

Pearl Meyer



On Point

TIMELY, ACCURATE, INSIGHTFUL

**NYBA “History in Real Time” Speaker Series
Closing the Opportunity Gap**

Pearl Meyer 2020 Equity, Diversity, and Inclusion Survey

Moderator & Presenters

- **Laura Hay** (Moderator)
Managing Director & Banking
Practice Leader
- **Kathy Baron**
Vice President, Human Capital
Practice

Panelists

- **Cheryl D. Bowers**
President & CEO
Rondout Savings Bank
- **Adrian C. Shackelford**
Senior Managing Director – Talent,
Diversity & Engagement
Sterling National Bank
- **Jeffrey Delepine**
Chief Compliance Officer & Chief
Diversity Officer
NBT Bank



Session Topics

- Representation Gap
- Organizational Priorities, Responsibility, and Process
- Measuring Outcomes
- Programs, Policies, and Processes



Key Survey Findings – Financial Industry

We conducted this survey in the summer of 2020—amidst a global pandemic and racial unrest in the United States. Our survey participation may reflect the reality of this time; responses were down 20% from our 2019 survey. With this as a backdrop, we have found trends that indicate a continued and/or increased focus on diversity and inclusion management and pay practices. The following are some key findings and trends:

- **Priorities:** Survey respondents have indicated that D&I, gender pay equity, and closing the gender pay gap are either “important priorities” or “among our highest priorities” in more than 80% of participating organizations. This is up from 66% in our 2019 survey.
- **Representation:** Increased focus has not led to increases in female representation in executive and senior level leadership roles, remaining at around 32% while the overall female workforce representation remains around 70% on average. In the 2020 survey we went beyond just gender and measured the representation of minorities in the executive ranks and found that only 5% of executive and senior level positions were held by minorities while representation in the workforce was 17%.
- **Disconnect:** Additionally, the 2020 survey results continue to show a disconnect in prioritizing diversity and inclusion and the results from programs/actions that can begin to close the gender and minority pay gaps.



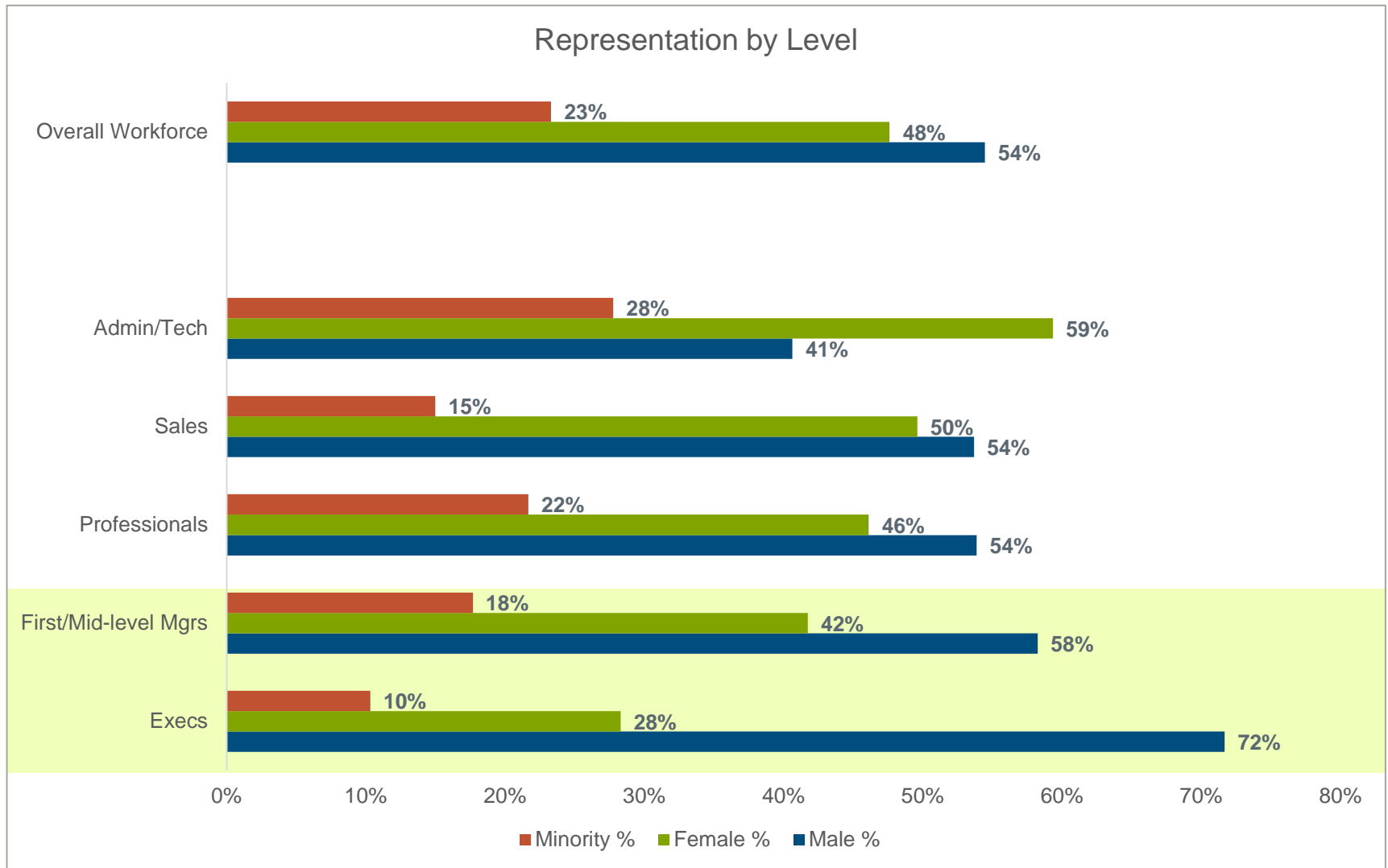
Key Survey Findings Financial Industry (continued)

