



RENAIX

A Guide to Gender Inclusion and Cultural Diversity in Finance

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Introduction

The modern workplace is undoubtedly a more diverse environment. We see greater participation from a wider cross section of society, with race, age, gender, skills and education all being part of the workforce. However, diversity does not end here.

Almost all major corporates in the world have programmes promoting diversity and inclusion. What started as a mostly social phenomenon has, over the years, proven to have a lot more of benefit than was apparent in the beginning. But why does this happen? How can cultural, ethnic or gender diversity help boost the financial performance of businesses?

In our Guide on Diversity and Inclusion (D&I) in Finance, we look at everything from bridging the gender pay gap to how to break the glass ceiling and the importance of cultural diversity to diversity in terms of skills and education. We consider how diversity and inclusion is not just about creating a fairer business environment, but that it can have tangible and measurable benefits as well.

Here at Renaix, our team is built around specialisation and market awareness, with 20 years working in the international finance and accounting industry. Our consultants are experts in their field and are at the forefront

of innovation in recruitment processes and the latest industry trends. We are therefore well positioned to assist you with any skills or qualifications related questions or concerns you may have.

Feel free to send us your CV and a member of our team will be in contact to offer their consultancy and advice on your options and how to successfully secure your next role. As part of our service, we are also happy to review your CV and provide comments and advice on how this may be improved to increase your chances of landing your next role.

Get in touch now at info@renaix.com, give us a call on +44 (0)20 7553 6320 and join our LinkedIn group for the latest news, trends and open recruitment positions at: www.linkedin.com/company/renaix

A woman with dark hair, wearing a blue and white striped shirt, is looking at a computer monitor in an office. The background shows a modern office environment with large windows and other people working. A teal semi-transparent box is overlaid on the left side of the image, containing the title and introductory text.

Mind the Gender Pay Gap – The Important Role of Recruitment Firms

The corporate world offers great career opportunities to millions of young people joining the workforce every year. It's a chance for them to gain financial independence and learn dozens of basic skills that will help them throughout their careers. But for every great opportunity, there are challenges to overcome. And in many cases these hurdles are unfair and discriminatory. For example, millions of women face the glass ceiling, an invisible barrier to career advancement, or a very visible gender pay gap, which is the subject of this article.

The gender pay gap

The gender pay gap has existed ever since salary data first started to be compiled. Change is happening but it is extremely slow and entire generations of young girls and hard-working women have faced discrimination. The European Union is still struggling to achieve gender parity in the workplace, according to data compiled by Eurostat.

The fact that the gap exists is well-documented. However, it is the methods employed to bridge the gap which are now clearly understood to be not nearly as effective as first imagined. The key stakeholders, namely employers, employees, governments, industry and recruitment firms all have an important role to play here.

Bridging the gap

To address an issue, it's important to examine the full extent of the problem.

Regular audits - Firstly, it is clear that companies must conduct regular audits to assess a gender pay gap within their ranks and that this figure should then be tracked for changes year on year.

Long-term goals - The second step is to set long-term goals and short-term milestones to eliminate a pay gap. These goals and milestones must form part of Key Performance Indicators for senior management as well as for the HR department. Companies have

the ability to solve major problems, but it is up to senior management to put the right incentives in place to achieve these goals.

Transparent progress - The final step is to make such information transparent and share progress during regular company meetings including, importantly, those with shareholders.

Salary negotiations - A lot can be done on an individual basis. Women must ensure they are not being discriminated against during salary negotiations and present their case where necessary - some companies and organisations run workshops.

Recruitment industry - Recruitment firms can play a positive role by advising prospective candidates during salary negotiations.

Conclusion

Studies have shown that companies with a healthy ratio of women executives are more profitable. Recruitment firms play a key role in matching candidates to their ideal roles. Therefore, although it is ultimately up to the company to make the hiring decision, recruitment firms must have a large enough pool of qualified workers of both genders and pitch all candidates without bias or discrimination. Recruitment firms also need to ensure women are empowered to apply for a role to which they are suited to rather than falling prey to stereotypical career choices.



