

Highlights of [GAO-13-238](#), a report to the Ranking Member, Committee on Financial Services, U.S. House of Representatives

Why GAO Did This Study

As the U.S. workforce has become increasingly diverse, many private- and public-sector entities recognize the importance of recruiting and retaining minorities and women for management-level positions to improve their business. The 2007-2009 financial crisis has renewed questions about commitment within the financial services industry (e.g., banking and securities) to workforce diversity. The Dodd-Frank Act required that eight federal financial agencies and the Federal Reserve Banks implement provisions to support workforce and contractor diversity. GAO was asked to review trends and practices since the beginning of the financial crisis. This report examines (1) workforce diversity in the financial services industry, the federal financial agencies, and Reserve Banks, from 2007 through 2011 and (2) efforts of the agencies and Reserve Banks to implement workforce diversity practices under the Dodd-Frank Act, including contracting. GAO analyzed federal datasets and documents and interviewed industry representatives and officials from the federal financial agencies and Reserve Banks.

What GAO Recommends

Each agency and Reserve Bank should include in its annual OMWI report to Congress efforts to measure the progress of its diversity practices. The agencies and Reserve Banks agreed to include this information in the annual OMWI reports. Additionally, some agencies and the Reserve Banks described steps they have taken or plan to take to address the recommendation.

View [GAO-13-238](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or GarciaDiazD@gao.gov.

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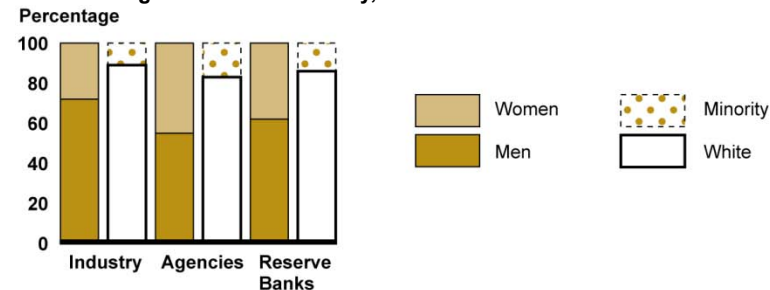
DIVERSITY MANAGEMENT

Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis

What GAO Found

Management-level representation of minorities and women in the financial services industry and among federal financial agencies and Federal Reserve Banks (Reserve Banks) has not changed substantially from 2007 through 2011. Industry representation of minorities in 2011 was higher in lower-level management positions—about 20 percent—compared to about 11 percent of senior-level manager positions. Industry representation of women at the overall management level remained at about 45 percent. Agency representation of minorities at the senior management level in 2011 ranged from 6 percent to 17 percent and from 0 percent to 44 percent at the Reserve Banks. Women's representation ranged from 31 to 47 percent at the agencies and from 15 to 58 percent at the Reserve Banks. Officials said the main challenge to improving diversity was identifying candidates, noting that minorities and women are often underrepresented in both internal and external candidate pools.

Senior Management-Level Diversity, 2011



Source: GAO analysis of financial services industry EEOC data and agency and Reserve Bank reports.

In response to the requirements in the Dodd-Frank Wall Street and Consumer Protection Act (Dodd-Frank Act), in 2011 federal financial agencies and Reserve Banks began to report annually on the recruitment and retention of minorities and women and other diversity practices. They all have established Offices of Minority and Women Inclusion (OMWI) as required. Many agencies and Reserve Banks indicated they had recruited from minority-serving institutions and partnered with organizations focused on developing opportunities for minorities and women, and most described plans to expand these activities. Some used employee surveys or recruiting metrics to measure the progress of their initiatives, as suggested by leading diversity practices, but OMWIs are not required to include this type of information in the annual reports to Congress. Better reporting of measurement efforts will provide Congress, agency officials, and other stakeholders additional insights on the effectiveness of diversity practices and demonstrate how agencies and Reserve Banks are following a leading diversity practice. Most federal financial agencies and Reserve Banks are in the early stages of implementing the contracting requirements required under the act. For example, most now include a provision in contracts for services requiring contractors to make efforts to ensure the fair inclusion of women and minorities in their workforce and subcontracted workforce and have established ways to evaluate compliance. The proportion of an agency's dollars awarded or a Reserve Bank's dollars paid to minority- or woman-owned businesses reported in 2011 OMWI reports ranged between 3 percent and 38 percent.