

THE

INVESTMENT

ASSOCIATION

# BLACK VOICES

Building black representation  
in investment management

June 2019



We have been helped by a number of people in the production of this report. We would like to thank **INvolve**, a membership organisation championing diversity and inclusion in business, for help in facilitating the professionals' roundtable that generated much of the content in this report.

We would also like to thank the **#talkaboutblack** group which helped gather black practitioners from across the industry and is looking to raise the profile of the issues black people face within investment management and beyond.

Finally we are grateful to **Investment20/20**, the investment management industry careers service with a focus on widening access to diverse talent at grassroots level, for gathering and supporting the discussions with young black people considering their career options, and whose voices are also key in this report.

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# FOREWORD

**INVESTMENT MANAGEMENT PRIDES ITSELF ON SCOURING THE WORLD TO FIND THE BEST INVESTMENTS FOR OUR CLIENTS. BUT WHEN IT COMES TO PICKING OUR OWN STAFF, OUR INDUSTRY WANTS TO DO MORE TO ENSURE THAT OUR PEOPLE REFLECT THE CUSTOMERS WE SERVE.**

Less than 1% of investment managers are black – even though people from this ethnic background make up 3% of the UK population and more than 13% of London, the city housing the lion’s share of the UK investment management industry.

Diversity makes us all stronger. Different voices, opinions and experiences help investment performance, widening horizons and discouraging group think. And we need to be connected with all our clients. Just as our customers come from all ethnic backgrounds, so should our people.

So in late 2018, in conjunction with #talkaboutblack and with the help of experts at INvolve and Investment20/20, the Investment Association assembled two roundtables, one comprising black professionals working in investment management, and the other with young black people considering their careers.

We wanted to hear what is and what is not working as we step up our work to encourage people from all backgrounds, and black people in particular, to join our industry and thrive within it.

This report asks bigger questions about how black people are treated in British society today. Many of those make for uncomfortable reading. But it also contains ten positive ideas which we hope will foster better practices in many workplaces – not just in investment management.

We take diversity in the workplace extremely seriously, and are committed to putting these recommendations into practice, both at the Investment

“WE TAKE DIVERSITY IN THE  
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INTO PRACTICE”

Association and by encouraging their adoption across our membership as a whole. We are enormously grateful to colleagues across the industry and students who have given their time, energy and ideas to this work. Their honesty is the bedrock of this report.

Change starts with self-reflection and honesty. This report seeks to do that by giving a voice to those who have not hitherto always been heard. It is not a panacea nor does it seek to be, but it is the start of an important journey we must go on, not just as an industry or as a wider sector but as a society.

Our industry now has an opportunity to lead from the front in being a catalyst for social change, not just in our own investment houses but well beyond too. We must seize it.



**Chris Cummings**

Chief Executive,  
The Investment Association



**Marisa Hall**

Director, Thinking Ahead Institute,  
Willis Towers Watson, on behalf of #talkaboutblack

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# THE CONTEXT

## Britain today

The evidence is clear. Black people continue to suffer from discrimination in 21st century Britain.

Billed as the largest review into race inequality in British history, Equality and Human Rights Commission report *Healing a Divided Britain* laid bare how much further our country has to go to offer equality of opportunities for all<sup>1</sup>. Some of the most powerful evidence of discrimination in the EHRC report emanated from the world of work.



# 23.1% less

Black workers with degrees were on average found to earn 23.1% less than white workers with similar qualifications.



# ↓ 5.7%

Around 10.7% of white people were found to work as managers, directors and senior officials. For African, Caribbean or black people that figure fell to just 5.7%.

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<sup>1</sup> Healing a Divided Britain, Equality and Human Rights Commission (2016) [https://www.equalityhumanrights.com/sites/default/files/healing\\_a\\_divided\\_britain\\_-\\_the\\_need\\_for\\_a\\_comprehensive\\_race\\_equality\\_strategy\\_final.pdf](https://www.equalityhumanrights.com/sites/default/files/healing_a_divided_britain_-_the_need_for_a_comprehensive_race_equality_strategy_final.pdf)

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An ICM Poll commissioned by The Guardian for its Bias in Britain research in late 2018 also paints a difficult picture<sup>2</sup>.



Of 1,000 people from ethnic minorities living around the UK surveyed, 43% said they had been overlooked for a job or promotion in a manner they felt unfair over the past five years – a proportion twice the size of that for white workers.



A shocking 12% of the same sample said that they had suffered racist language directed at them in the past month – rising to 43% over the past five years.

