



river partnership

Diversity in Investment Management

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Executive summary

The River Partnership have worked extensively on projects within the global investment market for over a decade for Executive and Non-Executive Boards. We've seen, first-hand, the increasing importance of diversity as a critical corporate policy shaping the present and future state of the market.

Diversity and inclusion (D&I) are no longer buzzwords. Across all industries now we are seeing these values as a necessary step to building a more equitable society. Societal trends, movements and opinions have pushed the diversity agenda, supported by a wealth of evidence-based research that shows organisations who embrace diversity perform better and are likely to out-last their competition.

Global Chairmen and CEOs have made loud and public statements around their organisation's diversity strategies. Bold targets have been set and enormous amounts of resources have been ploughed into new initiatives. Every single research assignment and leadership search project River Partnership have been engaged on since 2016 has had a significant focus on diversity allowing our firm to build a considerable amount of data on diversity metrics.

Wanting to build deeper insights on this topic, we have analysed this body of research and added to it by reaching out to our network and probing into their policy details. I attended several conferences, reviewed the literature and interviewed expert leaders to uncover the answers to the following questions:

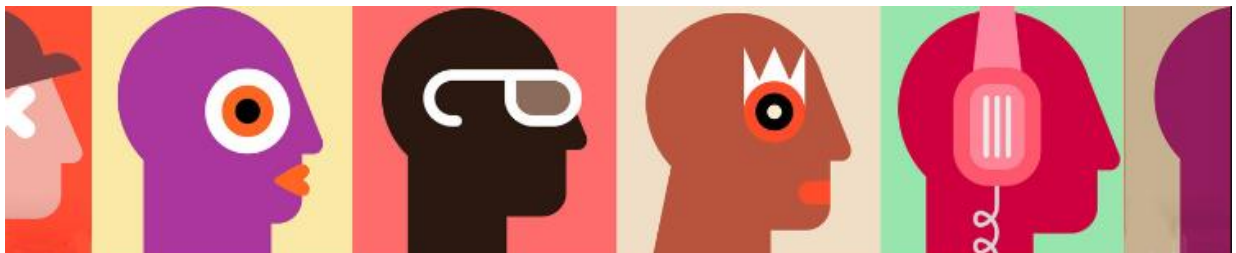
- What are the current challenges in building diversity?
- Why should investment firms be diverse?
- How successful has policy implementation been so far?
- Who does it well?
- What are the most important objectives?
- What are best-practice recommendations?



The intention of the following is to add to this important discussion by exploring these conversations, data points, policies and opinions providing useful and actionable insights for leaders to create change.

In summary we found:

- Diversity strategies face similar issues across organisations, service lines, asset classes and geographies.
- There are statistically significant challenges in creating gender parity with certain talent pool percentages down in single digits.
- We must accept that long term, slow-burn strategies will create meaningful change if there is strong leadership and clear focus reinforcing desirable behaviours.
- It's vital to develop diversity leaders, advocates, communities, work groups and alliances.
- Improvements can be made across the value chain from societal change to industry reputation, graduate intake, staff development, retention and acquisition.
- What gets measured gets done.
- Collective inclusive behaviours are extremely powerful in organisation performance.
- Best in class diversity policies bring financial success, employee engagement, innovation and comparative advantage.
- Diversity of thought is harder to detect, but just as important in meeting desired objectives.
- Effectively measuring diversity of thought can see you at the vanguard of the D&I movement.



What are the current challenges?

A common view of the investment market is that it is seriously behind other industries in diversity and inclusion policy and implementation. Industries such as retail, leisure and FMCG are often recognised as leading the way with financial services languishing near the bottom of the list next to engineering and technology. Within financial services, the investment market, along with its reputation for high stakes risk-taking, is usually regarded as the least diverse. “Women think it’s wolf of wall street”, outlines a global diversity leader for a top tier Asset Manager. “But that’s a damaging opinion of our culture and it’s not close to reality at all.” Dealing with this negative cultural perception is just one of her challenges to moving the dial on diversity.

Under increasing scrutiny, and mindful of the benefits of diversity on the bottom line, many companies are trying to recruit and retain a more diverse workforce. There is pressure from the regulators, from customers, from employees and from society and yet most of our respondents feel progress has been poor.

