



BLACK EXECUTIVE LEADERSHIP IN CORPORATE AMERICA

The financial sector has exhibited a stunning lack of diversity with respect to gender and ethnicity within its ranks. Numerous studies demonstrate that women and people of color are grossly underrepresented in the industry and their representation decreases significantly at higher management levels. Furthermore, GAO's 2017 report on diversity trends in the financial services industry, for example, finds that, even while the representation of other underrepresented groups increased between 2007 and 2015, the number of Blacks in the financial sector at a variety of management levels actually *decreased*.¹

Encouragingly, we do see a small number of financial companies beginning to share data regarding diversity, including the number of Blacks in management positions.² We even see companies investing in and creating opportunities for workforce diversity as they recognize that doing so enhances their bottom line.³

Yet, despite these trends, efforts to promote and retain Black top- and mid-level managers who could serve as a pipeline to fill executive- and senior-level position remain inconsistent and ineffectual. A 2020 study of the 44 largest banks in America found that Blacks and Latinos comprise four percent or less of executive and senior level employees and six percent or less of their first/mid-level leadership employees.⁴

In recognition of this grim reality, we explore two themes key to the retention and promotion of Black executives that is essential to meaningful progress:

- 1. Executive leadership programs tailored to unique challenges faced by Black managers and executives, and**
- 2. Programs to recruit, support and train sponsors**

The College has been an educational partner to the financial industry for close to a century. Our insights and deep engagement with industry stakeholders leads us to conclude that a new, relevant, and ambitious approach is essential to ensure Black executive leaders find their rightful place in the financial sector.

Committing to the Success of Black Executives in the Financial Industry

The American College has substantial experience delivering graduate-level education to financial professions in general. Our new, innovative endeavor identifies the array of stakeholders whose perspectives and expertise are making it possible for us to establish groundbreaking curriculum and programming that will help Black executives flourish. Our plan includes not only identifying specialists in academia to support the program but also drawing upon the wisdom of former and current Black executives who have learned how to navigate corporate America. The combination of life lessons and practical, applied knowledge will set this program apart and make it an agent of genuine change.

The College will research competency gaps and find the means to close them. We are developing learning outcomes designed to match the challenges of the real-world executive suite and to formulate a bold curriculum that:

- Explores avenues for leadership through influence and effective communications
- Identifies and nurtures the strengths and talent required to navigate advancement barriers
- Develops the leadership skills needed to guide organizations through change and competitive environments

At the same, the intimate, cohort-style program allows for a unique opportunity to build a strong, trusted community of mutual understanding and assistance based on shared experiences.

Building a Sponsorship Culture

Our research has revealed a variety of practices effective in promoting Black senior- and executive-level managers. Among the most significant such factor is having a sponsor or mentor – an individual prepared to use their social capital on behalf of a protégé.⁵ A report from Coqual noted that 56% of employees who have sponsors are satisfied with their rate of advancement, as compared to 34% of those without a sponsor.⁶ The sponsor also benefits from this relationship – not only the pleasure of assisting a talented colleague, but the opportunity to develop access to new market segments, gain new perspectives for problem solving, and their own enhancement of their position as a leader committed to their organization’s growth.

Our research also indicates that sponsors have a tendency to select protégés of the same gender and/or race as they. We recognize that with some 71% of sponsors⁷ doing so, given the current paucity of Black leaders in finance currently in a position to serve in this capacity, we needed to find a means of securing superb, dedicated sponsors for those whom we are committed to help.

We thus propose an ancillary program to support non-Black executive sponsors navigate across differences to sponsor Black managers. This condensed executive track includes understanding the changing demographic and talent environment, the psychology behind bias and overcoming barriers, and the building of trust.

Investing in a Business Imperative

Studies have shown that businesses with gender and ethnic diversity outperform their peers by enhancing performance and driving innovation. Unfortunately, we have not seen progress in bringing more Blacks into the executive ranks despite current efforts. Unaddressed, this gap will cost businesses talented employees and present and potential customers. The Black Executive Leadership Program and Executive Sponsorship Program will lead the country in its pragmatic, real-world, effective approach to closing forever the senior and executive leadership gap in financial services firms.

ABOUT THE AMERICAN COLLEGE CENTER FOR ECONOMIC EMPOWERMENT AND EQUALITY

The American College Center for Economic Empowerment and Equality is the flagship for research, thought leadership, curriculum and course development, programming, and scholarships aimed at cultivating lasting relationships between financial services and all underserved communities.

ABOUT FOUR STEPS FORWARD

An approach led by a broader coalition of financial services firms can narrow the racial wealth gap, promote professional diversity, and fortify relationships with communities of color. *Four Steps Forward* is a big, bold initiative focused on delivering pro-business, pro-community outcomes that promote upward mobility and wealth building for Black America.

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SUPPORTING RESEARCH

1. Government Accountability Office. "Financial Services Industry: Trends in Management Representation of Minorities and Women and Diversity Practices, 2007-2015," GAO-18-64 (November 8, 2017). 2. Merrill Lynch releases adviser diversity data." (2020, August 21). *Investment News*. <https://www.investmentnews.com/merrill-lynch-diversity-women-196294> 3. How diversity can drive innovation. (2013, December 1). *Harvard Business Review*, <https://hbr.org/2013/12/how-diversity-can-drive-innovation> 4. U.S. Congress. House. Committee on Financial Services. "Diversity and Inclusion: Holding America's Large Banks Accountable." February 2020, <https://financialservices.house.gov/issues/diversity-and-inclusion-holding-america-s-large-banks-accountable.htm> 5. Jing Cao and Yu-Chung Yang, "What are Mentoring and Sponsoring and How Do They Impact Organizations?" *Cornell University ILR School* (Spring 2013). 6. Coqual, formerly Center for Talent Innovation, Key Findings, "The Sponsor Dividend" (2019). 7. *Ibid.*