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And yet these statistics alone can never capture the emotional impact these experiences have on black people.

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<sup>2</sup><https://www.theguardian.com/commentisfree/2018/dec/02/bias-in-britain-racial-bias-ethnic-minorities>

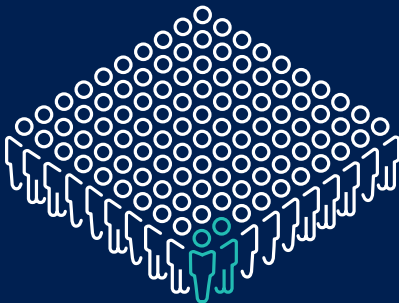
“WE NEED TO CREATE A  
FAIR SOCIETY IN WHICH OUR  
ORIGINS DO NOT DETERMINE  
OUR DESTINIES.”

*David Isaac, Chair of the Equality and  
Human Rights Commission*

As David Isaac, Chair of the Equality and Human Rights Commission, has said: “We need to create a fair society in which our origins do not determine our destinies.”

Many of the issues black people face in Britain today, and in all areas of work, are perhaps unsurprisingly also found in our industry.

The number of black people in our industry is rising, but we know there is more that can be done to improve their experience of investment management as well as increasing their representation.



2%

Of 3,755 investment management staff surveyed by the Diversity Project, 2% were from African or Caribbean backgrounds.



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This looks even more unrepresentative when one considers that London is the place where most investment management jobs are located – 13.3% of the city's population identifies as black.

More senior levels of the industry tend to be less diverse.

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## just under 1%

Of the 650 investment managers featured in that research, only seven people – just under 1% – identified as Black, African, Caribbean or Black British.

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This is why this report focuses on the experiences of black people in investment management in particular.

But numbers alone cannot capture the experiences of black people working in investment management, or young people contemplating their careers in our industry.

That's why the Investment Association assembled two roundtables in late 2018 to discuss the experiences and views of two generations of black people, to hear people's experiences and shape solutions.

The first of these events gathered views from black professionals already working in our industry; many of whom have risen to senior roles. The second group comprised 30 black people aged between 16 and 24, including students at school, college or university.

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# HOW WE CAN MAKE THINGS BETTER

## 1. A better conversation

The central ambition of this report is to document the experiences and opinions of black people working in the investment management industry and to stimulate conversations around ethnicity – and in particular black people - in the workplace.

Ethnic diversity should be an issue discussed not just by black employees, but by those from all ethnic backgrounds in order to increase awareness and normalise the conversation.

This principle is in line with the movement #talkaboutblack, started in 2018 to raise the profile of the issues black people face within investment management and beyond.

Several of the roundtable attendees identified inconsistencies in the way diversity was perceived in some institutions, suggesting that measures to improve equality were not working in favour of all, in particular for black members of staff.

One participant noted:

*“When our managers look for diversity, they’re looking for gender diversity.”*

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**“THIS IS JUST NEVER TALKED ABOUT. WE NEED TO TALK ABOUT THE ISSUES BLACK PEOPLE FACE.”**

*Black investment manager*

Another attendee added that:

*“replacing a middle-aged white man with the sort of woman he would naturally marry doesn’t change the status quo.”*

Many of the professionals welcomed the fact that issues around gender are now discussed routinely within many businesses, but thought that the same could not always be said about ethnicity. Many black people felt disproportionately underrepresented in the workplace and believed the issue should be given more prominence to tackle the issues.

## We need to talk more about black

Conversations about race are not always comfortable, but they are important. Organisations should make sure that diversity discussions include race, in particular issues felt by black people where disparity is felt more acutely than other ethnicities. These discussions should be put on an equal footing as those currently focusing on gender and sexuality. Participating in movements like #talkaboutblack could be a great place to start.





“I HAD A MANAGER WHO HIRED A EUROPEAN PERSON AND SAID THEY WERE DIVERSE BECAUSE THEY HAD LIVED IN AMERICA AND IRELAND. FOR THEM THAT WAS DIVERSITY. THE WHOLE TEAM WAS WHITE EUROPEAN.”

*Black investment manager*

## 2. Training and awareness

**Often we do not think they discriminate on grounds of race, but most of us have some form of unconscious bias.**

“Education is probably the hardest thing to do because it’s telling people that you’ve got biases, and the natural reaction for anybody at first is ‘I don’t have any biases’” one participant noted.

Many participants felt that, in society generally, more could be done to counter racial discrimination. Employers therefore have an opportunity to lead by educating their workforce on what words and treatment of black people are acceptable and which are not.

