

# D&I Policy Report 2021: A Post-Pandemic Review

ISSUE #21

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# ELFA D&I Policy Report 2021: A Post-Pandemic Review

## Executive Summary

- This report focuses on asset management firms' diversity and inclusion policies using the results of two surveys that ELFA's Diversity & Inclusion Committee has conducted.
- The first survey gathered information on work policies, and the second survey collected views from employees on returning to the office (RTO) – an area of greater focus as a result of the termination of COVID-19-related lockdowns.
- The work policies information gathered from the first survey includes flexible work policies and RTO, parental policies, and firms' hiring practices and their stated D&I goals.
- The first section of this report focuses on maternity and paternity leave. Best-in-class parental policies aim to provide for employees' needs flexibly in a range of ways, and employers are increasingly offering gender neutral parental leave policies.
- The second and third sections of this report analyse flexible working policies both from the employers' point of view and in the context of employees' preferences. Following on from the pandemic, this has become an increasingly important topic.
- The fourth section of this report highlights firms' current hiring practices, what they hope to achieve by implementing D&I policies and the steps they plan to take in this regard.
- Overall, we aim to give insight into the D&I policies of the leveraged finance asset management industry, how firms are navigating and implementing these policies, and how policies are likely to evolve.
- We hope that this report will provide ELFA member firms and the wider market with a useful snapshot of the positive actions firms are taking. We plan to revisit these topics periodically by way of surveys and follow-up reports to monitor further developments.

## Introduction

The report publishes the results of two surveys that have been conducted by the ELFA's Diversity & Inclusion Committee. This Committee aims to foster greater inclusivity in the industry through a range of initiatives, from student recruitment and junior staff training to events designed to improve awareness of key issues. These surveys are a helpful tool facilitating an examination of the industry and providing insight to members on how other firms are managing their D&I policies. It is the Committee's view that in a post-pandemic world, soft benefits will be scrutinised by both prospective and current employees more deeply than previously. Therefore, it is in the interest of all firms to review their D&I policies, look to improve them and incorporate employee views where possible.

The first survey gathered information about work policies across various areas, including flexible work, maternity & paternity policies, and hiring practices, with the employers of 22 member firms responding. The second survey gathers employee views on returning to the office (RTO). The information collected from these surveys will be used to assess how industry participants are currently managing these issues. It also highlights the challenges these firms face and how they plan to move forward post-

pandemic. The objective of this exercise is to inform the market of best practice within the leveraged finance industry.

This report is in four broad sections. The first section looks at parental leave, examining the features and challenges of maternity and paternity leave policies that have been put in place by firms. The second section covers flexible working, including the elements of flexible working policies before the pandemic, employee and employer views and potential changes going forward. The third section covers employee views on RTO and employees' response to the actions of their firms. The fourth section looks at targeted recruitment, including the various schemes that firms have in place, especially concerning promoting gender and racial equality. Firms also provided frank feedback on the challenges in navigating new issues, their steps, and the organisations they work with to address these challenges.

All results, as analysed below, have been anonymised. With the first version of this report now available, we hope more firms will be willing to complete this questionnaire, providing a larger dataset and adding to its usefulness. We will also look to rerun this report in '22/'23 to capture any movements since the publication of this report.



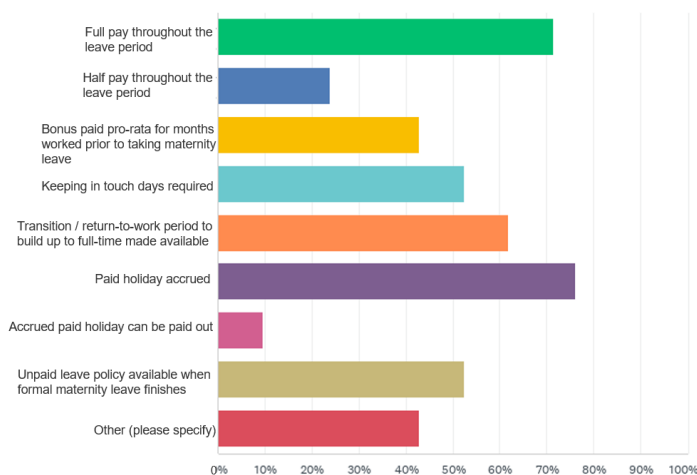
## Parental Policies

The overarching takeaway from employers' survey response is that their formal parental policies aim to provide for employees' needs flexibly. With this, employees can tailor the parental policies to their specific needs. Dialogue and coaching throughout the process, from starting maternity and paternity leave and help with the transition back to work, is a feature of some firms' parental policy. One response stated that they include "transitional coaching opportunities" with their employers "to prepare to go out on leave, during their leave and while they prepare to return to work". This is one example of the measures that firms take concerning their parental leave policy.