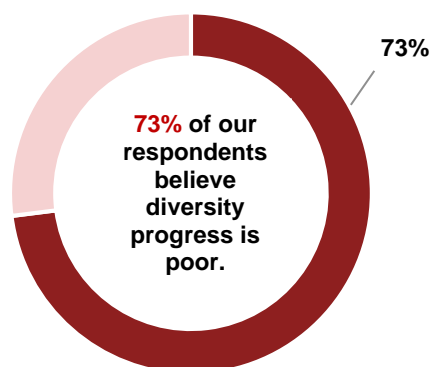


Figure 1: *Almost three quarters of our interviewees felt that actual progress on diversity policy implementation could be rated as poor.*

Hiring women to meet quotas is statistically challenging

According to the Hampton Alexander review released in November 2019, the UK market is improving with women now holding 29.6% of all FTSE 250 board positions up from 24.9% last year and from only 7.8% in 2011. Despite this, the report highlights around 175 companies that are "well adrift" of the modest 33% target and that there are still 44 all-male executive committees. Only 25 women have been appointed into the chair role with even fewer as women CEOs.¹

In a 2016 HBR recruitment process study, there was statistically no chance that a woman would get the role if she was the only female among four candidates. The very same article outlines that it is more likely for a US CEO to have my name, David (4.5%), than to be a woman (4.1%).²

¹ Retrieved from: <https://ftswomenleaders.com/wp-content/uploads/2019/11/HA-Review-Report-2019.pdf>

² Retrieved from <https://hbr.org/2016/04/if-theres-only-one-woman-in-your-candidate-pool-theres-statistically-no-chance-shell-be-hired>

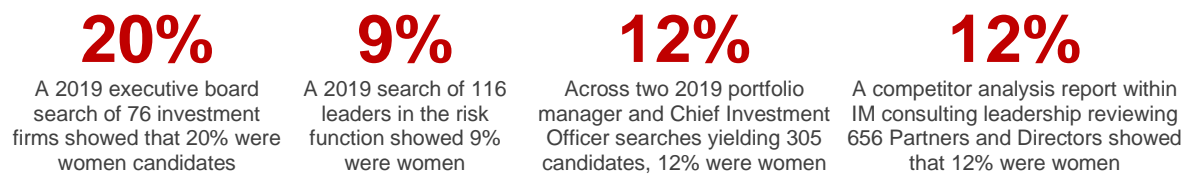


Figure 2: Data from River's engagements in the investment market underlines the statistical challenges for diversity in the market.

McKinsey's extensive 2019 data shows 44% of companies have three or more women in their C-suite, up from 29% of companies in 2015. However, we're a long way from parity, with only 20% of the executive board a woman and only 4% a woman of colour.³

River's extensive research into investment market diversity supports these figures:

- A 2019 executive board search of 76 investment firms showed that 20% were women candidates.
- A 2019 search of 116 leaders in the risk function showed 9% were women.
- Across two 2019 high profile Chief Investment Officer and portfolio manager searches yielding 305 candidates, 12% were women.
- A comprehensive competitor analysis report within Investment Management consulting leadership reviewing 656 Partners and Directors showed that 12% were women.

We found that there is higher female representation in pension funds than in asset managers and that the lowest representation is among Private Equity, Venture Capital and Hedge Funds. Whilst Environmental, Social and Governance policies are generally more advanced in the European investment market, we see the Americans are ahead on diversity.

People's perception hampers D&I policy implementation

A common challenge cited during our interviews was people's perception of diversity. Firstly, the perception from society impacts (subconsciously and consciously) on the behaviour of men and women in the investment industry. Some argued strongly that geo-political trends of retrenchment and nationalism were exacerbating problems and creating a closed mindedness that makes any bias correction even more difficult. In a traditionally macho industry, there are countless examples of inherent bias towards women ranging from promotion and selection prejudice to the way women are treated by leaders, colleagues, subordinates and clients. We heard a particularly interesting anecdote from one D&I leader: in a study across 400 fund market pitches with a 25-page average the results showed "men were typically interrupted on page 18, whereas women were interrupted on page 3!"

"Men were typically interrupted on page 18, whereas women were interrupted on page 3!"

³ Women in the workplace," McKinsey & Company (2019) <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2019>

Diversity challenges can be compounded further because most people are susceptible to affinity bias and similarity attraction bias meaning they'll regularly lean towards hiring people with similar experiences and characteristics. Unsurprisingly perhaps, research by the Sutton Trust found that 61% of asset management leaders went to independent schools while only 11% went to comprehensive schools.⁴

Once formed, habits are hard to break. Yet we know that behaviour in the workplace can be changed by altering organisational structures and incentive plans. Commitment to travel and working hours is prohibitive for women wanting to juggle a family life and an investment career but flexible working and job share opportunities are still behind other industries. Typically linked to alpha generation, incentive plans reward high performers. But most of the plans are (unintentionally) engineered to reward employees who do not take extended periods of leave. With portfolio maturity and deal cycles taking multiple years, women are simply not able to collect maximum bonus and achieve rapid promotion if they take one or two years off to raise a family.