Both roundtables heard of episodes where black people had been victim of mistaken identity and felt like they had been treated without respect.

Many black people, often in senior positions, said they found themselves treated as if they occupied more junior, unskilled or even entirely unrelated positions.

“There are times when I’ve been mistaken for somebody else,” one attendee said, “whether that’s doing tech at a conference or a janitor. Partly this is down to the lack of people making investment decisions who are black.”

Another participant recalled a business trip to Zurich. He said he had joked with a black colleague on the flight to Switzerland that those they were seeing might be surprised to see two black investment managers.

“Actually the meeting was fine, but on the way out the receptionist asked us if we played in the NBA,” he remembered. “You know, two black guys in suits in the middle of Zurich. We found it funny, but there’s clearly a wider issue here.”

A number of black people working in the industry had also chosen to adopt different names in their professional life. This is partly to avoid the frustration and confusion of having their name mispronounced or misspelt. But there was also the suggestion that it would make it easier to progress if they had a name that sounded ‘white’.

Many participants spoke also about modifying their appearance to fit in to predominantly white workplaces. Women talked about straightening their hair and men about shaving their head, to stand out less and avoid uncomfortable conversations with colleagues.

“Conformity changes how authentic we are and how happy we are,” one attendee said. “Either conforming or being ourselves - both bring their complications.” This underscores the view that training could be helpful to improve perceptions and acceptance of diversity in all its forms.

## Educate for Inclusion

As teams become more diverse, unconscious bias training can be a good start, particularly for leaders and managers as well as staff involved in recruitment and development, to make people more aware of the assumptions – however subtle or unintentional – that may affect the decisions they make and the conversations they have pointing out others’ differences.

As a next step, wider education on inclusion that recognises individuals’ whole identity and focuses on equality at its heart will become more important.



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### 3. Broadening our reach

Conversations about ethnicity and black people must go well beyond our industry. More outreach is needed from businesses into communities to help broaden its perspective at the grassroots level. This should go beyond neighbouring boroughs of the City of London and Canary Wharf, reaching into communities across the country.

This can mean working more closely with careers departments at schools, colleges and universities or partnering with organisations who do this already.

Just two of the young people we spoke to, most of whom did not have friends or family who already worked in financial services, said they had the information they wanted for choosing a potential career. And perhaps not surprisingly, most would welcome more details about the investment management world.

#### Consider your footprint in local communities



Investment management is not top of mind for many people when they come to choosing their career. Talented young people, from any background, are unlikely to join an industry they don't understand or know about.

Building links to the local communities across the UK, through programmes such as Investment20/20's work in schools, can help to introduce our industry and the careers available to a wider pool of potential applicants. More information can be found at [www.investment2020.org.uk](http://www.investment2020.org.uk).

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## 4. Changing our reference points

Although the BAME acronym (Black, Asian and Minority Ethnic) is widely used in Britain to describe non-white people, participants felt it grouped people from very different backgrounds together in a way that can be unhelpful.

There was also the concern that it masked the inconsistent representation of different ethnic groups. In many industries including financial services, Asian people are seen to be better represented than black people, leading many black people to feel the real problem is being masked or not talked about.

One of the black professionals said:

*“I’d ban the term BAME. It makes it easy to lump anyone with pigment in their skin together. That’s really insulting.”*

### Don’t say BAME if you mean black

Assuming that staff from all ethnic minority backgrounds have similar experience to race or ethnicity can be too simplistic. This assumption, and the language that accompanies it, can be unhelpful and should be avoided. Many people prefer to be described as being black, not BAME.



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## 5. Words and pictures matter, choose them carefully

The way we talk about ourselves is a mirror on the organisation or society we belong to. Corporate language, be it internal or external, matters when it comes to signaling our understanding and acceptance of diversity in all its forms.

Everything from company intranets and websites, to recruitment adverts and job application forms, must be written in language that is accessible to all and without alienating any potential clients or recruits.

We should never assume knowledge about our industry or use investment management jargon, which could make our world look aloof and overcomplicated rather than welcoming and inclusive. Equally, we should make sure that the images that we use, especially of staff, reflect the full picture of who we are and who we want to be.

### Check your corporate language and images

Consider testing recruitment materials, internal staff engagement materials and important external communications with diverse groups of staff and listen carefully to any feedback to check that they resonate with the wider audience they are aimed at.





