



PROGRESS ON IMPROVING DEI, BUT CHALLENGES REMAIN

Asset management executives are meeting and even exceeding their targets around diversity, equity, and inclusion, but more can be done to attract, develop, and retain diverse talent.

Over the past 5 years, 63% of our hires are diverse executives.



While conducting research that was foundational in our [15th Annual Talent Trends Report](#), we learned a lot about what’s keeping asset management leadership up at night, including the shifting nature of productivity, talent shortages, shifting workplace dynamics, and of course the tricky question of making progress on DEI. It’s an issue that we at the Kathy Freeman Company have been engaging with head-on, with 63% of our hires over the past five years being diverse executives. Encouragingly, this year’s report surveyed a record 34% of women respondents, giving us greater insight than ever

into issues around DEI.

In our research, we found that firms are working hard to improve their DEI metrics across the spectrum, including in senior management and re-evaluating their talent pipelines and development opportunities. However, progress has been mixed, with some reporting a shortage of experienced talent and others saying it’s difficult to retain that talent.

Getting DEI right is imperative, not just because it is inherently the right thing to do. One of the key findings of an in-depth analysis of the asset management industry, conducted by the SEC’s Asset Management Advisory Committee, was that investors increasingly view DEI information as significant when making investment decisions.

INDUSTRY LEADERS BULLISH ON PROGRESS DRIVING DEI OUTCOMES

The good news that emerged from our latest report was that 25% of leaders say they exceeded their expectations in terms of diversifying their organizations and building an inclusive culture, while 58% feel they met these expectations. Looking at the industry as a whole, 48% of leaders believe it has made meaningful progress in advancing DEI. That tracks closely with 2022’s figure of 53%, although those leaders reported the industry had made merely modest progress.





These findings reflect a more intentional approach to measuring DEI progress, with conversations and accountability elevated in the C-suite. Simply measuring demographics is no longer sufficient; organizations need to take action. It's thus encouraging that our report participants reported implementing measures to track metrics including the following:

- Developments in talent and promotion pipelines
- Pay differentials
- Learning and development opportunities
- Change driven through training and recruitment efforts
- Changes in gender and race across staff, management, and investments
- Percentage of new hires who are female and/or people of color

EDUCATING POTENTIAL CANDIDATES ESSENTIAL TO RECRUITING MORE DEI LEADERSHIP

If firms are being more intentional about measuring DEI progress, they're also finding they need to be more intentional about attracting diverse talent. Almost half of our participants believe their firm/industry needs to invest more in educating this talent about the career opportunities available to them in asset management. A full 46% of our leaders say DEI candidates are not applying for open positions.

These findings reflect a realization that diverse talent isn't necessarily going to land in one's lap. Companies should consider partnering with DEI-focused organizations and community groups, showcasing their commitment to and progress on DEI via social media, and attending relevant events, conferences, and job fairs. Attention should also be given to job descriptions, with gender-neutral, bias-free language and a demonstrable commitment to DEI to help attract diverse candidates. It's also important to recognize that having more diversity in senior management creates a picture of a company in which diverse people can see a reflection of themselves.

DEVELOPING THE DEI TALENT PIPELINE

Filling executive positions is proving challenging for some firms, with 45% of leaders saying that DEI candidates lack sufficient experience to take on those strategic roles. Respondents also reported difficulty in keeping or developing diverse talent after hiring them. While educating potential candidates and marketing company credentials can broaden the talent pool, it's also important to nurture the talent within your organization through accommodating workplace policies.

Flexible work arrangements are appealing to people with disabilities, for whom having to commute regularly to an office may be a deal-breaker, as well as to women, who continue to shoulder the brunt of childcare responsibilities. A [2023 McKinsey report](#) found that 38% of women with young children said they would need to quit or reduce their working hours if not for workplace flexibility.



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TRAINING AND DEVELOPMENT TO FILL POSITIONS AND RETAIN TALENT

Learning and training opportunities can help strengthen ties between employees and employers, reducing the risk of them departing due to a lack of professional development or advancement. Moreover, for firms struggling to fill positions with diverse candidates, train-to-hire programs offer a solution for imparting practical, job-specific skills to people from varying backgrounds and even other sectors.

Thoughtfully designed training programs feature content that is accessible to people with different abilities and learning styles. In fact, embedding DEI in all learning content is more effective than merely teaching it in isolation, and demonstrates a genuine commitment to improving these outcomes.

MOVING FORWARD

As a younger generation of investors wields greater and greater financial influence, DEI performance will increasingly become a key differentiator among asset management firms. Leaders are recognizing this and implementing measures to track new metrics. They're also working hard to broaden their DEI talent pipeline, putting effort into communicating opportunities out to appropriate hires, offering flexible working arrangements, and developing accessible train-to-hire programs to bring in a greater diversity of candidates.

We see these as encouraging signs of industry transformation and look forward to reporting even greater strides next year.

Looking for critical talent to help fuel your firm's growth?

Let's work together!

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