

Inclusive **recruitment**



Attracting and hiring from a more
diverse talent pool

CONTENTS

An introduction from Sheri Hughes, UK Diversity and Inclusion Director	1
Introduction: Current employee sentiments in the UK market	2
The benefits of building diverse teams	3-6
Eliminating groupthink: More effective decision making	
The links between diversity and innovative thinking	
Creating a culture that supports high performing teams	
D&I and the bottom line	
Inclusive hiring: Challenging unconscious biases	7-8
How biases influence decision making	
Biases impacting recruitment processes	
Conclusion	9



Welcome to the second eBook from our latest series on Untapped Talent, in which we explore how you can access a broader pool of diverse candidates. With skills shortages being felt across a number of industries, and UK employment at record highs, it has never been more important to take the initiative when it comes to finding the right people to drive your business forward.

In this eBook, we take an in-depth look at the importance of hiring with diversity and inclusion (D&I) in mind. As this is one of the most pertinent topics on the global business agenda today, we have put a clear focus on the inclusion aspect of D&I. Untapped talent can take many forms, for example, professionals returning to work after caring for their children, or employees with skills that can be used across different industries. Many businesses also miss out on talent from under-represented groups from a gender, ethnicity or age point of view.

In our experience, it can be easy to believe that diversity and inclusion are one and the same thing. Whilst there is a close relationship between the two, it is important to understand what the clear differences are – and how putting a clear focus on one doesn't mean the other is symbiotically tackled as a result.

In exploring this area, we were mindful that inclusion is not just a large and multi-faceted topic, but also one with a broad span of opinions and approaches. Therefore, we wanted to start with a basis of data. In June 2019, we surveyed over 2,000 UK workers to uncover their sentiments on the UK employment landscape.

We outline the key findings of our research, particularly focusing on how inclusion can impact a professional's satisfaction at work. This eBook highlights the benefits of focusing on D&I to improve decision-making, encourage innovative thinking, create high performing teams, and the effects on the bottom line. We also explore the challenges around unconscious bias and how to overcome them in order to improve your recruitment process.

To see how your company stacks up against your sector's average, you can use our interactive Inclusivity Mapper tool by clicking [here](#).

This is a journey that we ourselves at PageGroup have been on in recent years, both in terms of the way we advise our clients on their hiring challenges and within our own workforce. As it is becoming increasingly difficult to attract and hire top talent, it has never been more important to actively seek out candidates from diverse groups and backgrounds.

To help equip your business with a diverse team of employees, our teams of specialist consultants are uniquely positioned to help drive your D&I strategy.

On behalf of PageGroup in the UK, I hope you enjoy the read.

Sheri Hughes

UK Diversity and Inclusion Director,
PageGroup

CURRENT EMPLOYEE SENTIMENTS

in the UK market

Throughout 2019, PageGroup has explored both the importance of diversity and inclusion in improving an organisation's productivity, as well as how candidates looking for new opportunities view organisations that are driving the D&I agenda. Diverse and inclusive teams are happier, and when supported by a strong D&I strategy, are more successful. Candidates in the market are increasingly interested in the social commitments that companies are invested in and are increasingly interested in learning about whether or not a company has a D&I policy before engaging in a recruitment process with them. As highlighted in our first eBook **'The War for Talent: A guide to perfecting your recruitment in a candidate-led market'** from the Untapped Talent series, competition for top talent is fierce. The key to attracting and winning a more diverse talent pool, is understanding their pull and push factors.

Top reasons for wanting to leave a role:



46%

To get a salary increase



38%

To improve work-life balance



32%

To get a more fulfilling role

From a D&I perspective, it is important to look at these figures whilst considering that each candidate is an individual with unique goals and needs. Although seeking a salary increase as a reason to leave a job may seem straightforward, the reasons that someone might want or need a salary increase will vary. This may be linked to the increased uncertainty in the economy but it may also simply be because they are unhappy in their current working environment. In this case, a tailored benefits package and a more inclusive working culture could boost their engagement at work.