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## 6. Modernising our search for talent

Many have noticed a clear increase in the number of black people working within the investment management industry in recent years, but this change will take time to filter through to leadership roles. Today, black people within investment management are more likely to work in junior positions and roles that do not generate revenue than to progress to the top, with several of the participants talking of a “blocked pipeline”.


Hard work isn’t always seen as enough to break through to more senior roles.

*“You’re at the mercy of your boss,”* said one of the professionals.

Many recognise that senior black people in the investment management industry are vital to nurturing junior staff.

**“RARELY DO BLACK PEOPLE END UP IN REVENUE-GENERATING OR DECISION-MAKING ROLES. WE HAVE A PREVALENCE OF JUNIOR BLACK PEOPLE IN SUPPORT FUNCTIONS.”**

*Black investment management executive*



“A LOT OF THE PEOPLE WHO ARE HIRING ARE HIRING PEOPLE WHO LOOK LIKE THEM, WHO SPEAK LIKE THEM.”

*Black investment manager*

“Some of us spend a lot of time with young people because we are trying to nurture that pipeline”

said one of the participants.

*“A pipeline would suggest there’s progression, but there’s not. Many black young people feel they’ve worked so hard to get their degrees. Then they get into the industry and they think ‘great, I’ve made it’. But then they realise that was just round one and they’ve got no-one in their corner helping them for the next rounds.”*

For years, many investment managers have recruited a large number of staff from Russell Group universities: environments where black students are underrepresented.

This may at times be rooted in unconscious bias, with applicants picked from familiar institutions to mirror existing teams’ expertise.

One senior black executive who now educates his children privately said that he sees first-hand with his own family how those institutions prepare students



*“There is a grooming that equips you to work in industry that a lot of these young [black] people do not have”,*

he said.

Several black practitioners questioned whether applicants with names that identify the candidate as someone with an ethnic minority background were being disregarded during the recruitment process.

Many of those still in education said that when they looked at the City they struggled to see anyone black, from their background, to model themselves on.

*“Traditionally black people haven’t been represented properly in the finance industry”*

one student said.

*“Why aren’t there people like me in there?”*

We need to look beyond established hunting grounds for talent. In some cases, this might mean that more account should be taken of the environment where someone has studied as well as their grades - known as contextual recruitment.



One black professional noted:

*“Recruiters typically look for grades, doing the Duke of Edinburgh Award or going to Africa to build a school. Then what you hire is robots – they’ve all done the same thing. What about the kid who went to an inner-city school and got three Bs. What environment did they have to navigate to get those Bs? Or the kid who worked in Sainsbury’s, grafting to top up their income at university. Recruiters often think that doesn’t count”.*

## Contextual Recruitment

Our industry needs to recruit the very brightest and most committed young people, regardless of their background or their previous opportunities.

In addition to casting the net beyond the usual universities, in some cases this could also mean considering ‘contextual recruitment’ or strengths based assessments, where hiring decisions take into account people’s individual circumstances and the barriers they may have overcome and their innate abilities. Blind CV testing has also been proven to be effective in rooting out potential bias and discrimination as part of the recruitment process.



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“WE NEED A BROAD SPECTRUM OF INTERVIEWERS SO THAT THE CANDIDATE CAN SAY ‘THERE ARE PEOPLE LIKE ME WHO WORK AT THIS FIRM’ ”

*Black investment manager*

## 7. Diversity in the recruitment process

Demonstrating our diversity starts from the moment we start recruitment. In some cases, this might mean that black people already working within the industry should be offered the chance to take a greater role in recruitment.

*“Having more diverse interview panels works,”* one participant said.

Diverse panels don't just add new perspectives to hiring decisions, but demonstrate to candidates that firms are diverse.

Some attendees to the roundtables also suggested that black members of staff could take a pro-active role exploring why more black candidates were not on the long or short list, or ultimately why they weren't appointed. However, in the long-term, it is ultimately the company that should take ownership of improving ethnic diversity.

### Diversify the recruitment process

The recruitment process should reflect our organisations, and recruitment panels should never be homogeneous. Consider reviewing recruitment practices, perhaps with a black member of staff, to ensure that they do not unintentionally discourage successful applicants from any parts of the community.



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## 8. Building black networks and empowering them

Our industry could be more proactive in demonstrating its diversity, both to people who already work in investment management and to new joiners.

Participants in both groups saw networking events as a useful way to show that the investment management industry is welcoming to black people and encourages their upward trajectory.

These events have an important role in helping black people discover new opportunities and share ideas. They are also just as important for strengthening the community of black investment managers and supporting those who feel isolated in what can sometimes appear to be a predominantly white workforce. These networks need to be supported at the senior/executive level and by HR functions.