How to Break the Glass Ceiling in 4 Easy Steps

Our previous article on the gender pay gap looked at the issue of pay disparity still prevalent between men and women in the corporate sector. We focused mainly on the potential solutions and what candidates and recruitment firms can do to ensure pay scale parity.

The glass ceiling

In this article we look at another issue that stems from the same underlying problem of gender discrimination – the glass ceiling. This term has been in existence for over forty years and essentially refers to an invisible barrier that prevents women from rising to the top in a corporate environment. The sheer scale of the problem is evidenced from the fact that the glass ceiling shows no sign of improvement after decades of concerted efforts from various quarters.

Although discrimination exists at all levels, the glass ceiling is especially evident at the very top and women continue to be under-represented in CxO level positions as well as board positions. This makes it even harder to implement top down solutions. In Europe for example, only about 20% of Non-Executive Directors in listed companies are women and the European Commission has set itself a target quota of at least 40% by 2020.

Figures just released from Cranfield University describe a “woeful situation” in a significant drop for women occupying FTSE 250 Board positions and numbers remaining the same for FTSE 100 companies.

Advertise roles

The lack of available talent is one reason often given for not appointing women to the board or other top leadership positions. However, what is much more likely is that companies are simply not looking or trying hard enough. Many senior level positions are not advertised and are filled through an “old boys network” from the current male leadership making it harder for women to break in.

Talent Pools

There have been various initiatives to address the problem. For example, there are a number of pan-European talent pools of qualified women board members. Companies can tap into these pools and select candidates based on the required skill set. Recruitment

firms can play an important role here as they inevitably have access to a vast pool of qualified candidates.

Board level training

Another way to address the “supply side” of the problem is by providing leadership and board level training to qualified women candidates. Such executive courses offered by top Business Schools not only help foster the right attitude but serve as key networking platforms as well.

Creating a critical mass

Clearly however, the key to solving the problem of discrimination at senior levels and for real change to occur is to create a critical mass of women at the very top which then has a snowball effect. Large corporations are designed in a way that values trickle from the top down. Ensuring better representation of women on boards would likely have the desired affect throughout the whole organisation. Having a token female presence at the top is never going to be very effective. Studies have found that having at least three women on the board leads to the issues faced by women being addressed in an effective manner and to better financial performance due to the diversity benefit.

Conclusion

With market forces failing to resolve the problem organically and the UK government looking to miss its target of 33% women on FTSE 350 companies boards by 2020, perhaps now is the time for government to proactively implement a formal system of quotas as adopted successfully across Europe.



Cultural Diversity in the Workplace: Things You Didn't Know You Didn't Know

Almost all major corporates in the world have programmes promoting cultural diversity. What started as a mostly social phenomenon has, over the years, proven to have a lot more of benefit than was apparent in the beginning. A recent McKinsey study found that culturally diverse companies have a 35% higher likelihood of exceeding the financial performance of their peers. The study found that in UK companies even a small 10% improvement in diversity levels bumped up EBIT (earnings before interest and tax) by almost 6%. The McKinsey study (amongst others) provides definitive proof, rather than just a causal link, of a correlation between diversity and financial performance.



But why does this happen? How can cultural, ethnic or gender diversity help boost the financial performance of businesses? We have already discussed the impact of gender and educational diversity in our earlier pieces. Today, we dive deeper into cultural diversity and see how it can enhance corporate performance.

Having access to a bigger talent pool

Despite so many people entering the workforce every year, there is still a shortage of skilled individuals. By specifically encouraging people of all racial and cultural backgrounds to apply, companies can target a much larger talent pool. This is not just true for just certain countries, talent is now more mobile all over the world.

Reducing conflict and enhancing soft skills

Cultural diversity has been found to have a positive correlation with enhancement of certain soft skills which are critical to organisational success. These skills enhance the ability of employees to resolve conflicts, negotiate better, understand the intricacies of global marketplaces and be more cognisant of a client's needs and challenges. Overall, this not only makes for a better front-end sales force but also improves the internal dynamics between various departments.