- **Closing the Gap:** While half of our survey respondents say that closing the pay gap is important or among the highest organizational priorities, only a small percentage of organizations are choosing levers that can actually lead to a closing of this gap.
- **Measuring D&I Outcomes:** Around 40% of financial institutions measure D&I outcomes and of those, the most widely used measure being number of diverse hires (80%), which is a lagging indicator. Measuring outcomes in the talent pipeline, including number and percentage of diverse applicants and promotions of diverse staff, can be better leading indicators of D&I outcomes.
- **Holding Leaders Accountable:** A small percentage of firms (9%) include diversity and inclusion measures in their incentive plans, and most are measured in short-term incentive plans through qualitative or discretionary measures. For those organizations that don't have a D&I metric in their incentive plans, only 27% are considering adding such measures.
- **Focused Programs/Actions:** Just 8% have a process in place to increase female and minority representation in management and/or executive positions. Around 40% have taken action to increase diversity when recruiting and promoting employees with the most prevalent methods involving outreach to diversity organizations and/or recruiting at colleges and universities with diverse populations. One lever that isn't reported as often as might be expected is a requirement of diverse candidates in the preliminary and final slates of candidates—just 10%-14% of survey respondents use this lever.

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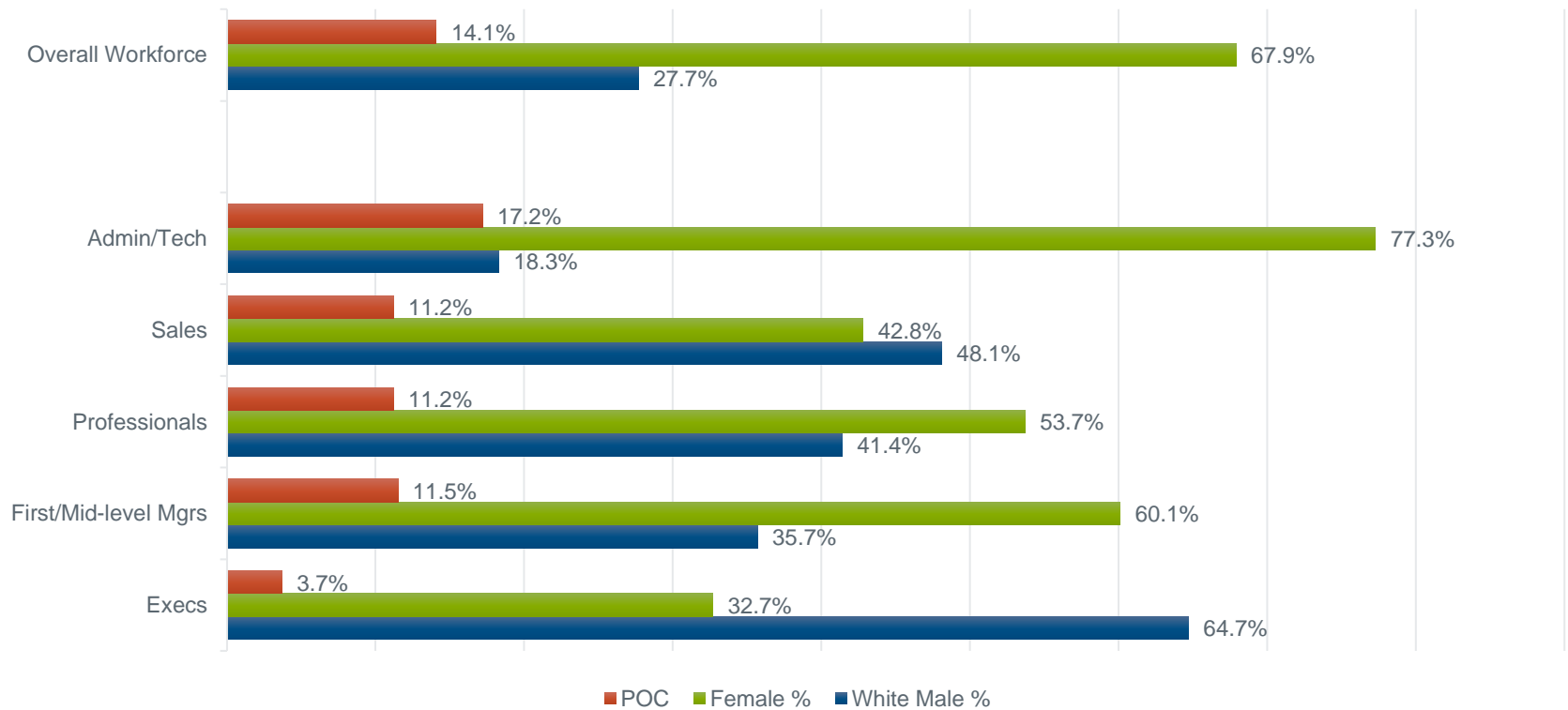
Representation

