Barriers to recruiting more experienced women

Q: What do you feel are the most significant barriers to increased levels of female experienced hires?

	Financial services employees		Financial services employers
	Male	Female	
Lack of sufficient candidate pool	32%	14%	60%
Lack of adequate skills/experience	18%	16%	16%
Recruitment/headhunter agencies do not refer enough female candidates	9%	12%	18%
Our industry sector is not viewed as attractive to women	30%	16%	31%
Concerns over cost and impact of maternity leave	20%	34%	7%
Interviewers have a tendency to select candidates that are similar to themselves	36%	26%	25%
The impact of gender stereotypes/assumptions in the recruitment process (e.g. that female candidates will have more family demands than male candidates/that men are more committed to their careers than women)	32%	41%	15%
My organisation is not actively doing enough to attract and recruit women	5%	9%	13%
Women do not pursue career opportunities as aggressively as men do	23%	31%	29%
Organisational diversity policies are not sufficiently effective	14%	22%	11%

Source: 55 FS organisations and 276 FS employees participating in PwC Inclusive Recruitment Survey 2017

Employee and employer disconnect

If our research shows that many women don't feel that recruitment is equal and inclusive, what's standing in the way?

Figure 4 highlights a significant disconnect between what employers and employees see as the chief barriers to increasing recruitment of experienced women. While employers blame a lack of sufficient candidates, women in FS point to lingering assumptions and stereotypes in the recruitment process (e.g. that female candidates will have more family demands than male candidates/men are more committed to their careers than women). This underlines the importance of looking closely at advertising,

interviews and selection processes to identify potential biases, many of which are unconscious, such as a tendency among interviewers to favour people like themselves.

Interestingly, a significant proportion of both employers and male employees believe that FS isn't viewed as attractive to women (see Figure 4). Far fewer women working in FS agree. Perhaps this is because they already work in the industry. Yet, as we explore further in the next section, it would also suggest that women look beyond the image at the specifics of whether they have a fair chance of being selected and fulfilling their potential.

Challenging stereotypes





Ambitious candidates are looking closely at progress on diversity and inclusion to judge whether it's worth putting in an application and taking up a job offer.

The women in our survey don't fit the stereotypes that are so often purported to hold them back. They are ambitious and expect to be appropriately rewarded for their talents and efforts (see Figure 5). Their readiness to push hard for what

they want is reflected in the fact that they're more likely to have negotiated with their employer on salary when accepting their recent job than men (60% to 52%), and more likely to have secured an increase (36% to 32%).

Figure 5: Top five factors that make an employer attractive

Q: Which of the following factors do you believe make an organisation an attractive employer?



	Financial services		All sectors	
	Male 	Female 	Male 	Female 
Opportunities for career progression	52%	40%	51%	37%
Competitive wages and other financial incentives	48%	41%	50%	38%
Excellent training and development programmes	18%	18%	26%	22%
Good benefits package. For example pensions, healthcare and other benefits	20%	31%	18%	27%
Flexible working arrangements and a culture of work life balance	23%	32%	38%	42%

Source: 4792 employees participating in PwC Inclusive Recruitment Survey 2017 of which 276 work in FS

Candidates want an honest picture of the employment experience and culture before making a decision on where to work. As Figure 6 highlights, nearly 70% of female participants working in FS looked at the diversity of the leadership team when deciding to accept a position with their most recent employer. Yet, when FS employers were asked about the extent to which they've incorporated diversity and inclusion within their employer brand, less than 30% say they've shared information about the diversity of their workforce and leadership team (see Figure 7). Less than 40% communicate their diversity strategy and associated targets. Candidates are going to be deterred and look elsewhere if they don't get the answers they want, highlighting the extent to which diversity and inclusion are now key reputational issues.

Figure 6: Diversity and inclusion under candidate scrutiny

Q: When deciding to accept a position with your most recent employer, did you do any of the following?

	Financial services	
	Male 	Female 
Research if they have diversity and inclusion policies		
Yes - completely	18%	29%
Yes - somewhat	25%	32%
Look at the diversity of their leadership team		
Yes - completely	14%	33%
Yes - somewhat	25%	36%
Explore if you felt they had positive role models whom are similar to you		
Yes - completely	27%	33%
Yes - somewhat	30%	41%
Ask about their diversity and inclusion policies during your interview/s		
Yes - completely	16%	27%
Yes - somewhat	18%	27%

Source: 276 FS employees participating in PwC Inclusive Recruitment Survey 2017

Figure 7: Incorporating diversity and inclusion into the employer brand

Q: Have you incorporated diversity and inclusion within your employer brand?