Positive image

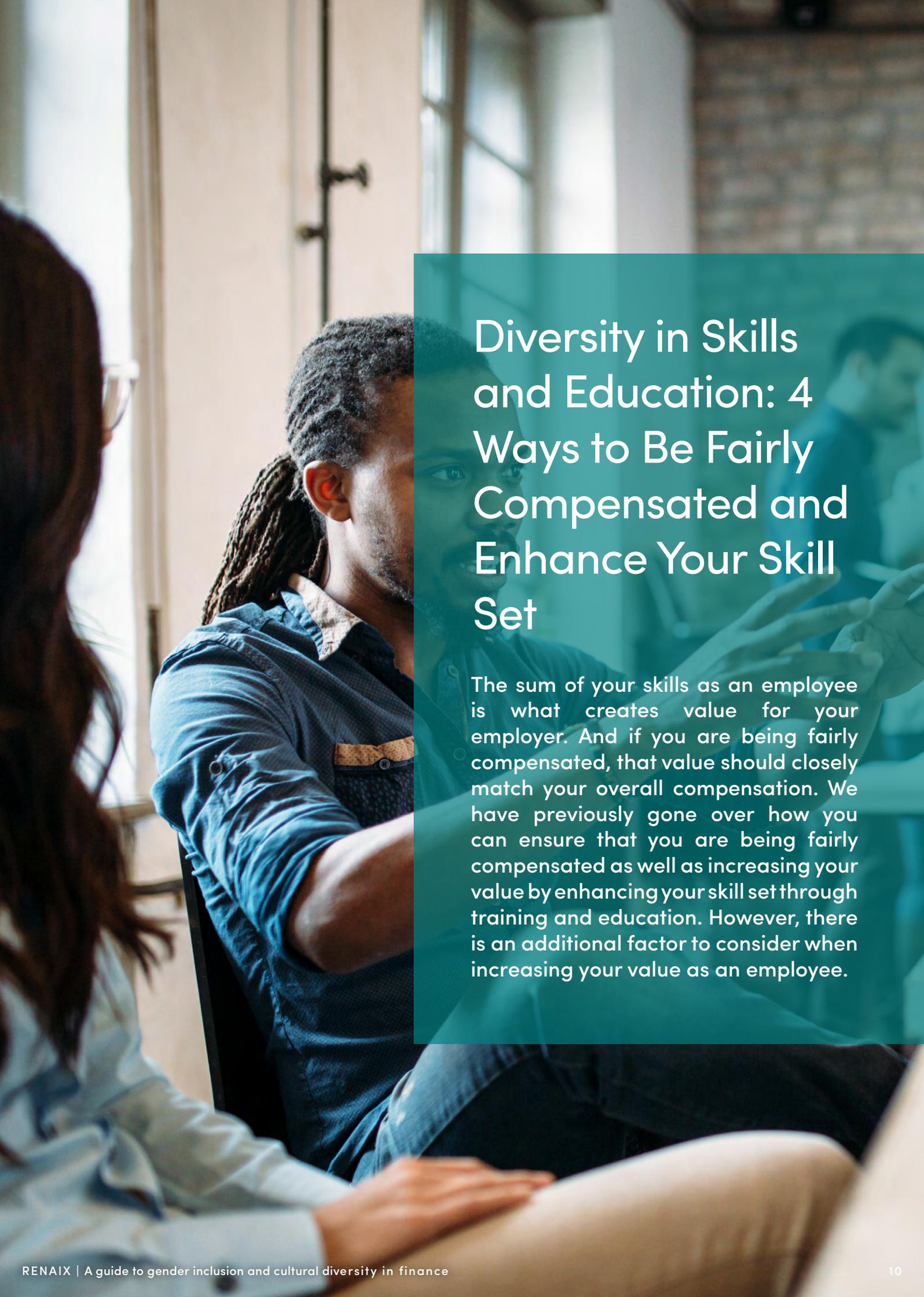
Companies spend hundreds of billions of dollars every year on advertising. These advertisements are meant to portray certain brand values that companies wish to be associated with their products - such as quality, reliability, and trust. In recent years, social and environmental responsibility have also become critical factors in the mind of consumers. Corporates are powerful social citizens too and as such they are expected to do their part in promoting the values of modern societies. Having a diverse workforce allows companies to walk the talk and build a positive image.