Gender and Minority Representation by Level

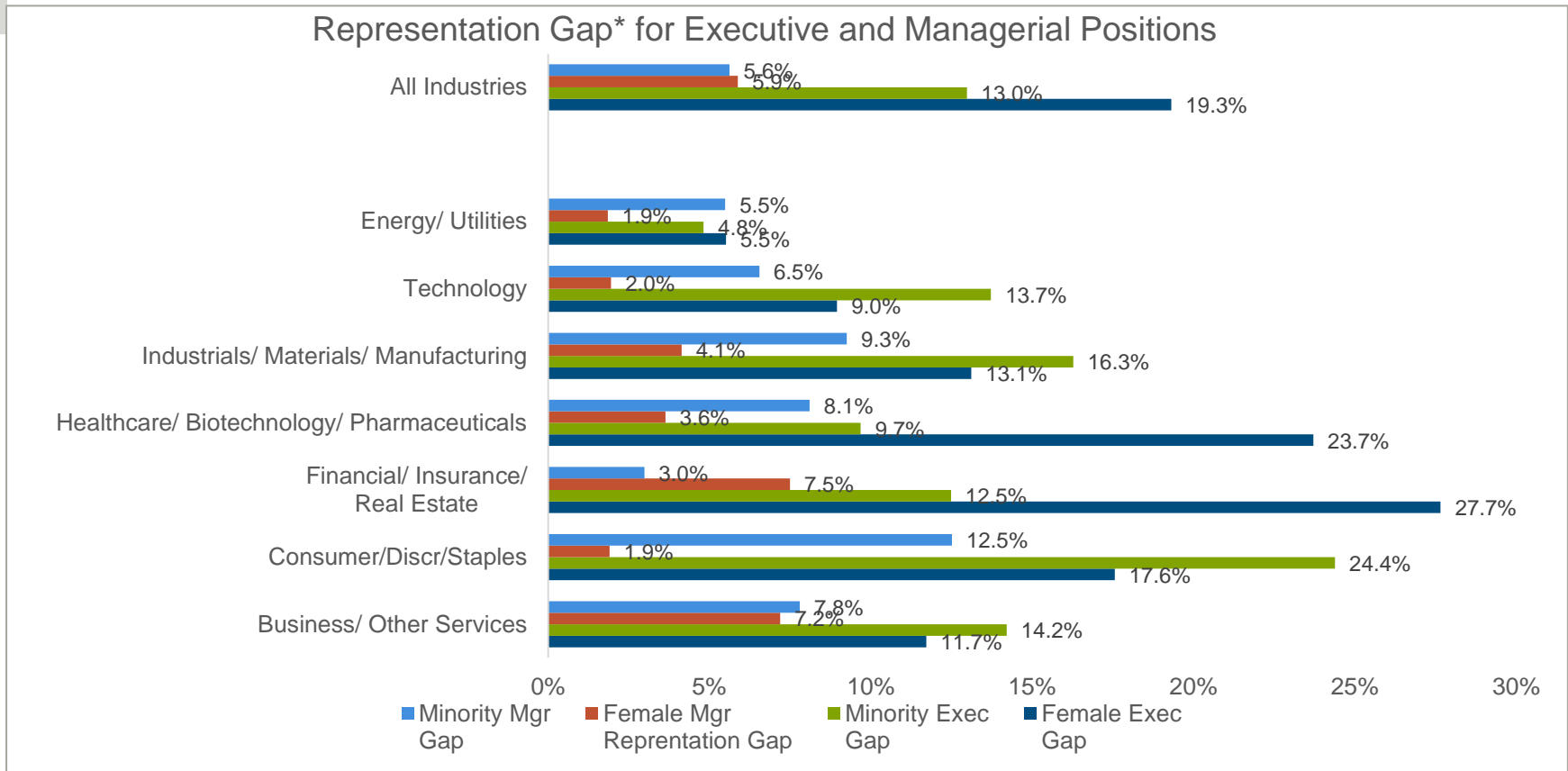


Representation by Level - Banking

Representation in Workforce: Banking



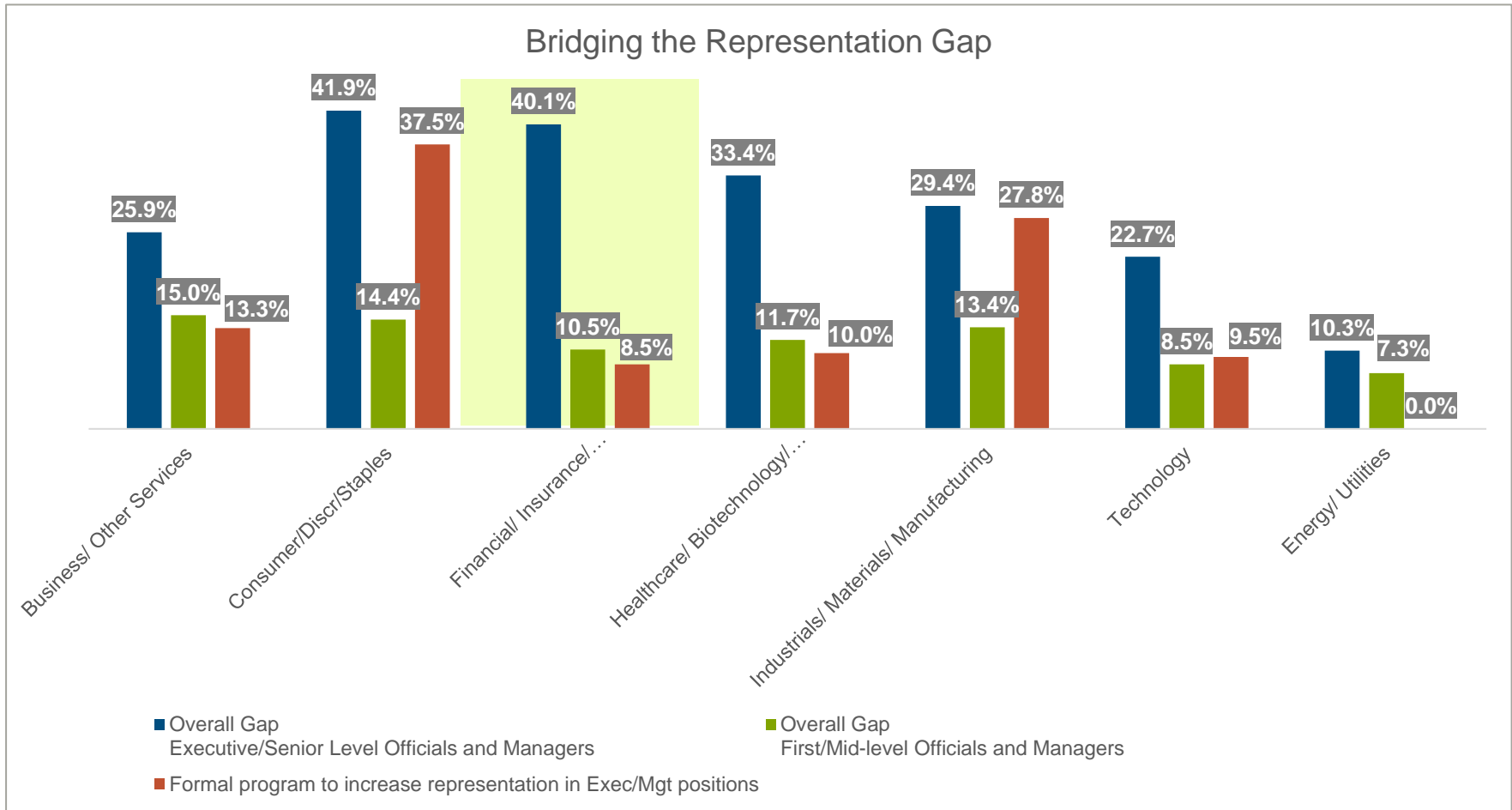
Representation Gap by Industry



- *Representation gap is defined as the difference in percentage points between representation at a level versus representation in overall workforce.
- For the Banking Industry:
 - Gender representation is 35.2% where women make up 69.7% of the workforce and only make up 32.7% of the executive level.
 - Minority representation gap at the executive level is 10.4% as people of color make up 14.1% of the workforce are represented in 3.7% of executive roles.

