



Highlights of [GAO-08-445T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Financial Services, House of Representatives

## Why GAO Did This Study

As the U.S. workforce has become increasingly diverse, many private and public sector organizations have recognized the importance of recruiting and retaining minority and women candidates for key positions. However, previous congressional hearings have raised concerns about a lack of diversity at the management level in the financial services industry, which provides services that are essential to the continued growth and economic prosperity of the country.

This testimony discusses findings from a June 2006 GAO report and more recent work on diversity in the financial services industry. Specifically, GAO assesses (1) what the available data show about diversity at the management level from 1993 through 2006 and (2) steps that the industry has taken to promote workforce diversity and the challenges involved.

To address the testimony's objectives, GAO analyzed data from the Equal Employment Opportunity Commission (EEOC); reviewed select studies; and interviewed officials from financial services firms, trade organizations, and organizations that represent minority and women professionals.

## FINANCIAL SERVICES INDUSTRY

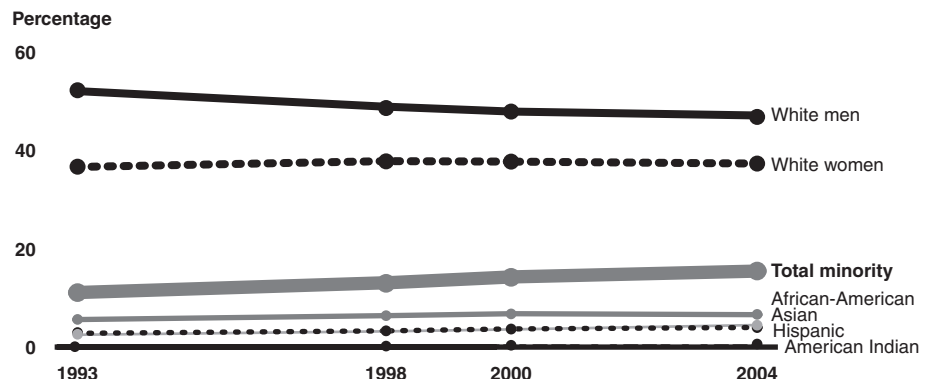
### Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2006

## What GAO Found

GAO's June 2006 report found that, from 1993 through 2004, overall diversity at the management level in the financial services industry did not change substantially, but some racial/ethnic minority groups experienced more change in representation than others. EEOC data show that management-level representation by minority women and men increased overall from 11.1 percent to 15.5 percent during the period (see fig. below). Specifically, African-Americans increased their representation from 5.6 percent to 6.6 percent, Asians from 2.5 percent to 4.5 percent, Hispanics from 2.8 percent to 4.0 percent, and American Indians from 0.2 percent to 0.3 percent. In preparation for this testimony, GAO collected EEOC data for 2006, which shows that diversity at the management level in the financial services industry remained about the same as it had in previous years.

Financial services firms and trade groups have initiated programs to increase workforce diversity, but these initiatives face challenges. The programs include developing scholarships and internships, partnering with groups that represent minority professionals, and linking managers' compensation with their performance in promoting a diverse workforce. Some firms have developed indicators to measure progress in achieving workforce diversity. Industry officials said that among the challenges these initiatives face are recruiting and retaining minority candidates, as well as gaining the "buy-in" of key employees, such as the middle managers who are often responsible for implementing such programs. Without a sustained commitment to overcoming these challenges, diversity at the management level may continue to remain generally unchanged over time.

**Workforce Representation in the Financial Services Industry at the Management Level by Racial/Ethnic Group and Gender (1993, 1998, 2000, and 2004)**



Source: GAO analysis of EEOC data.

Note: Percentages may not always add up to 100 due to rounding.

To view the full product, including the scope and methodology, click on [GAO-08-445T](#). For more information, contact Orice M. Williams at (202) 512-8678 or [williamso@gao.gov](mailto:williamso@gao.gov).