### Maternity Policy:

We received a high response rate for this section. The most common elements of firm policies are full-pay throughout the leave period and the accrual of paid holiday. Notably, 13 out of 21 firms have a transition period to build up to full-time when returning to work and just over half of firms have an unpaid leave policy when formal maternity leave finishes and keeping in touch days. The best-in-class response included firms that provide coaching opportunities for new parents. One firm stated that coaching helps with the challenges of employees leaving a high-stress job to go and spend time with their families.

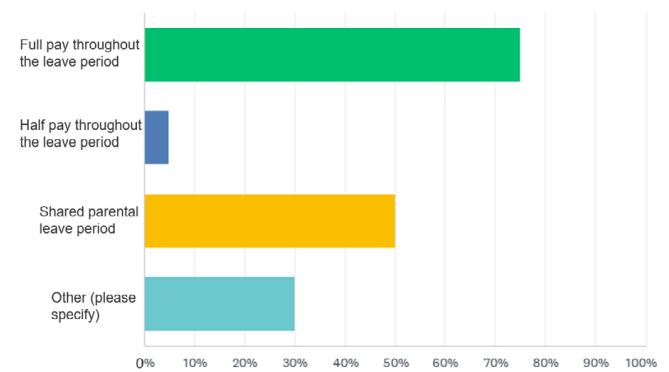
### Which of the following are features of your organisation's maternity leave policy?



### Paternity Policy:

The most common element of paternity policies is full pay throughout. One firm stated that they provide "6 months full pay for all new parents, regardless of their gender or how they are becoming a parent". Shared parental leave is available for half of our respondents.

### Which of the following are features of your organisation's paternity leave policy?



In the future, 12 out of 17 responding firms are either considering taking a gender-neutral approach to parental leave policies in the next 24 months or already do. One firm stated that "gender-neutral options are really well-received", pointing out that employees' needs are considered. Another point raised by one firm, which may be a slight challenge for firms looking to introduce a gender-neutral parental policy, is ensuring that fathers "feel comfortable taking the offered benefit."

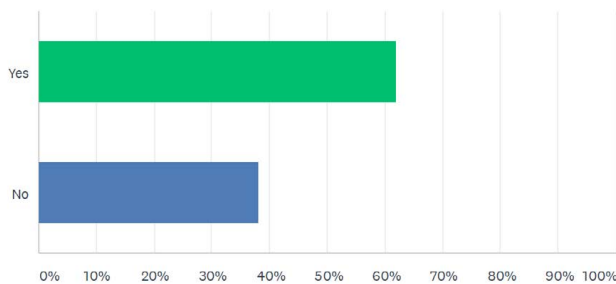
The main challenges for firms implementing parental leave policies came with providing for employees whilst tending to the needs of the business, legal challenges and standardisation challenges. A direct challenge for firms trying to support the needs of the business is finding cover and balancing this with easing the relevant employee back into their work. Another challenge stated by a firm is "consistency across regions with regards to minimum standards". A further challenge is balancing increased dialogue with employees about flexibility against what conversations an employer can have by law. This makes it more challenging for firms to know exactly how to help employees.

## Flexible Working Policies

Section 2 looks at the flexible work policies that firms give as an option to their employees. RTO policies have become more relevant since the pandemic, with an increased dialogue over how these policies need to be adjusted or formulated.

13 out of 21 firms already had flexible working options available for all their employees prior to the pandemic. These firms allowed employees to work from home once a week, with only one firm allowing total flexibility.

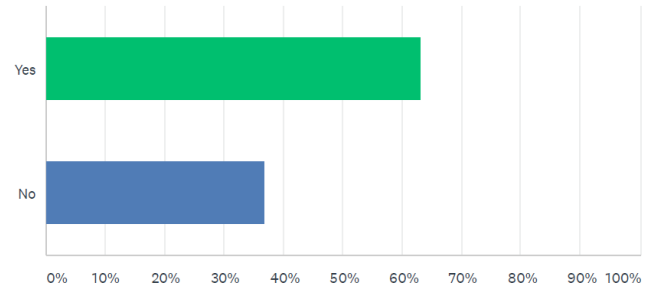
### Was flexible working available to all employees, prior to the pandemic?



The firms that allowed for flexible working commonly based this on three things.

