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Women in Finance
HM Treasury

We write on behalf of the Women's Network at the CFA Society of the UK (CFA UK) to comment on the report by Jayne-Anne Gadhia on 'Empowering Productivity'. CFA UK is the country's leading professional body for investment managers.

Overall, we are very encouraged by the report and the underlying initiatives. The committee agrees wholeheartedly that promoting gender diversity will help to create a better and more balanced investment profession. The report's recommendations also resonate with the conclusions based on our own extensive work in the investment profession. The Gadhia report believes as we do, in engaging both from the top down (working with senior executives) and the bottom up (helping women work in finance and and stay in finance). The Gadhia report's high level three-point message is clear. This is positive from a communication standpoint (report - be accountable - link to pay) and the 10 recommendations offer helpful suggestions. In addition, the data provided is comprehensive.

What we find most useful in the report is its focus on measurable targets, suggesting that firms should design a one and possibly a three-year plan to pursue the improvement of diversity in their activities through monitoring and accountability to key stakeholders.

There were some areas where we think more precision is required if these are to become effective tools for firms. These are:

- Greater granularity in the guidance provided by the sub-sector (e.g. how does flexibility apply to asset management roles?);
- Guidance in how to set targets to ensure they are appropriate and meaningful;
- Practical suggestions for linking targets and remuneration for maximum impact;
- Data consistency (across sectors within the financial industry);
- Prioritisation within the 10 recommendations made to improve gender diversity;
- Structural development options (for example flexible vs. part time);
- The alignment of values between financial firms, their clients and younger employees (millennials);
- Specific measures to support middle management (which is the major gap area and often the main barrier to progress).

There are three areas where we feel that more work needs to be done.

First, in the implementation of accountability. Although the report makes it clear that a commercial facing (as supposed to support function) senior executive committee or board member should be responsible for the development of the plan to increase diversity, its implementation and success, we believe that unless this accountability is a board responsibility overall, it may not be optimal. Evidence from successful company initiatives shows that diversity needs to be owned by the whole leadership team and part of their performance goals.

Second, the report makes no mention of unconscious bias. Unconscious bias is an impediment to gender diversity. Aware training can persuade reluctant adopters to appreciate the benefits of embedding diversity in a firm's culture. This form of unconscious bias training can help to supporting the transparent, formal development structures for women's careers that are also necessary to achieve change.

Third, the support available for smaller companies. Companies with less than 250 employees are numerous in finance, but may find it difficult to use this model (and are not expected to). However, they should still be enabled and expected to make progress on gender diversity and should encourage an inclusive environment within their firms.

In conclusion, we are excited to see that the 10 recommendations to help firms improve their gender diversity all fall within the scope of our work at CFA UK. Firms signing up to the charter – and others with an interest in improving cognitive diversity in investment management – will need help in navigating their path. CFA UK and the Society's Women's Network look forward to providing much needed support and to empowering productivity.

Virginie Maisonneuve

Chair of the CFA UK Women's Network