	All sectors	Financial services
No	24%	16%
Yes, we make sure imagery included on our website and in recruitment materials (for example, leaflets, brochures, apps) reflect the diversity of our workforce	33%	51%
Yes, we include profiles/testimonials on our career page from minority and female employees and leaders	24%	31%
Yes, we share the details of our diversity strategy on our organisation's website	29%	38%
Yes, we publically share information about the diverse make up of our workforce and leadership team	27%	29%
Yes, we publically disclose our organisational diversity targets (for example, for leadership)	24%	31%
Yes, we publically disclose our organisational gender pay gap	11%	11%
Yes, we communicate our diversity strategy and diverse employees via our organisation's social media channels	27%	38%
Yes, we commission and publicise diversity focused research	18%	20%
Yes, we highlight how diversity is part of our customer strategy (for example, how we tailor our product/service offerings to different demographic groups)	22%	25%

Source: 328 employers participating in PwC Inclusive Recruitment Survey 2017 of which 55 are from FS

Accelerating progress

High level commitments aren't enough. How can your organisation make real progress in broadening recruitment?



Figure 8: Exploring the options

Q: Has your organisation introduced any of the following diversity practices?

Diversity Practice	All sectors Yes	No but exploring	Financial services Yes	No but exploring
We train our recruitment professionals so they are equipped to focus on driving more inclusive recruitment efforts	49%	25%	49%	29%
We ensure diversity of interview panel/interviewers throughout the interviewing process	52%	21%	53%	25%
We review role descriptions to ensure use of inclusive language	48%	24%	53%	25%
We train all of our interviewers about unconscious bias	46%	26%	45%	33%
We have established recruitment targets for our experienced hire recruiting	46%	24%	40%	22%
We leverage our in-house diversity employee resource/affinity groups to support with more diverse recruitment	42%	27%	35%	25%
We now recruit from a broader number of universities at campus/graduate level (e.g. expanding beyond top tier universities)	45%	20%	47%	18%
We passively manage a diverse candidate pipeline of potential hires	36%	27%	38%	29%
We leverage diversity associations to access diverse talent segments	36%	27%	35%	29%
We require diverse slates of candidates for all leadership positions (e.g. 30% must be female)	38%	23%	49%	20%
We undertake early attraction efforts (e.g. target teenagers during school years, rather than depending on a campus/graduate pipeline) to make our organisation and sector more appealing	36%	24%	36%	20%
We have introduced 'Blind' applications (for example, removed names, gender, age, university, details applications and CVs)	27%	24%	22%	35%
We offer enhanced referral benefits for diverse hires as part of our employee referral scheme	28%	24%	16%	24%
We offer headhunters/recruitment agencies enhanced commission for diverse hires	26%	21%	15%	15%

Source: 328 employers participating in PwC Inclusive Recruitment Survey 2017 of which 55 are from FS

1 Root out biases

The FS organisations that are most successful in attracting women and minority groups have adopted a more systematic approach to identifying and tackling the biases that impede inclusive recruitment (see Figure 8).

With women in FS seeing gender stereotypes as the biggest barrier they face, key steps include finding ways to make interviewers more conscious of unconscious bias and its impact⁶. A significant proportion are going further

by introducing 'blind CVs', which strip out names, universities and other such potential sources of bias. Within the industry, some companies have begun to use electronic screening tools and carry out initial interviews on a pre-recorded video platform to further eliminate human biases and help ensure that skills and experiences more closely align to what they've identified as being key criteria for success. While follow-up interviews are face-to-face, the questions are structured to help increase consistency and objectivity.

⁶ We look more closely at strategies to tackle unconscious bias including identification and 'open mind' training in 'Making diversity a reality', PwC, 2015 (<http://www.pwc.com/gx/en/industries/financial-services/assets/pwc-diversity-and-inclusion-making-diversity-a-reality.pdf>)

2 What gets measured gets done

Participants that are having the most success in broadening recruitment recognise the tangible impact that targets can make. This includes targets for gender and others forms of inclusion within recruitment and subsequent career progression, which are supported by active steps to promote their achievement.

Monitoring data on the proportion of women and minority groups at each stage of the talent pipeline helps to identify the issues most in need of tackling (e.g. image, recruitment, promotion or attrition issues). Regular tracking of progress against targets would also enable your organisation to monitor whether policies to increase diversity are having an impact and to take corrective action if not.