Whilst networks can be powerful and provide safe spaces for black employees, they can also lead to those not part of those groups to feel excluded. Therefore it is important they provide the opportunity for others in the workplace to become more aligned with some of the issues facing the black community. These networks need to be empowered to share thoughts and ideas with executives on how to improve black diversity and inclusion within the firm.

### Establish black networks and empower them

Larger investment managers could consider setting up or supporting networks for black staff. All companies could consider supporting movements such as #talkaboutblack helping black staff build supportive contacts and networks.



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## 9. Mentoring black talent

All young people starting out need encouragement and support from more senior colleagues.

Many in the professionals group said they were already mentoring young black colleagues. But these schemes should be better structured and more inclusive, with white people in senior management roles taking on mentoring black talent at any level.

Reverse mentoring, where talented junior black staff spend time with senior white colleagues to share their experiences, can also be valuable.

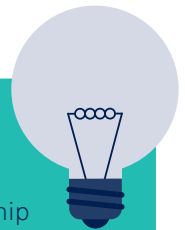
*“You could establish a programme where you mentor black talent that comes into the company, because often people come from university or school and they don’t have anyone to take them under their wing,”*

*“I think everybody in the C-suite should have somebody of colour that they mentor. And that could be very new talent or middle-level talent.”*

### Support and identify talent

Mentoring and reverse mentoring programmes, sponsorship or talent development programmes for identified future leaders can give younger staff the confidence and support needed to excel and feel less isolated.

Firms could consider reviewing their existing programmes to make sure that they are proactively and effectively identifying rising black talent at the same rate as their white counterparts.





## 10. Better data and clear targets

Without clear data it's difficult to assess where we are today and what needs to happen next. However, the lack of quantitative data should not be used as a reason not to take forward initiatives to improve black representation in investment management businesses. It is often clear how many black people are in senior and revenue generating roles. In addition, roundtables, surveys and general engagement with black members of staff to understand how included they feel can be a key source of qualitative data, that can help to set targets.

That said, some of the professionals involved in the roundtable said that they didn't know how many black colleagues they had, or what roles they worked in. Accurate figures showing where in the business black people are employed and in which roles, were seen as important.

The Government is currently considering a requirement for firms to publish their ethnicity pay gap, in a similar way to current gender pay gap reporting requirements. The Investment Association strongly supports the ambition behind this initiative. Once in force, organisations will have a pool of data about ethnicity which could be used to monitor recruitment and progression.



Many of the roundtable attendees currently working within the industry said that diversity targets should be hardwired into business objectives.

*“There has to be a business reason for doing this, it can’t just be the right thing to do for social good. Instead, we should be thinking that diversity lets you reflect your customer base”*

*“From an industry perspective we should remember we’re holding companies to account about the composition of their board. Well, what’s the composition of ours?”*

## Implement ethnicity pay gap reporting

It is likely that many firms will need to gather more data on ethnicity when new requirements to report ethnic pay gaps are introduced into legislation. This data is likely to be helpful more widely, so organisations could consider doing this voluntarily before it is mandated, or doing so even if they fall outside the new requirements. Data collection should not be a reason to dismiss diversity initiatives related to ethnicity.



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# If I were CEO for the day...

We asked roundtable participants what they would do if they were CEO for a day. Here are some of their ideas:

Everybody in the C-suite, including the CEO, should have somebody of colour that they take under their wing and have a tangible development plan for

In-house training in terms of tackling the culture

I'd link diversity targets to pay

People in the C-suite should go out into communities and to schools nationally, speaking about their jobs and how those young people can potentially be in that role in the future

I would make sure everyone has improving diversity as an objective, even at the junior levels

Not use lack of data as a reason not to progress with addressing the lack of ethnicity at senior levels of their business

I would establish a mentorship programme for black talent that comes into the company

Hire a chief diversity officer so somebody that is C-suite level, somebody whose responsibility is to have diversity matters top of the agenda

## ABOUT THE IA

The Investment Association champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and economic growth in the UK and abroad.

Our 250 members range from smaller, specialist UK firms to European and global investment managers with a UK base. Collectively, they manage nearly £7.7 trillion for savers and institutions in the UK and beyond, such as pension schemes and insurance companies. Over 40% of this is for overseas customers.

The UK investment management industry is the largest in Europe and the second largest globally, employing nearly 100,000 people across the country.



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 @InvAssoc

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