For respondents looking to improve their work-life balance, it is highly likely that each person could still be looking for a different role to better fit their work life with their personal life. A positive work-life balance will mean different things to different people and will be dependent on their current priorities and the stage that they are at in their life.

Similarly, for those that identified they were looking to find a more fulfilling role, what is deemed fulfilling to one, may not be to another. This is why it is important to ensure that your D&I strategy covers the full recruitment cycle. From brand messaging, to the interview, right throughout the entire career of each employee within your organisation.

From the survey, respondents who identified that they are "happy with their careers" or "satisfied at work" were unlikely to be job seekers, with only 5% and 10% respectively checking that option. Interestingly though, 46% of job seekers are satisfied in their current role – so what is missing? This is a challenging question to answer, as ultimately it will depend on the push and pull factors of the individuals. However, if professionals don't feel as though they can bring their whole selves to work, or work in a culture that doesn't support them, it is unlikely they will remain loyal to their company.

On the other side of this, half of those who are not satisfied in their role are not seeking a new opportunity. In fact, many of those disengaged at work don't leave, instead, they stay, but they mentally check out, which can cause all sorts of problems for team morale and productivity. This is why employee engagement is crucial in today's ever-changing market and competitive recruitment landscape.

THE BENEFITS OF BUILDING

Diverse teams

In the increasingly diverse world that businesses operate within, sound D&I strategies are essential in order to attract and retain the best talent. Not only does this assist in building more diverse and inclusive teams, it also helps businesses better connect with and provide products and/or services to their customer base.

What is crucial in building and managing a diverse team is understanding that without an inclusive culture, diverse groups cannot thrive. Assessing the key challenges your business is facing in relation to inclusion is a useful starting point. But businesses can be complex, particularly at the senior level. Therefore, if you have decided that improving inclusion is a priority, it's important to understand the benefits of doing so.

In recent years, a growing body of research has emerged which stresses the business case for diverse and inclusive teams. In a separate report compiled by PageGroup in partnership with VERCIDA consulting earlier this year, key studies on the following areas were highlighted:

- Diversity, inclusive decision-making and business outcomes
- Driving innovation through diversity
- Diversity, inclusion and high performing teams
- Diversity and business profit

We'll go into these in more depth in the next section.



ELIMINATING GROUPTHINK: More effective decision making

When teams are populated, or even dominated, by individuals who look, sound and think the same, they are more likely to suffer from 'groupthink'. This narrows decision-makers' field of vision and reduces an organisation's ability to tap into the constantly changing needs and wants of their diverse customers and clients. 'Groupthink' restricts cross-cultural insights that are essential when developing products and services within a global marketplace.

In a 2017 paper by the global consulting firm McKinsey and Co, team composition was identified as the starting point for creating high performing teams, of which diversity is a central element. The paper suggests that small teams of senior employees – fewer than six people – may be particularly vulnerable to poorer decision-making, because a lack of diversity leads to the team suffering from a lack of bandwidth in thinking.

This research is supported by work from the cloud-based decision-making platform Cloverpop, which has shown how diversity in teams, together with inclusive decision-making, significantly increases business performance. It explains: "Inclusive decision-making activates diversity to improve innovation, engagement, and performance across the enterprise. It gives outstanding companies the opportunity to make quantum leaps ahead of their competition."

There are a number of principles which underline Cloverpop's research. Firstly, they have shown how teams of individual decision-makers make better business decisions than individuals about 66% of the time. This is perhaps not surprising and aligns to research carried out by James Surowieck and shared within his influential work on the Wisdom of Crowds, in which he argues that groups of individuals make smarter decisions than individuals and that diversity of opinion amongst groups of individuals results in better decision-making.

According to the study, diverse teams of people are better at:

- Identifying new and better choices that were not previously considered, resulting in a better decision.
- Bringing more perspectives, experience, and information, which helps to reduce cognitive biases and improves accountability.
- Making smarter decisions as the diversity of the team increases.

Whilst many research studies focus solely on the relationship between gender diversity and business outcomes, Cloverpop were able to measure decision-making outcomes using a wider range of diversity characteristics, including age and geographical location.

