

# THOUGHT LEADERSHIP

# DTCC

## Keynote Address

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Tanenbaum Religious Diversity Leadership Summit

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**From Awareness to Action: Supporting Religious Diversity in the Workplace**

### As Prepared For Delivery

Thank you Nadine, and thank you Tanenbaum for inviting me to speak today. It's a pleasure to have this opportunity to talk to you about a topic I am truly passionate about – diversity and inclusion in the workplace.

For those of you who may not be familiar with DTCC, we are a user-owned and governed market utility that supports the global financial services industry. Our most fundamental responsibility is to protect the stability and integrity of the financial system. Each year, we process securities transactions valued at more than \$1.5 quadrillion and, on average, we handle 110 million transactions a day.

As you can imagine, it takes a lot of people to do that – about 7,000 employees and contractors in 23 countries around the world. So for us, diversity and inclusion is not something theoretical – it's essential to our ability to execute on behalf of our clients and the global industry.

When the folks at Tanenbaum asked me to speak this afternoon, I was excited because the theme of the conference, "From Competence to Confidence," mirrors our own journey at DTCC in moving from awareness to action in support of religious diversity.

So, this afternoon, I'd like to share our story with you by talking about three topics:

First, I want to highlight how the workplace landscape has evolved, the role diversity and inclusion plays in that and the growth of religious diversity.

Second, a discussion of the business imperative of D&I in the workplace and the importance of ensuring religious diversity is a part of those efforts.

Third, I'll talk specifically about DTCC's journey and how we developed our approach to religious diversity.

### The Workplace Landscape and Diversity

So let's begin with a look at the current landscape. As you know, the workplace environment has evolved dramatically when it comes to D&I in terms of attitude, approach and demographics over the past several decades.

In the past, D&I efforts were largely focused on race and gender. More recently, sexual orientation, disability, veterans and generations has rightly been added to the equation. However, religious diversity and inclusion – while just as important – has often been left out of the D&I discussion because it is seen as a trickier issue to address.

Overall, companies have devoted significant time and resources to growing the diversity of their workforce and creating an environment that is more welcoming and accepting of all people. I've seen the positive impact of these changes first-hand – from my early career in public accounting to the past three decades in financial services.

I had the opportunity to spend 9 years working in Asia. In fact, the many years I worked there helped to give me a unique perspective on issues of diversity and inclusion – the perspective of the outsider, the person who didn't look like everyone else, who spoke a different language and didn't fully understand the culture and its nuances.

That experience taught me a lot about the importance of creating a welcoming environment where all people – regardless of their differences – were made to feel accepted.

### **Progress...But More Work To Do**

Thinking back to the early days, I can tell that progress has been made. It's gratifying to see how much more reflective of society today's workplace is compared to back then.

But I can also tell you that we have a long way to go to achieve our shared goals of a more inclusive, diverse and welcoming workplace.

Even though workforce diversity has increased, you can count on one hand the top leaders of the S&P 500 companies who are not white and male. At middle management and more junior levels across many industries, we see improvements in diversity, but even here there is still a lot more work to do.

At my own firm, where we have made diversity in the senior ranks a corporate goal, we continue to lag. I've made it clear to my leadership team that this is not acceptable and that we need to do a better job of sourcing, identifying and nurturing diverse candidates for senior positions. Some of you may be surprised that I openly state that we have not achieved our targets. I strongly believe that admitting this openly and publicly is an important step in eventually achieving that goal. It's important that we emphasize the importance of these goals and acknowledge that just because they are difficult doesn't mean we should stop trying and trying and trying.

### **Religious Diversity**

As the demographics of the workforce change, we are witnessing a corresponding shift in the demographics of religious belief. A recent article in the *Harvard Business Review* cited religious discrimination complaints filed with the EEOC – a number that has doubled since 2000 – as evidence of this shift.

As more people of diverse faiths join the workforce, along with the globalization of business and other factors, the workplace has become a true melting pot, but as the article notes, this also raises the potential for conflicts.

For a very long time, the prevailing practice was to not talk about politics or religion at work. I believe this is changing, and has been for some time, both because of those demographic shifts, but also because of a generational and cultural rotation that is occurring.

As Millennials enter the workforce, they represent the largest and most diverse generation in American history. And it is one with different expectations for the workplace, with firm expectations that employers will invest in their growth and allow them to be themselves.

As companies begin to adjust to this shift and look at employees more holistically, we are seeing greater acceptance of displays, discussion and the practice of religion in the workplace.