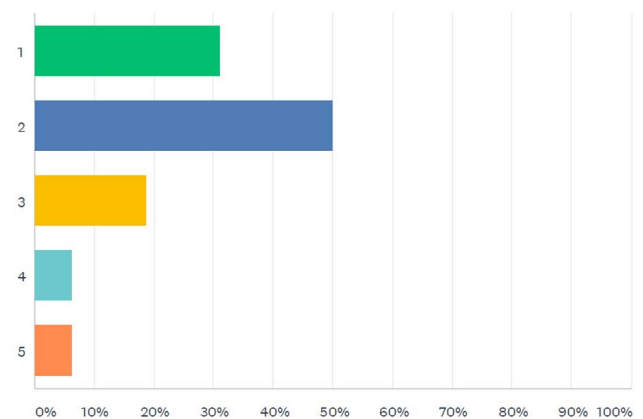
1. Part-time work: flexible working was likely to be the most applicable pre-pandemic, for part-time staff. When asked what percentage of their organisation's employees work part-time, of the 16 responses received, seven stated that less than 5% of their organisation worked part-time, three stated having around 10% to 30% of their organisation working part-time.
2. Differences by role: 12 out of 19 firms stated that their utilisation of flexible working varied by roles. Of the respondents, back-office roles were the most likely to utilise flexible working policy, followed by research, portfolio managers and dealers who were considered the least likely.
3. Seniority: most firms (16 out of 19) cited that flexible working policies do not vary depending on the level of seniority. If it did vary, juniors were more likely to utilise flexible working than senior or middle managers. Furthermore, 15 out of 19 firms are unlikely to develop different policies based on seniority or department in the future.

## Does the utilisation of flexible working vary between roles?



Out of the 20 firms responding, 17 (85%) have stated that they will develop a new Work from Home (WfH) policy, which will not be mandatory. Most firms responding are looking to allow employees to work from home for 2 out of 5 days.

### How many days a week would your organisation consider allowing employees to work from home?



The best-in-house policies pre-pandemic included allowing employees to come in later and leave at their own discretion (with 12 out of 19 (63%) firms allowing this). One firm introduced a "Smart Working policy enabling employees to work flexibly without the need to have a formal agreement in place". Other firms pointed towards having the flexibility to accommodate personal needs and treating employees with trust and respect. However, one firm stated that it was "not widely accepted or viewed positively", demonstrating that some departments and managers preferred employees to work from the office.

The most common challenge faced by firms concerning flexible working policies is that of alignment. Ensuring that team members meet



together in the office will be difficult with a flexible working policy. Aligning the days that teams are together in the office and at home will be a significant challenge, especially if employee needs across a team are different. One firm stated that flexible working cannot be a fully “a la carte” menu. Issues with time zones and regional locations will cause a challenge. Another firm states that “compensation balance” such as London weighting and taxation will also provide a challenge to firms when trying to standardise their flexible working patterns. Mindset challenges are also something that firms need to take into account when making flexible working policies. Some teams “carry the culture that if you aren’t there, you aren’t working”, and manager discretion is also a challenge.

## Employee Responses to Flexible Working Policies

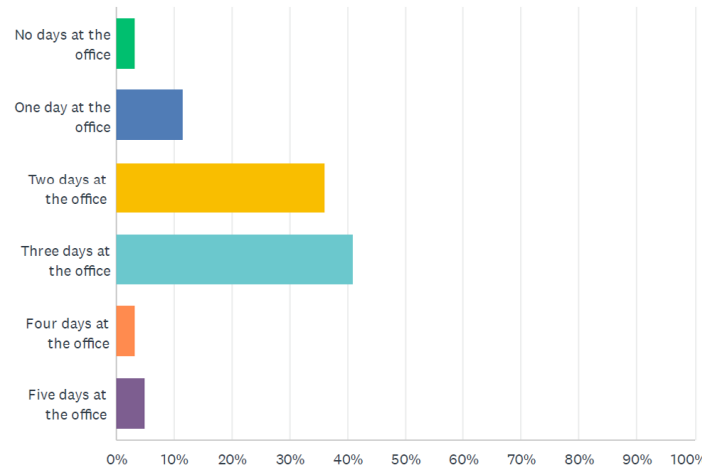
This section looks at employee responses to the survey on returning to the office. Only three out of 61 (5%) indicated that they would like to go back to the office full-time, and 36 out of 61 (59%) respondents strongly preferred not to go back to the office full-time. These results suggest that it is essential for firms to understand employee views in order to implement a relevant and comprehensive RTO policy.