Contrary to popular perception, diversity advocates are not seeking a change to the rules. Our study showed they were simply seeking a fairer application of the same rules. Likewise, we heard that a common misconception among the white male majority was that diversity policies seek to dilute talent pools and so undermine performance. One expert stressed that diversity was "not an excuse to bring in people who are not capable or have no knowledge of the industry, as some like to argue". Threaded into D&I policy, the expectation should be clear that all employees must deliver value and perform. Advocates outlined that understanding how to maximise the value from all employees with their different backgrounds and perspectives is really the key to a successfully implemented D&I policy. "Whilst progress is being made on this front", maintains one Managing Director at a top tier US Asset Manager "there's a long way to go."

Top challenges cited in our survey
1. Statistical minority
2. Workplace behaviour
3. Incentive plans
4. Societal perception
5. Flexible working policies

Figure 3: Our respondents top five challenges to D&I policy implementation.

⁴ Retrieved from: <https://www.suttontrust.com/wp-content/uploads/2014/01/pathwaystobankingreport-24-jan-2014-1.pdf>

Why is diversity important?

There is a growing body of evidence-based research outlining how diversity can lead to better decision making and financial performance. Taking a broad cross-industry view, McKinsey’s Women in the Workplace report conducted over several years, 600 companies and 250,000 participants shows that companies in the top quartile for racial and ethnic diversity are 35% more likely to earn returns above their industry median.⁵ In further McKinsey studies, diverse firms have been seen to be 21% more likely to experience above-average profitability with a 27% likelihood of outperforming their peers on longer-term value creation. BCG sees companies with above average diversity as driving 19% more innovation revenue (Figure 4). Compelling evidence that the different perspectives diversity can bring on customer needs, product improvements, company strategy and culture will fuel a more effective organisation.⁶

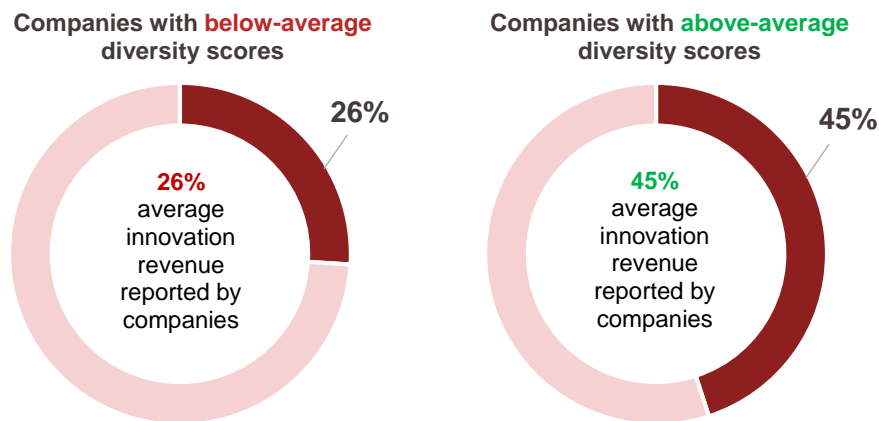


Figure 4: According to BCG’s research in 2018 diverse teams are more innovative.

Likewise, in the investment market, Credit Suisse’s research in 2016 suggests that greater diversity provides greater returns. Their results showed that when at least a quarter of a company’s senior executives are women, they outperform the market by 3%. The figure then rises to 10% when half of the executive team is female.⁷ Furthermore, in an HBR study (2018) when venture capital firms increased the number of female partners by 10%, their overall returns increased 1.5% a year and profitable exits rose by 10%.⁸

Skills that drive performance

Our interviewees cited dozens of reports and studies that support these performance claims. Importantly, added one D&I leader, “the evidence also shows that teams where individual members have stated their opinions are valued are financially more successful.” A great deal of value therefore comes from inclusion and ensuring teams are collegiate. Another D&I leader added “at our firm, both diversity and inclusion together, brings about better decision making and outcomes”.