Representation Gap and Path Towards Opportunity Equity

- The data suggests that when organizations create formal programs to increase representation of women and minorities in senior management roles, they will provide opportunities that may begin to bridge the representation gap.



Panel Discussion: Representation

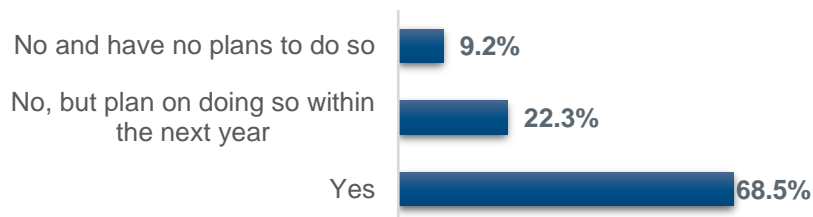




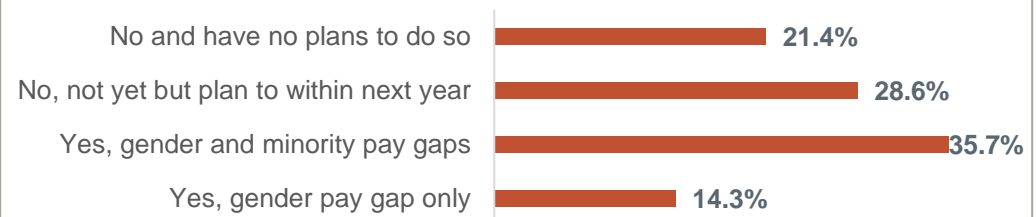
Organizational Priorities, Responsibility, and Processes

Pay Equity, Pay Gap, and Formal DEI Programs

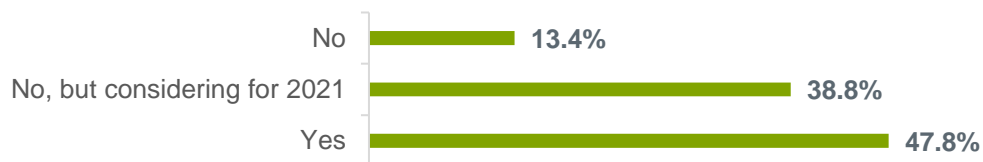
Does your organization formally assess pay equity?



Does your organization formally assess its pay gap?