According to the survey respondents, three days working in the office and two days working from home is the ideal arrangement for employees, with 25 out of 61 respondents (41%) choosing this option, closely followed by two days at the office (22 out of 61 respondents (36%).

This fits well with responses by firms on plans to allow employees to work from home, where half of firms stated that they are willing to allow employees to work from home for two days of the week.

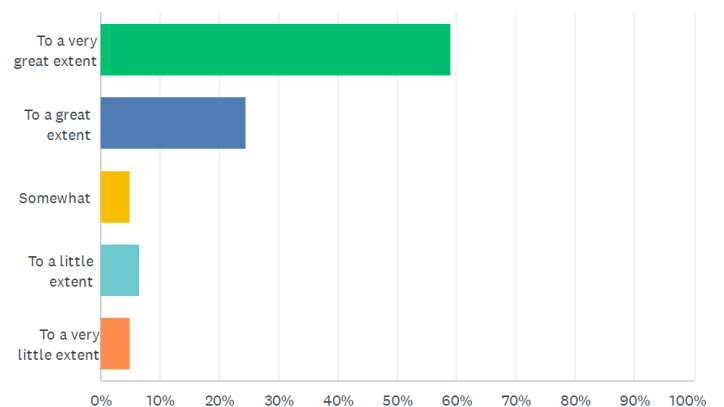
Firms that plan to allow employees to work from home just one day a week may face resistance from employees that prefer to work in the office for two days or fewer (31 out of 61 (just over 50%) in our survey).

## What would be your ideal working arrangement?



Further, employees felt that their work/life balance was positively affected by working from home compared to working from the office. Nearly 84% (51 out of 61 respondents) stated that working from home improved their work/life balance significantly, with just over 11% (seven out of 61 respondents) said this did not improve substantially. Firms may wish to include support for employees to achieve a healthy work/life balance as a feature of their RTO policies in response to these findings.

## To what extent is your work/life balance positively affected by working from home compared to working from the office?

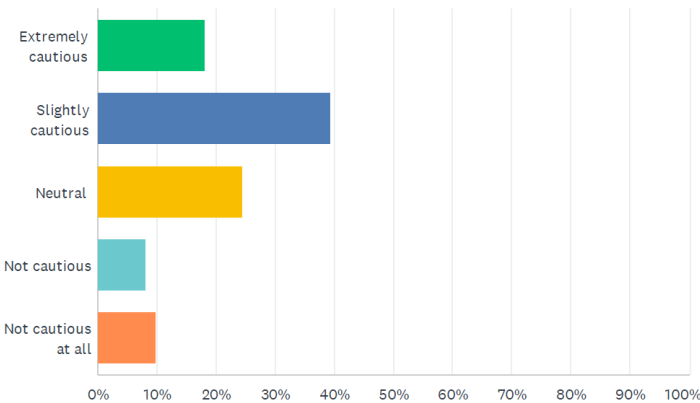


COVID-19 is still a cause for concern amongst some workers, with 35 out of 61 respondents (57.3%) feeling cautious about its threat if they are made to work from the office by their firm. Since the COVID-19 situation is changing rapidly, these



results may differ depending on when this question is asked and what country the respondents live in. With an increasing likelihood that COVID-19's impact differs seasonally, it could mean that RTO policies are tailored to the time of year.

### How cautious are you about the threat of COVID-19 if working from the office was made mandatory?



This survey also sought employees' views on their firms' flexible working policies. The main comments that employees had were that of:

1. Flexibility – generally, the more flexible a firm could be, the more respondents appreciated this decision.
2. Maintaining social relations and culture – some respondents stated that coming into the office would improve “information flows”.
3. Nearly 60% of respondents stated that they felt pressure from employers to go back to the office.

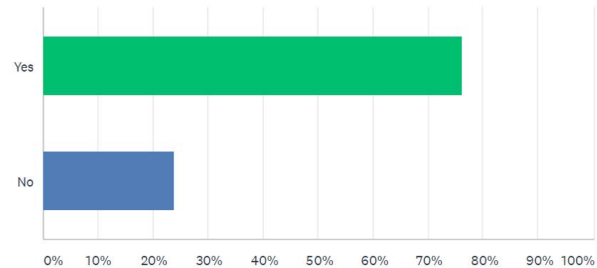
Nearly 70% (30 out of 43 respondents) felt satisfied with their firm policies, and it will be interesting to see how this translates into a more permanent approach to working in the office by firms in the near future.