⁵ “Women in the workplace,” McKinsey & Company (2019) <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2019>

⁶ “Diversity Matters,” McKinsey & Company (February 2, 2015), <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

⁷ “The CS Gender 3000: The Reward for Change,” Credit Suisse Research Institute (2016), Download here: <https://www.credit-suisse.com/corporate/en/research/research-institute/publications.html>

⁸ The Other Diversity Dividend,” Harvard Business Review (July–August 2018) <https://hbr.org/2018/07/the-other-diversity-dividend>

Within the venture capital market one interviewee stated that they thought “women were disadvantaged because they are more reality and less dream.” In the VC space, she observed, “people buy dreams.” Yet, whilst this may be true at the early stages of a client relationship, we’ve seen that at the raising debt stage security and pragmatism is emphasised over dream-selling. Those teams that are more balanced during this phase “better reflect the customer needs and achieve better results.” In investment markets both Alpha generation and risk management are important and different skills need to be applied at different times. Diversity brings creativity, out of the box problem solving and new ideas that will maximise the opportunities for end to end effectiveness.

A survey conducted by Pew Research Centre lists several areas where women are stronger: 34% better at working out compromises, 34% more likely to be honest and ethical, 25% more likely to stand up for their beliefs, 30% more likely to provide fair pay and benefits, 25% better at mentoring.⁹

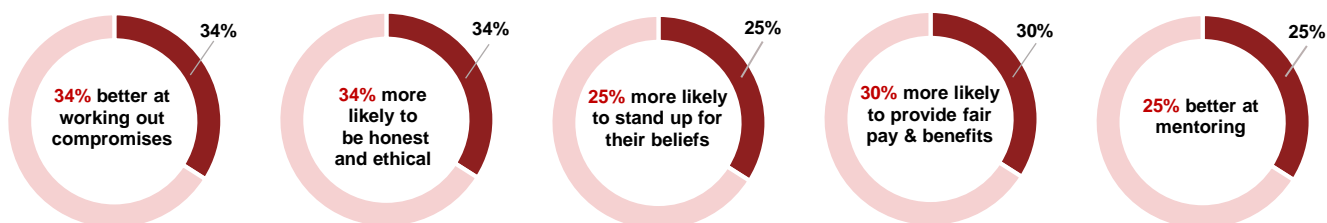


Figure 5: According to research from Pew Research Centre, women are stronger in several areas.

The reality is that women can enhance projects, initiatives and relationships by bringing different skills. Empathy and altruism are values that are becoming more important in modern day business and have always been essential to the evolutionary success of humans and other social species.¹⁰ David Epstein’s 2019 book ‘Range’ explores the advantages of leaders with wide ranging generic skills showing how they connect ideas from different fields to make positive changes.¹¹ Certainly, with Funds increasingly set up across markets and geographies, wider representation is critical for effective communication. Understanding different cultures, networks and ways of doing business is vital when stakeholders are increasingly varied.

#MeToo

In recent years, executive teams have been blindsided by ethical issues resulting in severe damage to the reputation of individuals, firms and the market. Protests can snowball quickly and unpredictably as illustrated by the #MeToo movement. Cyber crowd protests are erupting over environmental and social issues all the time at a pace and scale that can mean leaders are often ill equipped to respond.

Time and again we have seen product failures, natural disasters, terror attacks, cyber-breaches, and the other catastrophes being handled in a tone-deaf way by executives in their ‘corporate bubble’. Often leaders fail to bridge the empathy gap between the top of the organisation and the public. It’s now frequently recognised that adding diversity into the leadership team can help avoid these calamities in the first place and navigate a sure-footed path away from trouble.

⁹ Retrieved from: <https://www.pewsocialtrends.org/2015/01/14/women-and-leadership/>

¹⁰ Maon, P, & Bartel, I B-A (2014) How the social brain experiences empathy: Summary of a gathering. Journal of Social Neuroscience: <https://www.tandfonline.com/doi/abs/10.1080/17470911003589085?journalCode=psns20>

¹¹ Epstein, D. (2019) *Range: Why Generalists Triumph in a Specialized World*. Macmillan Press.

These are real problems that should be of taken very seriously by senior leadership. According to a Strategy& survey in 2018, 39% of CEO departures were due to ethical issues such as “fraud, bribery, insider trading environmental disasters, inflated resumes, and sexual indiscretions.” Overtaking financial mismanagement (35%) for the first time in history the new regularity of ethical lapses underlines the significance of people-risk and governance for all organisations.¹²

The whole is greater than the sum of its parts

There was a great deal of emphasis in our interviews on the importance of the collective and on how diversity policy can make a huge impact on the wider team performance. “Sometimes a leader, or an influential person on a project, will set the tone of inclusiveness and create a conducive environment for people to excel” outlined a prominent investment strategy leader. When there is a culture without judgement and fear of failure, criticism is effective, you can challenge entrenched thinking and outcomes become better. “It’s often hard to pin-point why an inclusive team is so impactful, but, when you get the ingredients right, one plus one really can equal three”.