I think this demonstrates real progress – the type of progress that can lead to a more productive, fulfilled and happier workforce...a workforce that is more dedicated, engaged and capable of solving the increasingly complex business challenges we all face today.

But, to quote Ray Davis, “Tolerance for those who agree with you is no tolerance at all.” When I see the violence on some U.S. campuses that has been used to stop conservative speakers from making appearances, I question whether some Millennials understand the concept of tolerance, of the willingness to hear and discuss opposing views and to grow as a result of the free exchange of all beliefs. Liberal intolerance or conservative intolerance; if it stifles free speech, it is intolerance and needs to be stopped.

Unfortunately, this is still very much a work in progress. There are many companies that avoid the topic altogether out of concern of alienating their customers or employees. This is the wrong way to approach the issue. Embracing the religious diversity of your employees is about respect and dignity – not the endorsement of any particular set of beliefs but the recognition that employees of differing beliefs can both work together and thrive along side each other.

## **Rise of Populism**

Amidst these demographic and cultural shifts, the political winds are also changing as we enter an era of populism. Sadly, this has brought with it an ugly side that blames or targets specific religions and ethnicities for the problems of society.

This trend has broad implications for society but also for business because we all have employees who are among the groups being singled out. Post election, like many other CEOs, I sent out a memo trying to assure our staff members that we could all discuss our concerns and that we would be tolerant of divergent views. This isn't a political commentary – it is simply a fact that in this great country of ours, people felt scared of being singled out for their religious beliefs or ethnic background; I'm sure many of you had similar dialogues.

If we are asking employees to bring their whole selves to work, then we cannot ignore the significant impact this wave of populism is having on their fundamental identities. I was proud to see so many companies speak out against the recent Executive Order restricting entry to the U.S. for people from a number of predominantly Muslim countries.

I have to agree with what Lloyd Blankfein, CEO of Goldman Sachs, said on the matter back in January. “For us to be successful, our men and women must reflect the diversity of the communities and cultures in which we operate. That means we must attract, retain and motivate people from many backgrounds and perspectives. Being diverse is not optional; it is what we must be,” he said.

Language similar to this can be found in the missions and guiding principles across many companies today. But this is not the first time recently that businesses have stood up to play a more active role in influencing policy. Business also came out strongly on the Defense of Marriage Act, and more recently with boycotts of North Carolina over removal of protections for LGBT people in the so-called “Bathroom Bill.”

## **The Military and Desegregation**

In many ways, companies are helping to drive societal change similar to the way the military did decades ago to address the issue of racial inequality. Desegregation of the U.S. military enabled generations to pass through the ranks where merit-based equal opportunity led to significant improvements in diversity and inclusion.

That positive legacy, I believe, has now transferred to the business sector, where a focus on fostering an inclusive workforce that leverages the power of diversity to its full extent is still evolving.

While we have a lot of work to do to achieve our aspirations regarding diversity, I am optimistic the business sector will continue to do more to shape opinions and attitudes.

The U.S. Census Bureau tells us that more than 50% of workers are employed by companies with more than 500 people, so the opportunity to influence and produce equally successful outcomes is significant.

## **The Business Imperative of D&I and the Importance of Religious Diversity**

Of course, we must remember that the main focus of business is business – and not to effect societal change. However, because a more diverse and inclusive workforce is good for business, society at large can reap the ancillary benefits.

This brings me to my second point – the business imperative of D&I in the workplace, and the importance of ensuring religious diversity is a part of those efforts.

Nowadays, being diverse is not optional for companies. It's a requirement – and the numbers tell us why:

- Companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians;
- Companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians;
- Every 10% increase in racial and ethnic diversity on the senior-executive team increase earnings before interest and taxes (EBIT) nearly 1% in the US and 3.5% in the UK.

Statistics like these are widely known and understood in the business community and reinforce that a diverse workplace creates a more engaged and dynamic employee base that achieves better financial performance.

## **Religious Diversity**

But what about religious diversity? The reality is that when it comes to the impact of religious diversity on employee engagement, we've only just begun to look at the question in detail.

The 2013 Tanenbaum survey on the views of American workers about religion was instrumental in helping business better understanding the value employees place on companies that have a clear approach on religion.

On this issue, we are finding the question of religion is not only important for meeting the holistic needs of employees, but also that it cuts across all demographic categories.

Religious belief, or non-belief, knows no boundaries of race, ethnicity, gender, age, or sexual orientation. And because we know that the demographics are shifting, religious diversity in the workplace is only going to grow in importance. This is a result of increasing numbers of the religiously unaffiliated and non-Christians workers. While more than two-thirds of respondents in a recent Pew survey on U.S. religious affiliation identified as Christians, that number is down 8% from just 10 years ago.