Further research by Deloitte University Press stresses **three key benefits** to organisational performance of diversity of thought:

1

It helps guard against 'groupthink' and expert over-confidence: Diversity of thought can help organisations make better decisions and complete tasks more successfully because it triggers a more careful and creative information processing than what typically occurs in homogeneous groups.

2

It helps increase the scale of new insights: Generating a great idea often requires connecting multiple tasks and ideas together in a new way. Technological advances, such as crowdsourcing and gamification, are enabling new ways to bring the diversity of human thinking to bear on challenging problems.

3

It helps organisations identify the right employees who can best tackle their most pressing problems. Advances in neuroscience mean that matching people to specific jobs based on more rigorous cognitive analysis is within reach. Organisations that can operationalise faster ideation can begin to purposely align individuals to certain teams and jobs simply because of the way they think.

The links between diversity and innovative thinking

A 2017 study by Boston Consulting Group – The Mix that Matters: Innovation Through Diversity – found a positive relationship between diversity and business innovation. Measuring outcomes from 171 companies, the study found a statistically significant relationship between management diversity and business innovation, meaning that companies with higher levels of diversity get more revenue from new products and services.

Specifically, the research found:

- The innovation boost isn't limited to a single type of diversity. The presence of managers who are female or from other countries, industries, or companies, can cause an increase in innovation.
- Management diversity seems to have a particularly positive effect on innovation at complex companies – those that have multiple product lines or that operate in multiple industry segments. Diversity's impact also increases with company size.
- At companies with diverse management teams, openness to contributions from lower-level workers and an environment in which employees feel free to speak their minds are crucial in fostering innovation.

Writing in Scientific America, in an article entitled How Diversity Makes Us Smarter, Katherine W. Phillips from Columbia Business School cites the following:

- The key to understanding the positive influence of diversity is the concept of informational diversity. When people are brought together to solve problems in groups, they bring different information, opinions and perspectives. The same logic applies to social diversity. People who are different from one another in race, gender and other dimensions bring unique information and experiences to bear on the task at hand.
- Research has shown how gender diversity at the top firms in Standard & Poor's Composite 1500 list increases innovation intensity.
- A study of 177 national banks in the U.S. found that for innovation-focused banks, increases in racial diversity were clearly related to enhanced financial performance.

Creating a culture that supports high performing teams

Following the success of Google's Project Oxygen, where its People Analytics team studied the key dynamics of 'what makes a great manager', the search giant launched Project Aristotle, a two-year study on team performance. Google wanted to research the key factors which create and sustain high performing teams. The overarching factor of a high performing team is the level of 'psychological safety' that exists between team members.

Psychological safety is defined as the extent to which colleagues feel able to take risks in the interest of the business without fear of judgement from teammates. Psychological safety, and the positive impact on team performance, is closely aligned to a sense of belonging from diverse individuals within teams.

As stressed by Alex Pentand from MIT, the number one predictor of team performance – more than skills and intelligence – is what he calls 'belonging cues'; equal air time in team meetings, eye contact between colleagues and non-hierarchical communication.



D&I and the bottom line

A study by the global not-for-profit Catalyst found that companies with the most female board directors outperformed those with the least in return on sales (ROS) by 16% and return on invested capital (ROIC) by 26%.

Researchers at Pepperdine University found that organisations on Fortune's list of 'the 100 Most Desirable MBA Employers for Women' outperformed the industry medians on numerous financial measures, including:

Profits as a percentage of revenue:



Profits as a percentage of assets:



A 2017 Peterson Institute for International Economics study found that companies with at least 30% female leaders can add as much as 6% to their net margins. The Center for Talent Innovation examined 40 business case studies and found that publicly traded companies with two-dimensional diversity were:

45%

more likely than those without to have expanded market share in the past year

70%

more likely to have captured a new market

158%

more likely to understand target end-users when their team contained one or more members who actually represented that group

Finally, research from McKinsey and Co in 2018 found that companies in the top-quartile for gender diversity on executive teams are:

21%

more likely to outperform their national industry median on earnings before interest and taxes margin

27%

more likely to outperform on economic profit margin

In relation to culturally diverse executive teams, these were

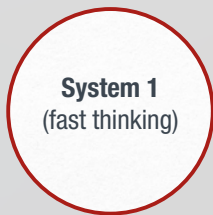
33% more likely to outperform their peers on profitability.