Innovation and market access

Having an ethnically diverse workforce allows companies access to newer markets. Moreover, cultural interactions can create new and improved products, services or business and manufacturing processes. For example, some companies now use a combination of Japanese and Western manufacturing techniques to achieve optimal performance. Similarly, certain banks have benefited by tailoring products to comply with Islamic Banking norms.

Conclusion

Numerous studies have provided empirical evidence that cultural, ethnic, racial and gender diversity can directly boost financial performance. Not only that, diversity allows companies to shape themselves in the mirror image of the society that they operate to and that can go a long way in creating a meaningful bond with all stakeholders.

A photograph of a man with dreadlocks wearing a blue shirt, sitting in a meeting and talking to a woman with glasses. The background is a bright, modern office space with large windows and a brick wall. A teal semi-transparent box is overlaid on the right side of the image, containing the title and text.

Diversity in Skills and Education: 4 Ways to Be Fairly Compensated and Enhance Your Skill Set

The sum of your skills as an employee is what creates value for your employer. And if you are being fairly compensated, that value should closely match your overall compensation. We have previously gone over how you can ensure that you are being fairly compensated as well as increasing your value by enhancing your skill set through training and education. However, there is an additional factor to consider when increasing your value as an employee.

Certain skills can combine to create value that is more than the sum of the individual parts. It is this additional value that distinguishes the true star performers and future leaders from the rest of the pack.

More than the sum of the parts

The way most corporate jobs work is that the employee sticks to their field and acquires more and more knowledge in that field over time. This makes sense from the point of view of the employer who needs specialists for each particular function. For the most part, it works for the employee as well. For example, someone in compliance would eventually become an expert in this field and therefore, more valuable. However, by diversifying their skill set a bit further, they can add more value to themselves than what they could by just being restricted to one particular field.

Diversifying skill set

Taking our example of the compliance function further, if that employee can become a good salesperson as well, they would be a perfect (and rare) fit for selling to clients in regulation-heavy industries who would welcome their more cautious approach. More general examples would include skills such as learning a new language or spending some time abroad at a regional branch/subsidiary. This might increase the chances of a promotion as the employee can now fill a leadership role in either of those countries. The exact circumstance would vary greatly for each case, but such opportunities always exist. It's just a matter of figuring out what works best in your particular industry.

Generalists vs Specialists

This diversification of skills does not mean that you should become a generalist. Some roles require specialists and it makes sense for employees to really specialise in such roles. But the point here is to allow for some diversification such that it increases your overall value as an employee without affecting your specialisation in your chosen field.

Specialisation 2.0

This is sort of like Specialisation 2.0 - adding a bit of versatility and expanding your potential avenues for growth, without losing your core skills. There are also other benefits to this Specialisation Plus approach. It gives you a fresh perspective on things, giving you a deeper appreciation of the constraints faced by your colleagues and vice versa. It can help you build a wider network. Finally, it can be wholly refreshing to learn new and different things without losing focus of your primary area of specialisation. It's a way to add additional value without losing any of what you already have.



Here's What Really Matters in Diversity in Educational Backgrounds

The modern workplace is undoubtedly a more diverse environment. We see greater participation from a wider cross section of society with both old and young and different cultures and ethnicities being part of the workforce. However, diversity does not end here.

There is a growing trend amongst organisations to hire people from different educational backgrounds for roles that were previously designated for people with specific qualifications and disciplines. Such diversity in educational backgrounds can spur innovation, provide a much-needed creative approach to problem solving and even reveal opportunities that were not visible before. However, it also comes with its own set of unique challenges. It can be harder to assess such candidates using a conventional approach and finding the suitable candidate can become extra work. But is it worth it in the end?