To address this shift in population, religious diversity needs to be put on an equal footing with traditional D&I efforts. Companies need to develop comprehensive religious accommodation policies and broaden training, such as that covering implicit bias, to cover religion as well as race and gender.

Let me be clear, this is not an either-or choice. Such training, I believe, will help strengthen the knowledge, understanding and respect necessary to produce the supportive environment we seek. However, because the history of religion shows that not all of people's biases are unconscious, we must make sure the process of religious accommodation is clearly spelled out, including the criteria for decision making and an appeals process.

By bringing religious diversity fully into corporate D&I efforts, companies will be in a better position to more holistically address the needs of all employees. As a result, they can help create the type of inclusive and accommodating environment that supports a more engaged workforce.

## **How DTCC Developed Its Approach to Religious Diversity**

This philosophy underpins our D&I efforts at DTCC, so let me turn to my third and final point and tell you about how we developed our approach to religious diversity and made it a part of an inclusive environment.

To understand our journey, we need to rewind to 2012, shortly after I became CEO. At the time, we were preparing to move a large portion of our New York-based employees from Manhattan to Jersey City.

Things were going well until Superstorm Sandy struck. Like all of lower Manhattan, our headquarters was hit hard and we were told that we'd be displaced from our building for a minimum of several months.

## **Contemplation Rooms**

In doing so, we learned that some of our conference rooms in New York had been used for religious purposes and that the design of our new space, with its all-glass walls and collaboration areas, would not be appropriate for those purposes.

This was one of our first lessons on the need for religious accommodation, and the solution was simple enough – we built spaces with increased privacy so they could double as contemplation rooms, and we've expanded them to our major global facilities.

In fact, this work paid off when we were designing our office in Chennai, India. We included contemplation rooms in the early design of the site – an accommodation that was very well received by our employees there.

While the issue of prayer space was first raised by our Muslim employees, employees of various faiths and none use the rooms – a great example of how accommodation can help foster an environment of inclusion that benefits everyone. Not a major or complex step, but one that clearly sent out a message of accommodation and inclusion.

## **Tanenbaum**

I enjoy telling this story because it reminds me of the start of our journey toward embracing our religious diversity and the progress we've made since then – such as beginning our relationship with Tanenbaum and engaging with them to conduct a comprehensive assessment of religious accommodations at DTCC.

Tanenbaum helped us identify what we were doing well and where we had opportunities to do better. As a result of this work, we have since developed a religious accommodation policy that includes processes for requesting an accommodation, reasons why it might be denied and a process for appeal, as well as a guarantee of confidentiality.

In addition, we have provided general employee training to head off two of the most commonly reported non-accommodation complaints. On the issue of scheduling, we want people to arrange meetings and business trips with an eye toward major religious observances. On the issue of dietary restrictions, we now offer vegetarian options at company events.

Our journey is a work in progress, but we've learned important lessons along the way that are guiding future decisions. At its most fundamental level, we strive to treat all employees with respect, we celebrate their differences and we are creating an environment that is accommodating and supportive. If we do this well, we're confident that our employees will bring their whole selves to work. And if we achieve that, we know that our future is bright and our potential s unlimited.

## **Conclusion**

As I conclude, let me reiterate that religion needs to be a part of every company's diversity strategy because it impacts every employee and their level of engagement.

As a CEO, ensuring my employees are fully engaged is a high priority, and it is why religious diversity is important at DTCC. As the chairman of the DTCC D&I Council I will make sure we continue to evolve our culture of inclusion, inclusive of religious diversity.

We know that employees are more satisfied with their job and do their best work when they feel respected and valued. I believe that this is particularly true when we are deliberate about addressing matters that, even though they may be controversial or against the status quo, are important to our employees.

While there are laws against religious discrimination, mandating fair treatment in company policies, and including policies to address time off for religious observance, dietary restriction and dress codes, demonstrates a deeper commitment to the needs of each employee.

The shifting demographics of the U.S. workforce and greater globalization require us to talk about religion, and more importantly to ensure our workplaces value and respect the variety of beliefs held by our employees.

By embracing religious diversity and embedding it in an inclusive environment, by taking the actions necessary to recognize the full scope of people's identities, companies will be better positioned to gain the advantages that come from a more inclusive and diverse workforce. Companies will be better positioned to deliver the best results for their clients.

I hope today's conference helps inspire others to support Tanenbaum's core belief in The Golden Rule – to treat others as you would like to be treated – and the Platinum Rule – to treat others as they want to be treated.

Thank you.