INCLUSIVE HIRING:

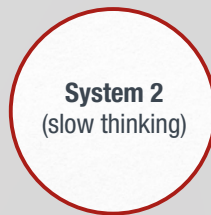
Challenging unconscious biases

You might think that identifying your D&I challenges and then committing to change is all you need to do to improve the inclusivity of your organisation. However, unconscious bias also has a large role to play. This is a type of bias that happens automatically, outside of a person's control.

Work by behavioural psychologists such as Daniel Kahneman has re-shaped our understanding of human behaviour and decision-making. Rather than being rational and objective, human behaviour and decision-making is hampered by a set of cognitive biases. For Kahneman, humans depend on a dual processing system for thinking and decision-making, which he describes as System 1 and System 2 thinking.



is governed by emotion, intuition and impulse.



is partly designed to regulate the impulsive nature of System 1 and is governed by logic and deliberation.

Kahneman describes how human decision-making is governed by a complex process of pattern recognition, or what he calls 'heuristics'. Harvard psychologists Mahzarin R. Banaji and Anthony G. Greenwald have shown how these heuristics or, what they term 'mind-bugs', are formed through a natural tendency to place individuals into social categories. These categories are often based on visual cues such as gender, cultural background, age, height or body size. We also categorise based on social background, job roles, religious identity or political affiliation. Once formed, social categories can influence our perceptions, attitudes, judgements, behaviours and decisions.

How biases influence decision making

The unconscious brain uses social categories to make implicit, or unconscious judgements about people who are similar to us and people who are different from us. Critically, we are more likely to form positive associations towards people who look, sound and think like us. We are also more likely to form negative associations towards people who are different from us.

For example:

- Constant exposure to images and stories of men as lawyers, doctors, accountants, detectives, plumbers or bus drivers via the media, personal encounters and work environments, re-enforce our implicit associations resulting in what is often referred to as 'hard-wired' bias.
- Out-dated stereotypes also continue to influence perceptions of women at work. For instance, charity workers, carers, primary school teachers, cleaners or shop assistants.
- These implicit associations then influence expectations of who should be accountants, plumbers, carers or shop assistants, within hiring decisions.

Unconscious bias plays out in four key areas at work:

Recruitment:

We are simply more likely to hire people who are 'like us'. This likeability factor changes from culture to culture.

Work allocation:

Managers are more likely to assign key projects to individuals within their teams who they have an unconscious affinity with.

Performance management:

Managers are more likely to spend time informally discussing contributions to the team and will focus on development and future work plans. For those employees for which managers have little affinity, past performance is more likely to be questioned.

Informal sponsorship:

Managers are more like to informally coach, mentor and sponsor, colleagues who think and work like them over colleagues who do not.

In addition to these formal decision-making frameworks, biases play out in what Mary Rowe from MIT terms 'micro-behaviours'. Examples include:



In a complex and rapidly changing world, these biases are likely to impact team engagement and performance, and in turn have a negative knock-on effect on business innovation, growth and client relationships.

Biases impacting recruitment processes

There are many types of cognitive and social biases which impact hiring and in work decision-making. The key ones include:

Affinity bias: The tendency to hire people who are like us. Often called the 'mini-me' effect, affinity bias plays out when people are similar to us – culture, background, personality – or remind us of someone we like. For example, hiring managers are more likely to hire a candidate who graduated from the same university as they did or a candidate who has worked in a sector they are familiar with, and have positive associations of.

Anchoring: The tendency to rely heavily on first impressions when making a decision. In recruitment, the anchor could simply be the type of person already 'in mind' to fill the vacant position. Once set, the anchor influences the entire recruitment process from job design to final appointment.