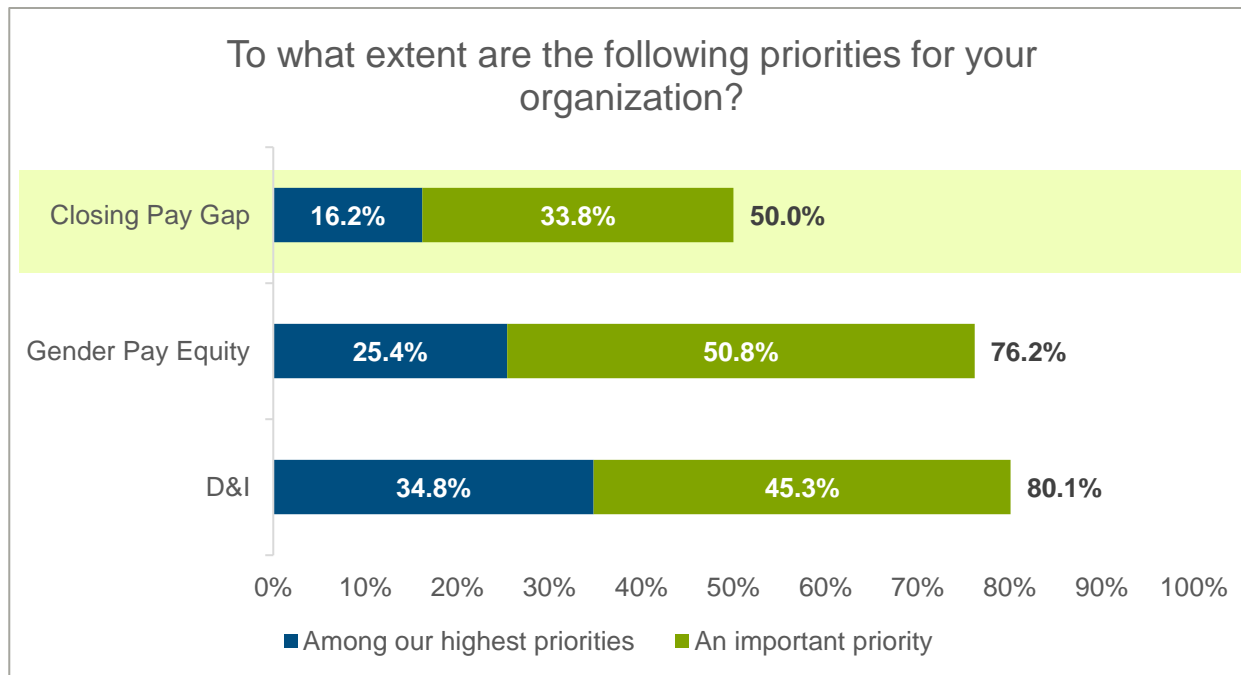


Does your organization have a formal D&I program?



Organizational Priorities

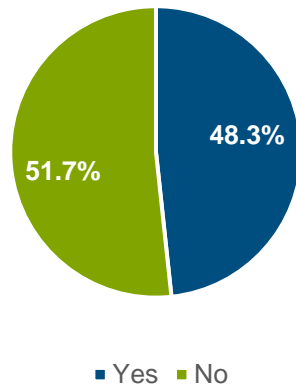
Over 75% of organizations surveyed indicate that diversity and inclusion (D&I) and gender pay equity are important priorities; only half of organizations say closing the gender pay gap is among their highest priorities or an important priority. While gender pay equity and D&I as top priorities have increased from our 2019 survey, closing the pay gap has remained close to 50%.



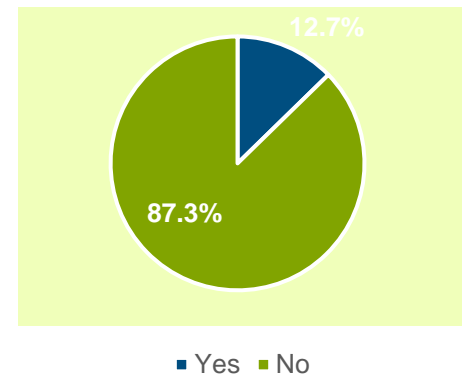
Diversity and Inclusion Responsibility and Processes

Only 48% of organizations report that there is an individual designated with responsibility for diversity and inclusion, and only 13% have a formal process in place to increase female and minority representation in upper-level management and executive positions.

Have an individual tasked whose sole job responsibility is diversity and inclusion?



Formal process in place to increase female and minority representation in management and/or executive positions?



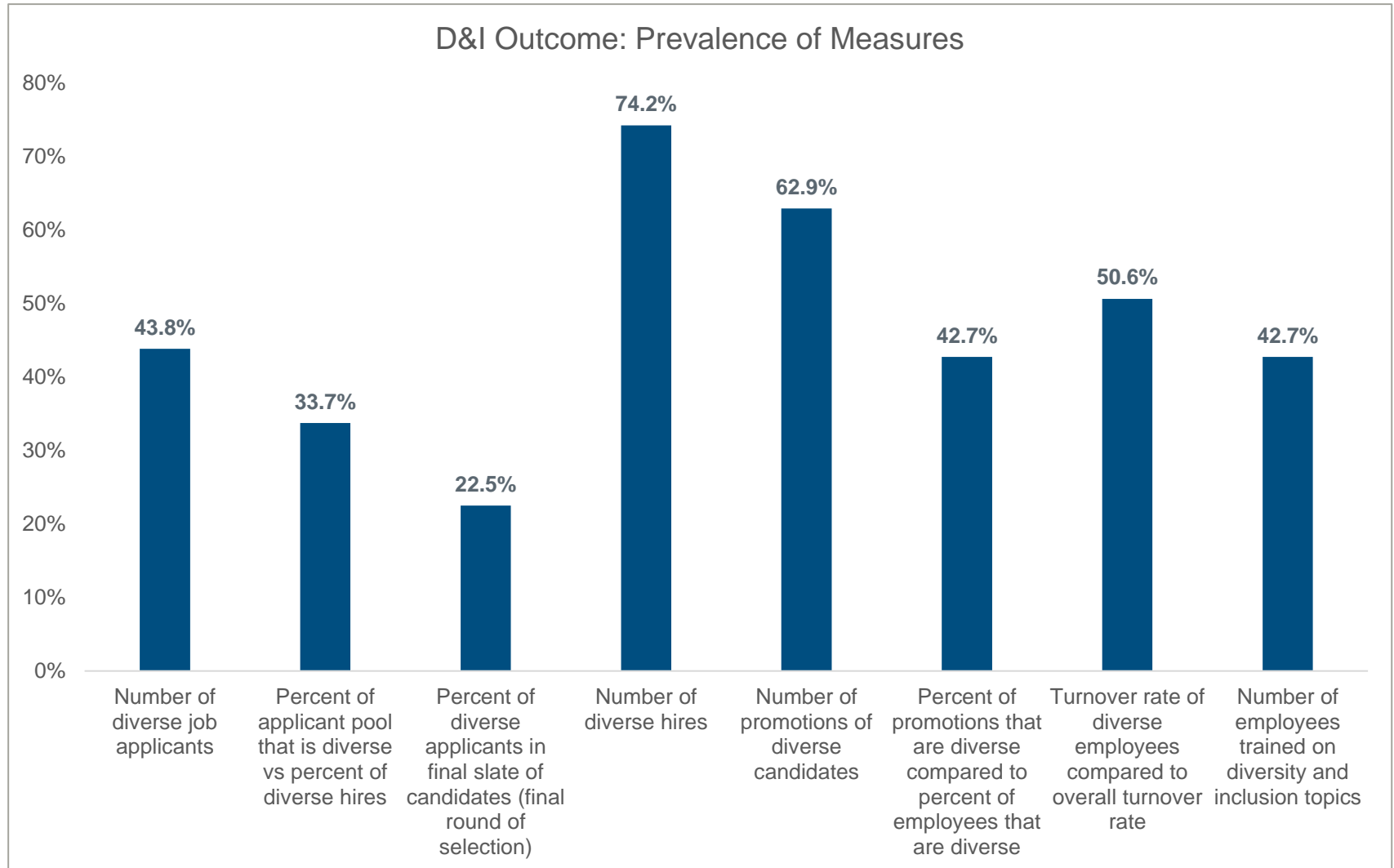
Panel Discussion: Organizational Priorities, Responsibility, and Processes