It's all about the core skills

Whether or not it's sensible to hire a candidate with a non-standard education background for a particular role depends on the core skill requirement of the job. The key to success here is in knowing who can fit in and who cannot. For example, for a sales job the key skill might be the ability to sell a product rather than having an in-depth knowledge about the product (which might be learned on the job). Similarly, someone with an engineering or even a physics background might do well in finance and provide a rather different way of doing things compared to someone with a business degree.

Such a diverse range of talent can bring to your team creative synergy, where the sum is greater than the individual parts. Diverse teams provide a multiplicity of approaches to problems and diverse mindsets can prove to be much more productive and innovative. By casting a wider net, the employer is also likely to get to choose from a much larger talent pool. It is still important to have relevant filters in place to screen for certain traits, but the willingness to look outside the box can yield great results.

Managing diversity

In order to effectively succeed with this strategy, it is important to approach the hiring process with an open mindset. For instance, to select from a diverse set of candidates, it would be helpful to have a diverse set of interviewers. As another example, the approach or the thought processes of a candidate to solve a problem might prove to be more insightful than the actual answer. This is especially true for dynamic roles which require out of the box thinking on a daily basis. The idea here is that knowing how to tackle a problem might be more valuable for a role than just knowing the correct answer beforehand.

Conclusion

Hiring candidates with non-standard educational qualifications for different roles can be both challenging and rewarding. Some managers might be apprehensive due to the additional risk it carries. But if managed properly, it can lead to a much healthier work environment and provide creative synergy across the entire team.

A man in a blue shirt is smiling and looking down at a document on a desk. He is holding a pen. The desk also has a smartphone and another document. The background shows a modern office with glass partitions and a whiteboard.

Making Diversity Work – Implementing a successful D&I Programme

In our ongoing series on Diversity and Inclusion (D&I), we have looked at everything from bridging the gender pay gap to how to break the glass ceiling and the importance of cultural diversity to diversity in terms of skills and education. We concluded how diversity and inclusion is not just about creating a fairer business environment, but that it can have tangible and measurable benefits as well.

In this piece we look at some of the critical components that go into achieving diversity through the creation of a rock solid D&I programme.

What is the existing situation

The first step in the creation of a D&I programme is to have a look at the existing situation. This should not just be a matter of a one-time data gathering exercise to look at the demographics. Rather it should be a dashboard that reflects the situation in real time much like that of a revenue dashboard.

Analyse the data and identify the areas of concern

This step is important as it allows companies to actually focus on any areas that they are lacking in, rather than implementing a one-size-fits-all policy. This is the step where interesting trends can begin to emerge. For example, a correlation might appear between geographical location and biases or certain divisions more prone to having an increased homogeneous workforce than others.

Actions following identification of deficiencies

The third step is to take action based on the deficiencies identified earlier. This would include things like staff training, targeted recruitment, changes in HR policies and so on. There might be a need to create mechanisms to empower employees to speak up if they feel that they are being discriminated against because of their gender or ethnic background. For example, some organisations have an independent third party representative outside the chain of command which employees can contact

to raise their concerns. This person directly reports to the Board, bypassing traditional organisational hierarchy completely.

Measure the impact of the policy changes and the D&I initiative

The last step is to actually measure the impact of the policy changes and the D&I initiatives by going back to the first step in order to measure the success of the initiative. In order to achieve this, a relative comparison of employee satisfaction and employee retention etc. may also be made on a periodic basis and the results often speak for themselves.

Demonstrating the tangible benefits of the D&I initiatives is also important as it will reinforce the company's efforts in this area in the eyes of the employee.

Fostering a climate of inclusion

The long-term goals of the D&I policy should be to create a natural culture of inclusion and fairness in the workplace. Companies can compete based on advantages in for example intellectual property or market share but it is the culture of organisations that helps them build a competitive advantage in the long run.

Diversity and Inclusion is all about creating a brand that is valued by both employees and clients.

Thank you

if you enjoyed this guide,
then look out for the next
one...

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