Attribution error: The tendency to relate behaviours to personality rather than the situation the person might be in. For example, if a person is nervous in an interview, the interviewer may assume that the person is of a nervous disposition. The interviewer is more likely to do this if the candidate is unlike them, and less likely to do this if the person is similar to them. Hence attribution error is more likely to impact candidates who are different from us.

Confirmation bias: The tendency to look for (or interpret) information which confirms existing thoughts and beliefs. For example, a first impression of a candidate may be formed by reading a CV or an application form. At the interview, panel members will often ask questions which are designed to confirm their first impressions. Beyond recruitment, confirmation bias impacts a manager's perceptions of employees' skills, ambitions and motivations.

Double binds: The gender bias influences perceptions of gender roles and leadership. The types of attributes we ascribe to the ideal leader in most organisations are closely linked to perceivably positive male characteristics: decisive, assertive and independent. A number of research studies have shown that women who excel in traditional male domains may be viewed as competent, but when they demonstrate similar leadership traits, they are seen as less likeable to their male colleagues. In short, the types of behaviours that we often value in men such as self-confidence appears as arrogance in women.

Gender benevolence: The tendency to make assumptions and decisions about women, which appear positive, but in practice damage their careers. For example, male (and sometimes female) managers may not assign a global project with extensive travel to a female colleague who has recently returned from maternity leave, assuming that she would not wish to be away from her new child.

Halo effect: This occurs when we find one attribute really attractive in a job candidate or in an employee, which then colours our view of the individual's total skills and competencies. For example, if an employee has high analytic skills (if we value this) we may assume that they will put together a slick client presentation, when in fact, these are two separate skill sets.

Representative heuristic: A classic cognitive bias, this occurs when an individual is representative of (looks like, sounds like) the population they are being recruited or promoted into. For example, if an organisation is promoting an individual into a senior manager role in a global manufacturing company that is dominated by white, tall, and middle-class men, the individual (if they are male, white, tall and middle-class) is likely to benefit from this particular bias. Those who are different – e.g., women, people of different cultural groups – will not have the same advantages.

Selective perception: Often informed by in-group bias and affinity bias, this is a process whereby managers pay more attention to information from employees that fit their existing world views, whilst ignoring or disregarding information that challenges existing thoughts, values and beliefs. The outcome is that selective perception positively impacts employees who are similar to the manager, whilst negatively impacting an organisation's stated ambition of creating inclusive work cultures.

Status quo bias: This is a bias towards the familiar and a preference for things to stay the same. For example, a preference for working with the same colleagues on new projects.

CONCLUSION

Considering the growing demand and increasing competition for top talent, it is time for businesses to shift their focus away from a one-size-fits-all approach to recruitment. Diversity and inclusion must sit at the heart of an organisation's people strategy in order to access a broader pool of talent, retain existing team members, and to ensure that their diverse workforce is able to perform to the best of their capabilities.

The mistake that many businesses make when looking to recruit for diversity is that they forget to consider the inclusivity element, and often underestimate its importance. A positive culture and support networks must already be in place within an organisation for any D&I strategy to be successful.

Understanding the benefits of building and supporting a diverse team, and how that will directly impact the productivity of your team and overall business goals, is an important first step. Buy-in from the top down is key and insight in the above areas is invaluable in gaining such support.

However, unconscious bias is one obstacle that can hinder even the most detailed of D&I strategies. Awareness and training on different biases and how to overcome them will be crucial in establishing practices that promote equal opportunities.

Of course, partnering with the right recruitment agency will also play a fundamental role in accessing a more diverse pool of talent and running inclusive hiring processes. At PageGroup, we place D&I at the heart of all that we do, both internally when hiring and supporting our employees, and when working with our clients to help to build diverse and talented teams for them. For further insights about how we can support your hiring strategy, **get in touch** with your local Page Personnel office today.



In our third and final eBook from the Untapped Talent series, we share our top tips on how to effectively assess a candidate during the recruitment process. This eBook focuses particularly on assessing soft and technical skills, but also explores how you should conduct an interview with a candidate whose skill set and experience fall out of the norm for a particular role or industry.

[Download](#)

'A complete guide to job interviews: Identifying and acquiring the best talent from inside, and outside your sector'.