## Hiring Practices

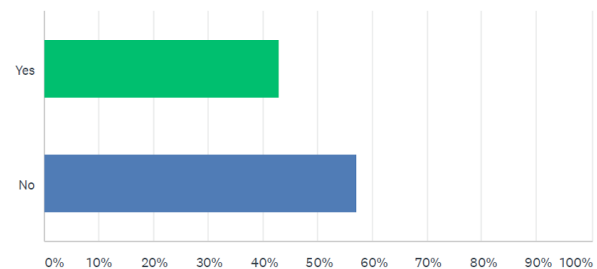
This section focuses on the hiring practices of firms, their future objectives and how they seek to reach these objectives. Most firms (16 out of 21 respondents, or 76%) have an internship scheme while nine out of 21 (almost 43%) have a graduate scheme. Alongside this, a significant proportion of

respondents have hiring goals to facilitate female representation (15 out of 20, or 75%) and ethnic minority representation (13 out of 20, or 65%) in their firms.

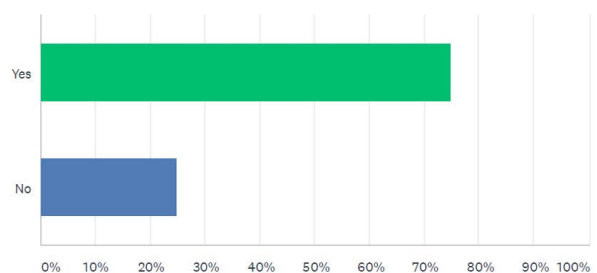
### Does your firm have an internship scheme?



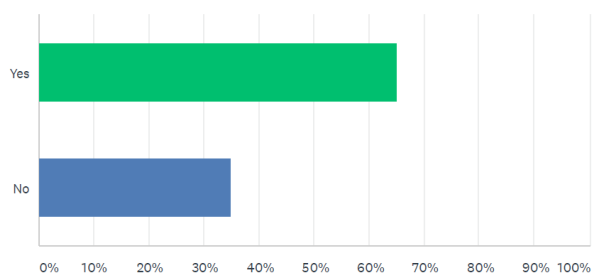
### Does your firm have a graduate scheme?



### Are there hiring goals in place to facilitate female representation in your firm?



### Are there hiring goals in place to facilitate ethnic minority representation in your firm?



To improve their diversity and inclusion objectives, nearly all firms (19 out of 21, or just over 90%) work with third-party organisations to foster this. Some collaborators include [SEO London](#), [Toigo](#), [LGBT Great](#), [100 Women in Finance](#), [Diversity Project](#) and [10000 Black Interns](#).

These third-party organisations facilitate reaching a diverse range of candidates by allowing them to apply directly through these organisations. Furthermore, these organisations also help train candidates, which may lead to more knowledgeable candidates when applying for these roles.

However, firms still face significant challenges concerning diversity in hiring. The biggest and most common challenge noted by firms was the lack of a diverse talent pool. One firm stated that access to “diverse candidates in a competitive market” is an “important part of their recruiting efforts”. In drafting future policies, the emphasis should be on increasing access to a diverse talent pool or helping foster this diverse talent pool.

Alongside this, some firms stated the need to involve management in the recruitment process and reach out to different recruitment agencies. The challenges that firms have stated here point to the necessity of liaising with 3rd party organisations to help source a more diverse talent pool.

## Conclusion

Diversity and inclusion are a stated priority for senior management in 18 out of 21 responding (85.7%) firms. It is worth noting that there is a selection bias where firms who are more likely to have diversity and inclusion as a stated priority would have selected to respond to this survey. The majority of responding firms have a firm-wide

diversity and inclusion policy in place and it is a part of firms’ KPIs, targets and performance reviews. Furthermore, the fact that many firms stated that they are keen to promote equal opportunity for career development and are keen on embedding diverse processes showcases how firms are taking diversity and inclusion seriously.

All responding firms established their policies from 2017 onwards, demonstrating that diversity and inclusion is a current and ongoing issue that firms are addressing. From all the established policies by firms, only one has been published after the pandemic.

Post-pandemic, it is expected that more firms will adapt and improve upon their existing policies. We look forward to continuing to explore these trends with our member firms and the wider leveraged finance market, and plan to conduct additional surveys periodically to track progress and help guide best practice.

## About ELFA:

ELFA is a professional trade association comprised of European leveraged finance investors from over 50 institutional fixed income managers, including investment advisors, insurance companies, and pension funds. The ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its investor community by promoting transparency and facilitating engagement among European leveraged finance market participants. For more information please visit the ELFA’s website: [www.elfainvestors.com](http://www.elfainvestors.com).