

Diversity in Practice: Investing in Leaders in DE&I
By Craig Slack, Chief Investment Officer, City of Chicago

Many organizations have publicly pledged commitments to addressing inequality after the civil unrest and the broader societal awakening to the realities of racial discrimination in this country in the prior year. We in the Investment Office of Chicago City Treasurer, Melissa Conyears-Ervin believe it's important to walk the walk rather than simply talk about the importance of Diversity, Equity and Inclusion (DE&I) policies. We are hoping to drive diversity metrics in Chicago and beyond by holding our Broker Dealer partners to higher standards for diversity programming and investing in companies that are leaders in DE&I programming measures. Our office has directly invested more than \$300 million in these innovative companies and we hold another \$1 Billion in companies that are making significant strides in diversity measures. These investments, along with our "Diversity Scorecard" which helps guide our broker dealer selection, are just two aspects of our office's commitment to building diversity and equity. What makes an organization a leader in driving diversity measures? We believe the following measures are key to DE&I success and show a true commitment to the journey of a more diverse, equitable and inclusive culture.

Quantitative targets for hiring, recruitment and promotions

It's easy for companies to espouse DE&I values, but to hold themselves accountable, they need to have quantitative goals for increasing diversity in gender and ethnicity in multiple functions of their organizations. Quantitative goals are the most obvious method to chart diversity progress, but it's important to set qualitative targets, nonetheless.

One of the companies in which we have invested is Hasbro, Inc (HAS). Hasbro [committed to increasing](#) ethnically and racially diverse employee representation in the U.S. to 25 percent by 2025. They also included an audit of where they stood on hiring measures in 2018, with minority employees making up 18% of the workforce, 10% of leaders and managers were from minority populations and also made up 26% of new hires. They also plan to improve their gender diversity to reach parity of 50% female in Director and above positions by 2025 (currently 41% of Leadership positions are held by women).

Training for unconscious bias and cultural competency

Beyond specific hiring and promotional goals, it's important that organizations ensure the success of a diverse workforce. One potential avenue for success is training for employees on biases they may be unaware of that could prevent diverse workforces from thriving. Reducing unconscious bias and improving skills for working within diverse teams helps organizations thrive. Often the first step to changing harmful behaviors is to acknowledge that the behavior is causing harm. While people may not intentionally discriminate against others or hold outward prejudices, [research](#) has shown that subtle discrimination can be just as harmful as overt forms of discrimination.

A leader in unconscious bias training is Alphabet, Inc. (GOOGL), the parent company of Google. They train not only managers, but all employees to recognize their own biases in order to work successfully with team members of different backgrounds which has a direct impact on employee experiences. Google also [shares their unconscious bias resources](#) including videos and facilitation documents to allow other companies to easily implement similar training to benefit their employees and the organization as a whole.

Establishing Employee Resource Groups (ERGs)

Employee Resource Groups (ERGs) (sometimes called Affinity Groups) are also vital to creating a workplace where diverse viewpoints can flourish. So we look to invest in companies and organizations that have robust EGR programs. These groups allow employees with similar shared identities to come together for support and resources. These groups often provide direct career support such as mentoring programs and can even lead to [increased retention rates](#). These groups help to create a sense of inclusion and community.

One of the Corporations in which we've invested that utilizes ERGs is Comcast Corporation (CMCSA). Comcast [has established 8 different groups](#) for employees that provide a range of professional development skills and community engagement through volunteer opportunities within local communities. They function as a source of mentoring and leadership for those within specific minority groups including veterans, LGBTQ, and Hispanic/Latino employees. Comcast's ERG membership totals 35,000 across 195 chapters nationwide.

These initiatives are only the start to driving change that is needed within Chicago and this country. All three actions are important because they create a more diverse corporate workforce. [New research](#) has shown that more diverse teams not only make better decisions, but also make better investments. Yet, simply hiring a more diverse workforce is not enough to create systemic change, the corporate culture itself must change in order to allow minorities to thrive. We hope that our commitment to these companies and their DE&I actions will inspire other municipalities and other asset allocators to make similar commitments to change.