Experience indicates that there are two key components to making the most effective use of targets. The first is being able to monitor and analyse workforce data (such as employee demographics and discrepancies in promotion) in order to identify areas requiring additional attention and to effectively set and measure progress against targets. Second, targets tend to have greater urgency and impact when management is individually accountable and progress against diversity goals is incorporated into performance objectives and rewards. Yet, our research shows that FS organisations are falling behind in both of these areas, with less than a third holding leaders accountable for diversity and inclusion

results, and less than half regularly gathering and analysing employee demographic data⁷. The starting point would be investing in appropriate data systems and implementing a governance structure around them.

3 Manage diversity and inclusion as a reputational risk

As Figure 9 highlights, transparency over diversity and inclusion is important for both men and women in deciding what employer to work for.

And as diversity and inclusion become increasingly crucial in determining how FS organisations are perceived by customers, investors and regulators, as well as talent, it's important to recognise

this as a reputational risk, rather than just an HR issue. Priorities for managing the risk include gauging how your organisation is perceived on diversity and inclusion and what risks and opportunities these perceptions open up.

Even if your organisation is behind the curve on diversity and inclusion now, there are opportunities to get on the front foot by acknowledging that there are issues that need to be addressed and setting out your plans for accelerating progress. Such openness and resolve can make a favourable public impression⁸.

Figure 9: Value of transparency

Q: When deciding whether to work for an employer, are these factors important to you?

Men 	Women 
They share the details of their diversity strategy and policies on their organisation/careers website	
55%	58%
They publicly share information about the diversity demographics of their workforce and leadership team	
52%	53%
They publicly disclose their organisational diversity targets (for example, for leadership)	
45%	53%
They publicly disclose their organisational gender pay gap	
41%	42%
They publicly share their progress on diversity (for example increased levels of workforce or leadership diversity)	
55%	53%

Source: 276 FS employees participating in PwC Inclusive Recruitment Survey 2017

⁷ 'Global diversity and inclusion survey', PwC 2016 (<https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey.html>)

⁸ We explore the reputational risks surrounding diversity and inclusion and how to manage them in 'Opening up on diversity: Getting to grips with the reputational risks', PwC, 2017 (http://www.pwc.co.uk/industries/financial-services/insights/opening-up-on-diversity.html?cq_ck=1487612531853)

4 Cast the net wider

Employers point to an insufficient candidate pool as the biggest barrier to hiring more women. But a significant part of the pool remains untapped and underutilised. Professional women returning from career breaks are a key example, yet nearly half of the FS employers in our survey (49%) have no returnship programme.

5 Use technology to broaden talent pool and strip out bias in selection

The latest artificial intelligence (AI) systems can help you to cast your talent net further and target individual candidates. Using AI to screen candidates and carry out initial interviews can also offer a more accurate match between position and candidate, and cut out a lot of the unconscious biases. Figure 10 highlights the potential for further deployment of these technologies within FS, with less than 30% making use of them currently and FS being generally behind the average for all sectors in the survey.

Figure 10: Harnessing technology

Q: Are you using or considering using any of these technology solutions in your efforts to draw more women and minority job candidates to your organisation?

	All sectors	Financial services
Utilising digital solutions (e.g. an app) to create blind applications (for example, that hide a candidate's name, photo, university, race, past employers)		
Using	24%	11%
Exploring	24%	25%
Recruiting via a 'diverse talent identification platform' to search for, identify, and communicate with specific types of diverse talent		
Using	30%	24%
Exploring	27%	27%
Utilising software to assess if job postings use biased language and/or to create job postings with neutral language (e.g. to eliminate the use of overtly masculine language)		
Using	28%	22%
Exploring	23%	24%
Dashboard technology illustrating real time diversity recruitment metrics and trends		
Using	22%	18%
Exploring	26%	29%
Utilising a performance audition platform whereby candidates participate in a challenge, and selection is based solely on candidates' challenge performance (with all other candidate information excluded from the process)		
Using	28%	25%
Exploring	22%	9%
Use artificial intelligence to tailor the onboarding experience based on demographics of new recruits (e.g. female hires automatically informed about women's network activities)		
Using	19%	13%
Exploring	23%	20%

Source: 328 employers participating in PwC Inclusive Recruitment Survey 2017 of which 55 are from FS

The way forward

Our survey reveals slow progress on tackling entrenched biases and making recruitment more inclusive. Yet, around a third of FS organisations are making strong headway.

You can't be one of the front-runners straight away. But your organisation can accelerate progress by adopting a more informed and active approach to diversity and inclusion. The starting point is changing the way diversity and inclusion are perceived and managed within your organisation:

- 1 Analyse what your future workforce will look like, and diversity and inclusion's role in delivering the necessary skills and capabilities.
- 2 Recognise diversity and inclusion as a risk and an opportunity. Business teams need to be closely involved in setting and executing strategies and monitoring performance against them.