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The compounding benefits of diversity are highlighted in an extensive Oliver Wyman study across the Private Equity and Venture Capital market where gender balanced teams are viewed as having between 30% to 70% females in leadership roles. Only 15% of Private Equity, Venture Capital and Funds studied were gender balanced but those that were had significantly better returns with 20% higher net IRR.¹³

Nevertheless, whilst balanced teams are regularly seen to be more open, insightful, analytical and strategic, they are not necessarily easier. Inclusiveness very often brings a more collegiate and enjoyable atmosphere but an HBR study highlighted that when you’re in a homogenous team it can feel more effective because ideas and collaboration flows smoothly. Diverse teams, with conflicting and challenging views, tend to produce better outcomes precisely because the decision process is harder and less fluid. Adding an ‘outsider’ may bring more tension but it statistically doubles a team’s chances of arriving at the correct solution.¹⁴



¹² Retrieved from: <https://www.ft.com/content/490c12e4-7cab-11e9-81d2-f785092ab560>

¹³ Retrieved from: <https://www.oliverwyman.com/our-expertise/insights/2019/mar/moving-toward-gender-balance-in-private-equity-and-venture-capi.html>

¹⁴ Retrieved from: <https://hbr.org/2016/09/diverse-teams-feel-less-comfortable-and-thats-why-they-perform-better>.

Best practice

River Partnerships successful delivery of critical leadership hiring across the investment space has enabled us to assess a variety of best practice principals. Conducting over 40 expert interviews for this paper we asked leaders to outline the most impressive policies and ideas.

Identifying and attracting diverse talent

- The key in hiring diverse talent is to thoroughly understand where the talent exists. Whilst there is no shortcut to this, understanding how many of your competitors have the talent you seek, who they are and what makes them different is essential to making an informed hiring decision.
- Identifying and mapping talent across main competitors, emerging entrants, key participants across the value chain, relevant functions and geography, it is possible to build a large enough data sample from the market to enrich diversity choices alongside other strategic decisions.
- Often, we are asked to produce 50:50 shortlists in investment management. In a market where this is statistically impractical, it is important for all stakeholders to understand what the priorities of the role are and then use the data to figure out where we can push the boundaries of the ideal criteria to achieve the results. Typically, this may mean identifying and assessing candidates from dark pools of talent, unique firms, from non-traditional education and unusual backgrounds or varied experience levels.
- To accommodate new and accessible diverse talent, perhaps the decision will be made to persuade a current member of the team to move into a new role, changing and altering the original vacancy and role scope.
- Occasionally, stakeholders will feel comfortable in hiring a non-diverse candidate knowing that the market has been scoured and the stakes are too high to accept concessions or delay on that particular appointment.
- Other times, the opportunity presented by a non-diverse candidate, vigorously benchmarked across the market, is just too great to miss. Leaders can prioritise diversity strategies in another area, at a later time, or in another way.
- Every time an organisation seeks to identify and attract diverse talent, the knowledge and insight gained from detailed market research enriches decision making and creates meaningful competitive advantages.

Creating a culture of inclusiveness

- Creating a culture of inclusiveness starts with the tone from the top and permeates across the organisation fostering a culture of psychological safety where people can speak up.
- Openly supporting organisations that promote diversity can be valuable to the broader change agenda. Organisations such as Investment 20/20, for example, supports entry into the asset management industry from the grassroots level.
- Organising networks and communities with a variety of stakeholders and champions breeds the right behaviours. Leading D&I organisations run events, conferences and seminars to openly share and debate ideas.
- Formal and informal mentoring is crucial to gain access to leadership. Reverse mentoring can help to open the minds of those stuck in the corporate bubble.
- Empowering individuals to be advocates and leaders of the cause in their own ways will add to the movement's progression. It's not about being noisy, it's about being influential by winning over minds.

Building a flexible workforce

- A culture of flexibility will not be created, adopted, or embraced unless the origination stems from an understanding and belief that every single person in the organisation deserves the same consideration and flexible work policies.
- The focus with flexible working and shared parental leave should be in trying to level the playing field with men encouraged to take time out for parenting and hobbies.
- Some firms we reviewed have job share arrangements, such as women overlapping on a Wednesday.
- Firms must be creative and flexible and make the changes stick. Then, once they have removed the stigma and made it normal, the policy can be seen to be working making proliferation easier and easier.