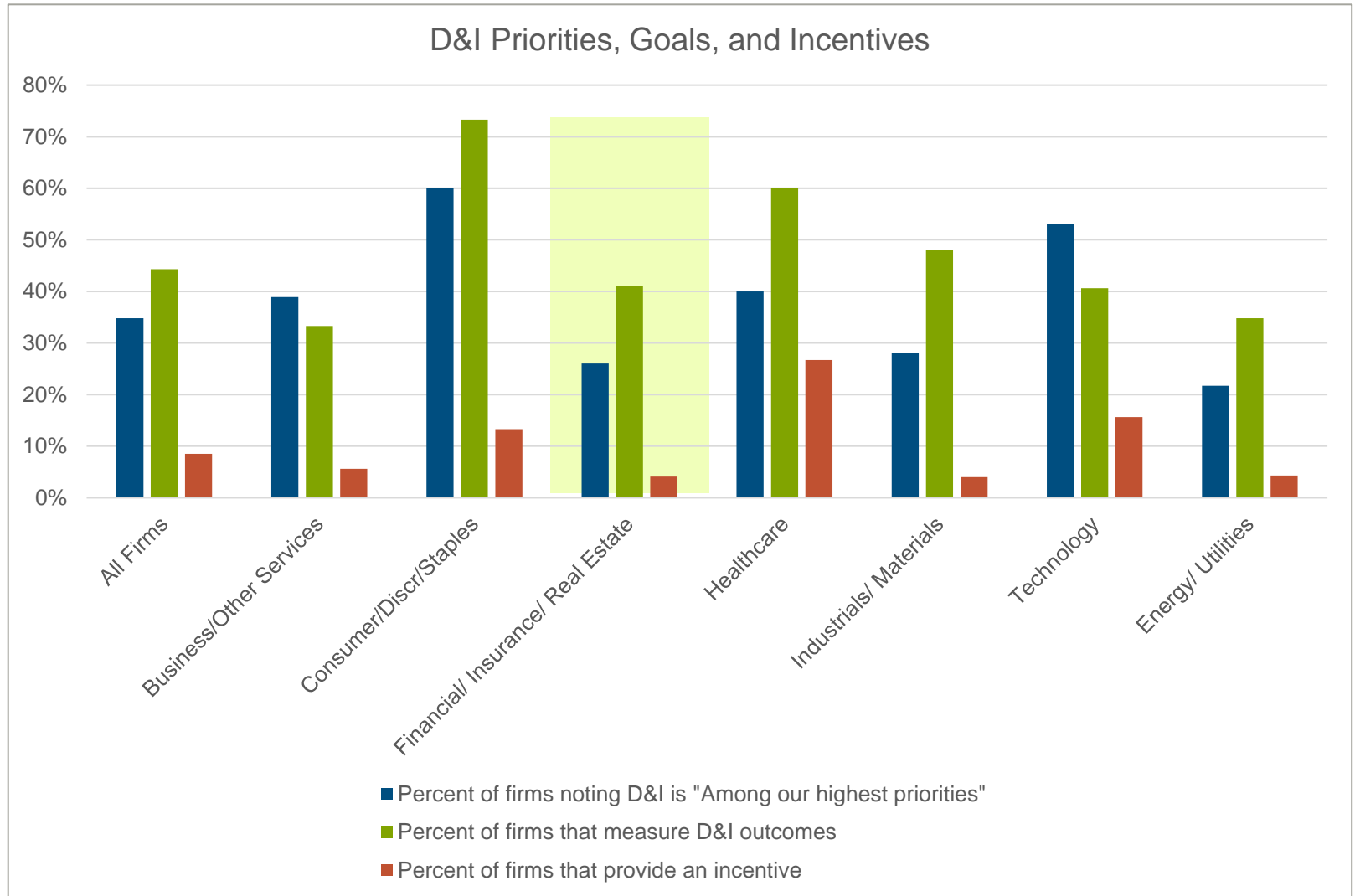


Measuring Outcomes

Measuring D&I Outcomes



Prioritizing, Measuring, and Accountability for D&I



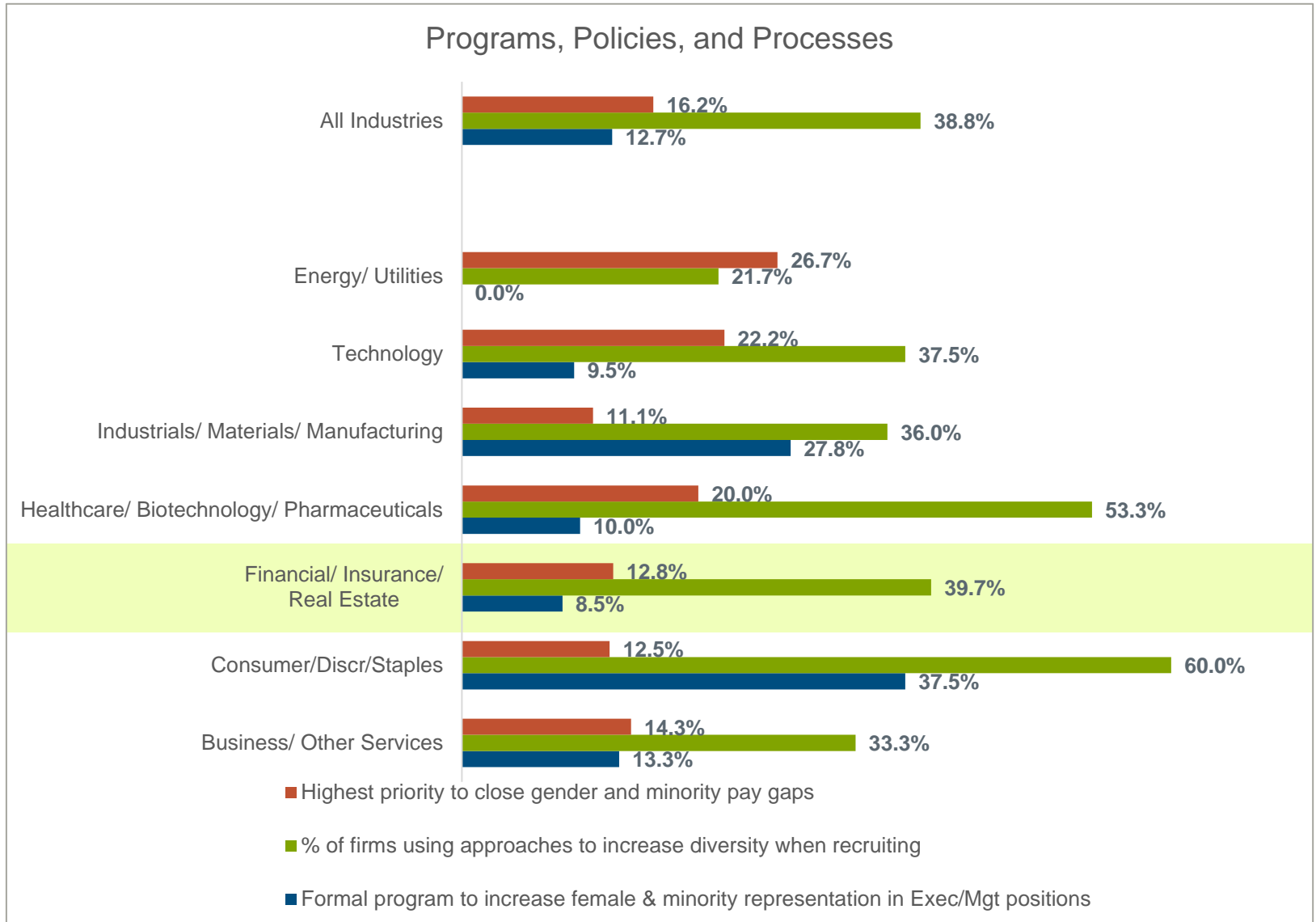
Panel Discussion: Measuring Outcomes



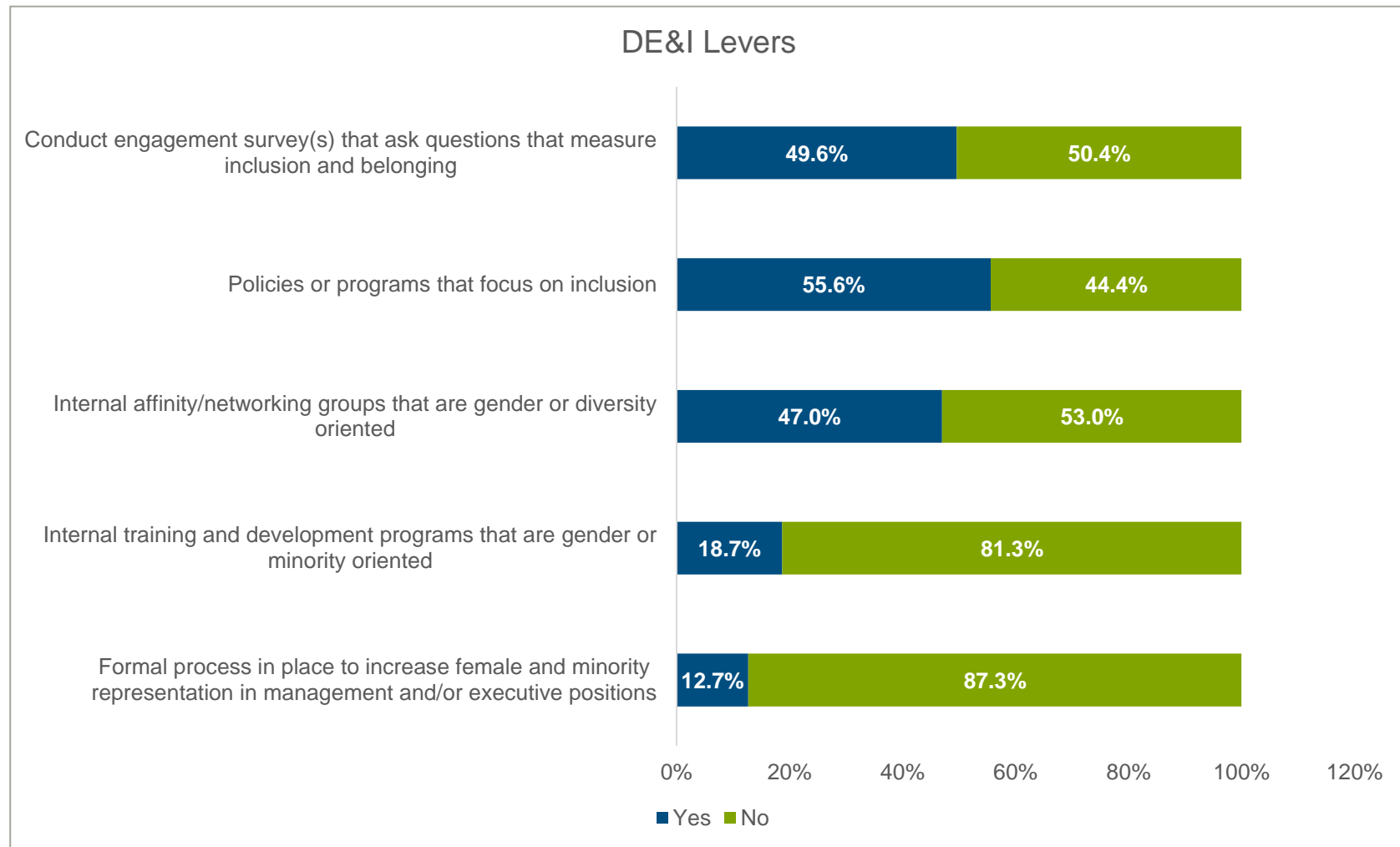