- 3 It's too easy to blame a lack of sufficient candidates for difficulties in recruiting women and people from minority groups. In reality, there are plenty of candidates that would be ideal for your business, but require a more active approach in targeting and attracting them. This includes reaching out to people who may not have considered a career in FS. Technology can play a key role in this.

- 4 Communicate your approach, targets and progress against them.
- 5 Make sure the reality in your organisation matches your claims.

Get your business moving in the right direction and you'll gain an important edge in attracting key talent and delivering your business objectives as a result.



About this survey

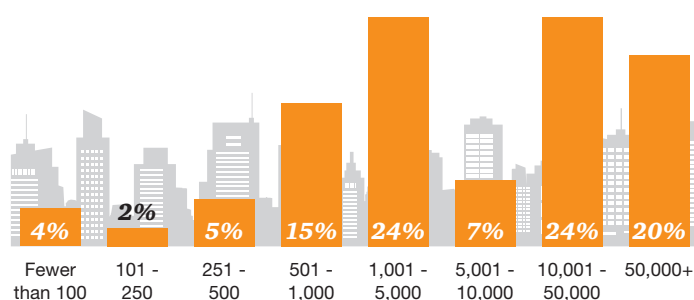
Employer findings are based on a survey of representatives from 55 FS organisations, which include 33 banking and capital markets organisations, 11 insurers, eight asset and wealth management businesses and three FinTech businesses.

Employee findings are based on 276 FS participants, which include 152 working in banking and capital markets organisations, 64 in insurance, 33 in asset and wealth management businesses and 27 in FinTech businesses. The sample includes 44 men and 232 women.

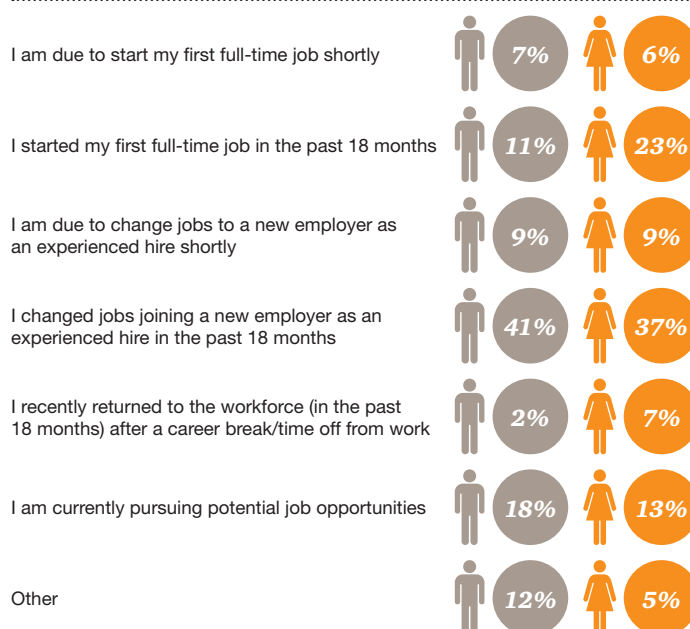
Role of employer participant



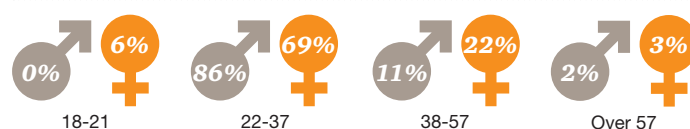
Size of organisations in the survey



Employment status of employee survey sample



Age range of employee survey sample



Note: Percentages in charts above may not add up to 100% due to rounding

Contacts

If you would like to discuss this survey in more detail, please contact us.

Jon Terry

Partner, Global FS HR
Consulting Leader
PwC (UK)
+44 (0) 20 7212 4370
jon.p.terry@uk.pwc.com

Katy Bennett

PwC UK
+44(0) 20 7213 5168
katy.e.bennett@uk.pwc.com

Maya Bhatti

PwC UK
+44 (0) 20 7213 2302
maya.bhatti@uk.pwc.com

Bhushan Sethi

Partner, Americas FS HR
Consulting Leader
PwC (US)
+1 (917) 863 9369
bhushan.sethi@us.pwc.com

Taylor Goodman

PwC US
+1 (212) 461 9377
taylor.m.goodman@us.pwc.com

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For more information on the global fs people marketing programme, please contact Maya Bhatti on +44 207 213 2302 or at maya.bhatti@uk.pwc.com