Measuring change

- There is a great deal of emphasis now on measurement across ESG initiatives to help monitor and improve performance. Whilst there are challenges around setting the right benchmarks, quotas and goals, relevant to your part of the market and your organisation's starting position, the simple message that "what gets measured gets done", is a powerful one.
- D&I leaders suggested producing an integrated report that looks at how the organisation has added value across multiple capitals, from people to financial capital to natural capital.
- There have been several tools designed to measure inclusion which include culture surveys spanning the organisation and the wider market periodically.
- Interviewing leaders, employees, culture champions and "authentic informal leaders"¹⁵ will help to provide a temperature gauge of the environment that you can monitor and measure over time.
- Any initiatives that create transparency are simply vital to accountability.

Making diversity a strategic priority

- Leaders must firmly assert that diversity and inclusion are an irrevocable part of the agenda.
- Measurable diversity and inclusion goals can be tied to leader's bonus metrics.
- Managers should have at least one annual goal that relates to diversity & inclusion.
- However, we were warned that paying lip service to D&I or having a token person champion ill-conceived policy can backfire badly as this does not create enough traction. When this happens, people can feel they are being singled out and then the whole initiative can lose its meaning.



Figure 6: The investment firms mentioned most regularly in our interviews as leading the way in D&I.

¹⁵ Katzenbach, J. (2018) *The Critical Few: Energise Your Company's Culture by Choosing What Really Matters*. Penguin Random House Publisher Services.

Diversity of thought

A clear theme came through in our interviews around broadening D&I from the narrow focus on gender and ethnicity. Diversity leaders, executives and researchers can measure gender diversity, ethnicity, age and orientation with relatively clear metrics and so the attention is naturally placed in this direction. However, we heard leaders emphasise that D&I policy objectives and the beneficial outcomes they seek can be achieved by a greater focus on diversity of thought (Figure 7).

Several argued that the benefits of diversity go far beyond optics and are most apparent when a different perspective is employed in thought processes across an organisation. Cognitive diversity or “diversity of thought” is for many, therefore, the underlying key to sustainable diversity success. “Correlation is not causation” argued one senior executive, we may find that firms with diverse boards have better performance, but that doesn’t necessarily mean diverse boards produce better performance.” Often women candidates to the Board have very similar views, education and upbringing to their colleagues. They hold the same bias’s and can have the same blind spots to reputational, operational and financial risk.

“Having a gender balanced board obviously helps” argued one executive. “But, if you really want to take it a step further to gain the benefits of diversity for your business, your shareholders, your employees and your communities, you must have innovative thinkers, chance takers, people attuned to ethics, governance, societal trends, environment, technology and so on.”

“Having a gender balanced board obviously helps” argued one executive. “But, if you really want to take it a step further to gain the benefits of diversity for your business, your shareholders, your employees and your communities, you must have innovative thinkers, chance takers, people attuned to ethics, governance, societal trends, environment, technology and so on.” People with different genders and ethnicity should provide diversity benefits, but the “assembling the best and brightest from all walks of life, with their different starting points and challenging perspectives, will provide far greater diversity benefits.”

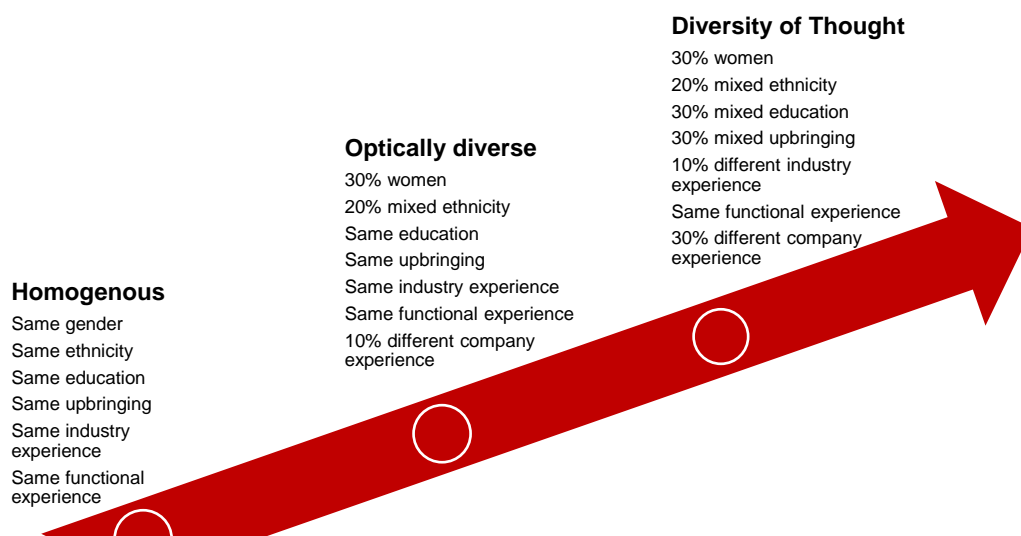


Figure 7: Rather than concentrating on optical diversity, teams can get the greatest gains in risk management, innovation and performance and can eliminate Groupthink by building teams that have diversity of thought.