Programs, Policies, and Processes

Programs, Policies, and Processes



Diversity, Equity, and Inclusion Levers

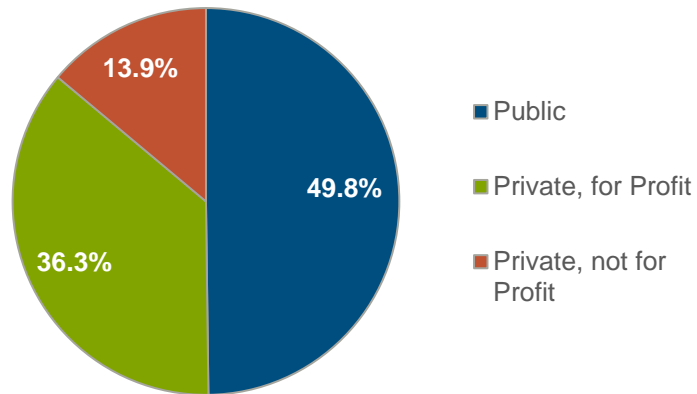


Panel Discussion: Programs, Policies, and Processes

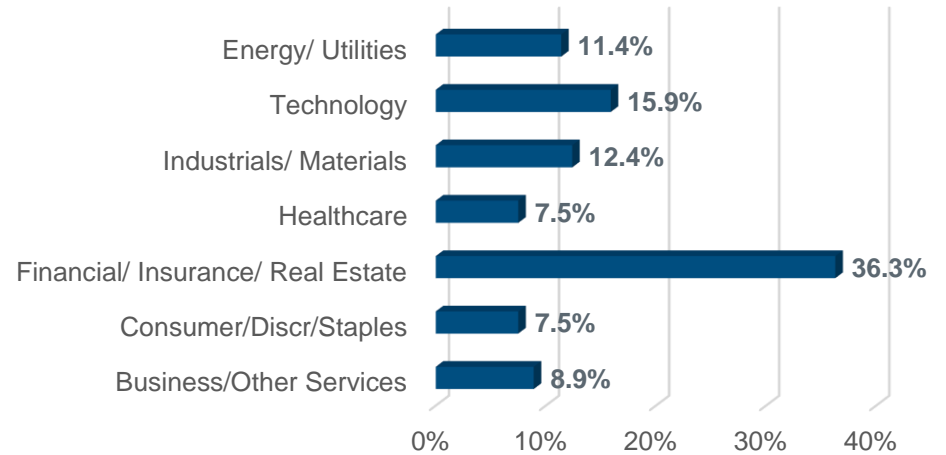


Survey Participant Demographics

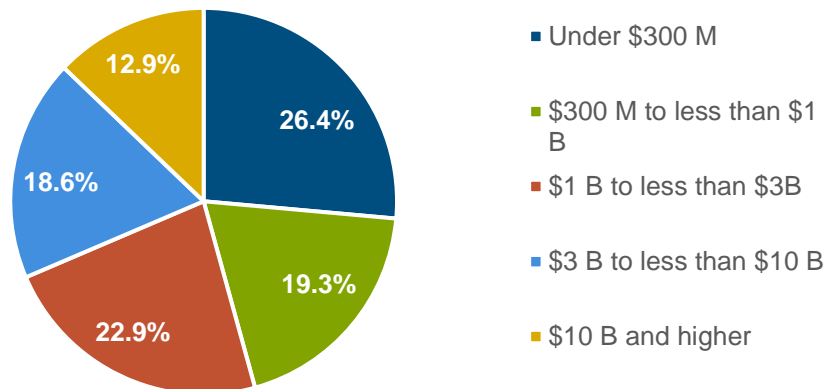
Ownership



Industry



Revenue/Asset Size





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Baltimore, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Raleigh, and San Jose.