As we've highlighted, building this cognitive diversity into your leadership teams and your organisations is a challenging long-term process. Our interviewees suggested that it starts with building a culture of inclusion around these varied perspectives, strengthening that culture and then building in agility over time. The gains of such an integrated diversity of thought policy can be significant, with one study suggesting that cognitive diversity makes teams 66% more productive.¹⁶

Right now, there is more research and evidence in relation to gender diversity because it's easier to quantify it. Compared to gender and ethnicity research where companies are asked to report information, it is difficult to find metrics on cognitive diversity which can be made up of several elements in the human personality (Figure 8). Moving forward we are likely to see this change and already we hear calls within organisations and across the industry to begin to measure diversity of thought. Policies and leaders that find a way to accurately measure and improve this will be at the vanguard of the D&I movement.



Figure 8: A diversity wheel showing the different elements that can influence cognitive diversity.

A significant benefit of bringing cognitive diversity to the forefront of the discussion is that it gives “those white males who may currently feel excluded from the discussion a way of being part of the solution, rather than the problem.” This, in turn, can lead to more productive conversations about other forms of diversity, the dangers of homogenous teams and the opportunities that can be presented. One Larry Fink agrees, stating that “one of the areas of diversity that we don’t talk enough about is diversity of mind.” Echoing the thoughts of our interviewees, Larry argues that the most important component of good management, good leadership, and good stewardship is making sure that you have diversity of mind:¹⁷

“People who are engineers like to be around other engineers. People with a background in political theory are generally around other people in political theory. People who have an affinity with one political party or another are generally friends with people in that political party. There are so many places where you see congregations of people around ideals, around education, around race. We have to break that down. Firms fail when you have groupthink. You generally have groupthink when you have replicants all around you.”

Larry Fink, Chairman and CEO of BlackRock

¹⁶ Retrieved from: <https://blog.thinkherrmann.com/top-talent-management-trend-2020>

¹⁷ Retrieved from: <https://www.mckinsey.com/featured-insights/leadership/an-interview-with-larry-fink>

Recommendations

Over 40 leaders in total across major asset management firms, sovereign wealth and pension funds, asset servicers, hedge funds, private equity, venture capital and consulting contributed to this paper. Participants included members of the executive and non-executive Board, heads of function, Partners, owners, ESG thought leaders and D&I leaders. The advice and insight they have provided has been synthesised and analysed to add to the ongoing debate on diversity and their key recommendations for action can be summarised below:

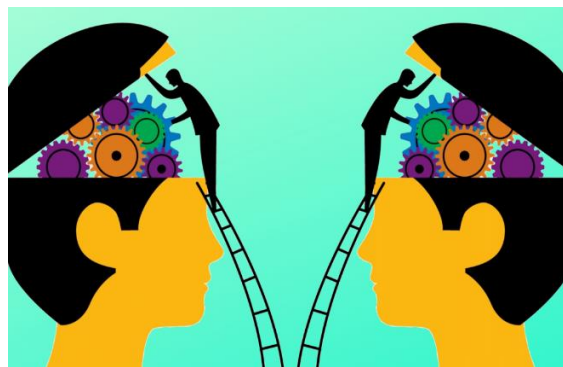
Recommendations	Action
Articulate a clear diversity strategy	Assign accountability, set targets and monitor progress
Set measurable goals	Base these on your market data analysis and your starting position.
Engage senior leaders	They set the priorities and when they're engaged there is a positive trickle-down effect
Train hiring managers to understand unconscious bias	Where possible insist on diverse slates for hiring and promotions
Set realistic quotas for women in leadership	Base this on your market data analysis
Set and establish clear evaluation criteria for hiring and promotion	Apply a thorough and fair process for all
Organise formal and informal mentoring	Include 'reverse mentoring' and line up sponsorship for succession planning
Create and measure diversity of thought policies	Build new assessments into the way people approach problems and process information and integrate these into performance appraisals, team formation, organisation design, hiring and promotion.
Promote internal diversity and inclusion initiatives more widely	Highlight what is working well and ensure advocates are identified and engaged across the organisation and the market
Raise D&I standards in the industry	Collaborate with partners, organise events, support other firms
Engage a search firm to support your D&I strategy	Ensure their analysis is based on deep market research to eliminate bias and optimise decision making



Conclusion

So, what do our interviewees believe is the key to building a high performing, future-proof investment management organisation?

The answer starts with hiring and promoting inclusive leaders who understand the value that different thinkers bring to the table and are skilled at encouraging people to both contribute their thinking and be open to the perspectives and ideas of others. The more diverse the team is, the more important it is to have a leader who can manage and facilitate the process to make sure everyone is heard and that there's a clear strategy to keep the goal in sight.



Each human being has a unique blend of identities, cultures, and experiences that inform how he or she thinks, interprets, negotiates, and accomplishes a task. Diversity of thought goes beyond the affirmation of equality and focuses on realising the full potential of people, and organisations, by acknowledging and appreciating the potential promise of each person's unique perspective and different way of thinking. Only when people feel welcome and respected will the team be able to benefit from their unique perspective and experience.

The implication of this new frontier in diversity is that leaders and organizations must let go of the idea that there is "one right way" and instead focus on creating a learning culture where people feel accepted, are comfortable contributing ideas, and actively seek to learn from each other.

By the year 2025, 75% of the global workforce will be made up of millennials with their unique perspective on diversity and inclusion. While older generations tend to view diversity through the lenses of race, demographics, equality and representation, millennials are accepting the important of diversity of thought and are increasingly seeing diversity as a melding of varying experiences, different backgrounds and individual perspectives.

Therefore, diversity and inclusion cannot be seen as a one-time campaign or a one-off initiative. Promoting D&I in the workplace is a constant work-in-progress and should be maintained, nurtured and evolved to guarantee effectiveness. Empathetic leadership is key to this transformation. For real change to happen, every individual leader needs to buy into the value of belonging – both intellectually and emotionally.

Benefits of Diversity of Thought	Why?
Guard against groupthink and expert overconfidence	Diverse teams process information and complete tasks more carefully leading to more correct decisions
Increase the scale of innovation and new insights	Viewed with different frames and lenses a greater variety of thoughts can be connected and tested to generate new solutions
Identify the right employees for the right roles	Using cognitive analysis to match people to specific functions can more purposefully align individuals to areas where they excel

“The wider the diversity of experiences, the wider the pool of knowledge that the team will bring to each decision, idea or project.” **Antonia Hock, CEO, Ritz Carlton Leadership Centre.**

Author

David Young is a company Director at The River Partnership. He leads our governance, risk management, compliance and RegTech teams globally working with leading organisations across financial services and the investment market. He has 16 years' experience in executive search and leadership consulting working directly for Executive Board level stakeholders to complete projects that range from talent and leadership acquisition to strategic research, Management Insight and M&A.

David studied his MBA in Australia at the University of Queensland's Business School, rated in the top 10 globally. He serves as the Deputy Chair of the UQ Business, Economics and Law Alumni Council Board in London and also has an undergraduate degree from Warwick University. He has a record of developing successful teams and practice areas in EMEA and APAC achieving 300% growth over the last three years.



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- Executive Board Search – Investment Management
- Managing Director – Asset Management
- CFO and CRO – PE Backed Insurer
- Partner, Investment Management Consulting
- Partner, Non-Financial Risk Management
- Partner, Risk & Regulation
- Partner, RegTech Practice
- MD, Financial Crime Technology
- MD, Regulatory Change and Governance
- Director, Investment Management Consulting
- Director, Investment Management Regulation
- Director, Risk Modelling and Analytics

Recently completed research:

- Competitor analysis for new market entry – 48 firms
- Competitor analysis for new market entry – 60 firms
- M&A Project – 231 Firms analysed, 26 meeting criteria
- Consulting market analysis – 68 firms
- FS Risk and Regulations 2017 Trends – 70 Interviews
- Brexit's Impact on Regulations – 100 contributors

About River Partnership



A multi-disciplinary human capital firm headquartered in London specialising in executive search, competitor insight, succession planning and market mapping across the Professional Services, Financial Services, Life Sciences, Consumer Goods & Retail, Manufacturing, Technology and Energy sectors.

We work on global mandates with the aim of being the search and staffing partner of choice to a small group of industry-leading companies across Europe, APAC and the Americas.

In short, River Partnership helps you build winning teams.

We know that is only possible if our own team is equally talented. That is why the River Partnership line-up is a roll call of experts who are, to a person, passionate about delivering excellence and enjoying their work. Our consultants are specialists with decades of combined experience in our chosen fields and functions.

All regularly handle high-profile mandates from C-Suite, to one-below-public-board level, through heads of department and function, to specialists or subject matter experts. By combining deep knowledge of the key issues and drivers in your sector and by employing a clear methodology, utilising extensive personal networks, good judgement and a passionate approach, we help you to swiftly identify, benchmark and acquire top talent.

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