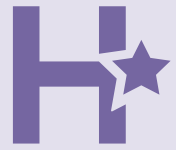# 20 23 equity in hiring research

REPORT

Driving progress through equitable hiring

DEI is like a 3-legged stool; it only works when each part is equally balanced.

Because diversity, equity, and inclusion are all so interlinked, each one a critical component of successful hiring and company culture. Yet while organizations have taken big steps toward a more diverse workplace, progress in equity and inclusion has been much slower. And one does not work without the others.

Let's start by defining each component of DEI:

- **Diversity** refers to a work culture that includes employees of different genders, races, ages, sexual orientations, religions, languages, abilities, and beyond.

- **Equity** is present when all of those employees, despite their differences, have access to similar opportunities, economic and otherwise.

- **Inclusion** is the act of making a diverse group of people feel welcome and valued for those unique differences, creating a sense of belonging.

Despite proof that the entire DEI trifecta is critical for business success, very few organizations are getting all three right. It's not that leaders don't know equity and inclusion play major roles in their DEI strategy. Or that they're idly standing by. The intent for DEI progress is there. However, the challenge for many is where to even begin.

And this is not just our point of view — we found evidence in a recent study, too.

In a survey of 1,500 HR professionals and 6,000 employees across the globe (U.S., UK, and Australia), we investigated the state of DEI in today's workplace.

What we discovered is a significant gap between what HR leaders believe about DEI, and what employees are experiencing.

HR Professionals

90% | Agree their organization is set up to include **diversity**

90% | Agree fair treatment in access, opportunity, and advancement for all individuals (**equity**) is included in their organization

90% | Agree employees feel valued for their unique qualities and experience a sense of belonging at their organizations (**inclusion**)

Employees

74% | Say their organization values **diversity**

53% | Feel their unique background and identity are valued at their organization (**equity**)

62% | Feel a sense of belonging in their organization (**inclusion**)

So how do we balance the scales?

State of equity in the workplace

First of all, it's clear both HR leaders and employees believe the organizations they work for value diversity. That's not the issue. But the two groups have very different perceptions of how the companies they work for are putting that value into action.

Beliefs on organization's approach to diversity	HR	Employees
Believe **diversity is critical to future success** in their organization	56%	60%
Believe their organization invests time and energy into **building diverse teams**	56%	55%
Believe their organization **values diversity**	55%	74%

What does this tell us? Even with workplace diversity trending in the right direction, there is still a lot of work that needs to be done in the areas of equity and inclusion. According to our survey, the overwhelming majority of HR leaders believe they treat their employees fairly across the board, while many employees do not agree.

Beliefs on equity & inclusion in the workplace	HR	Employees
Believe employees' **unique backgrounds and identities are valued**	86%	53%
Believe employees are **respected by their colleagues**	89%	71%
Believe employees **feel a sense of belonging**	88%	62%

Why the "E" in DEI is critical to organizational success

In this report, we're going to focus on equity. And specifically on three areas where equity seems to be lacking the most:

- **Equity in compensation and transparency:** 52% of employees say there are significant differences in pay for employees with the same job title

- **Equity in advancement opportunities:** Only 55% feel supported in their career growth

- **Equity in educational requirements:** Only 50% of employees say people from all backgrounds have equitable opportunities to advance their careers

For many employers, equity is the missing link in their overall DEI strategy. It takes deliberate effort to recognize the unique resources that different employees need to access the same opportunities — and ultimately thrive within the organization.

What does this look like? It's about actively working to eliminate systemic barriers and biases for disadvantaged groups — giving them the same opportunities that everyone else has.

This could be anything from implementing policies and procedures that promote fairness to providing resources and support to underrepresented groups. In the end, an equitable workforce will allow everyone to reach their full potential.

Let's dive into the three areas where HR leaders can make the greatest improvements to equity in 2023.

Key Insights

How HR Leaders Can Address Employees' Top 3 Equity Concerns

01

Equity in compensation

02

Equity in advancement opportunities

03

Equity in educational requirements

Insight 01
Equity in compensation

Despite some progress in pay equity over the last few decades, there are still significant compensation biases at play today. For example, a U.S. 2020 Census[1] shows that white men still out-earn women in the same job with identical responsibilities — 83 cents to every dollar, to be exact.

Still, it was a little surprising to see that almost 3 in 4 (69%) of HireVue's HR professional respondents admitted to significant differences in pay for employees with the same job. And even with these drastic gaps in compensation, 84% of HR professionals said they're completely transparent about pay to both employees and candidates.

So are candidates just ok with the differences in pay? Or, is pay not as transparent as organizations seem to believe?

> **In our study, only half (55%) of employees believe pay is transparent. And almost the same number (47%) said they've been discouraged from applying for a role due to the lack of information surrounding compensation.**

So what's going on? Why do most employers believe they're being completely upfront about pay while almost half of employees disagree?

Employees don't just want to see what salary is; they want assurance that it's fair. In other words, equal pay for equal work. How can employers improve their definition of wage transparency, and in doing so get on the same page as employees and job candidates?

Solution 01: Improve fair compensation practices with skills assessments

Even the most well-intended employers unintentionally let subjective opinions seep in, which is why equity issues in compensation are still a problem.

Despite this, there is a solution that aims to assess external and internal candidates strictly based on skills, capabilities, and fit for the role — not educational background, experience, or assumed fit. It's called skills-based hiring.

> **While skills-based hiring alone won't solve compensation equity issues, it's a powerful solution that can help eliminate subjective barriers in pay.**

Before assessing skills, start by taking a hard look at your current compensation processes. Then, create a strategic framework to ensure that employees who perform the same job at the same level are paid equally, regardless of gender, race, or other factors. Here's how:

- Audit your company salaries to determine if there are current signs of wage discrimination.

- Make sure raises are equally attainable by everyone by assessing skills and job performance.

- Determine if all employees have the same opportunities to develop new skills, advance to new roles, and earn pay increases.

- Be completely transparent about pay — from application to hire.

- Create guidelines that assign compensation to specific competencies.

Then, with a skills-based platform, you can measure candidate skills by using a comprehensive library of competencies — and make an objective decision based on the outcome.

When a framework is followed, employees are much more likely to perceive fairness. And with 82% of employees feeling more engaged and fulfilled when pay is fair[2], it's a strategy that employers can't afford to overlook.

Insight 02
Equity in advancement opportunities

Job movement happens much more frequently than it used to, with most employees changing positions every 4 years[3] on average. But in the modern world, "job hopping" has taken on new meaning. Movement doesn't just mean jumping from one employer to another. Instead, many workers are exploring different roles, responsibilities, and skills within the organization they're already in.

And it's not just vertical advancement, either. Employees are also interested in side-to-side or diagonal moves — as long as it means building new skills. For them, this looks like a work environment that equips all employees, from all walks of life, to grow in a way that best suits their individual learning styles.

> **This is how employers retain their best talent. According to a Talent LMS report, 76% of employees[4] are more likely to stick around when their organization offers learning and development.**

Yet less than 3 in 4 (61%) of employees from our survey believe all employees in their workplace have equitable opportunities to advance their careers. And 2 in 5 (41%) say discrimination has directly impacted their career progression.

Once again, we're seeing an entirely different perspective from the HR professionals we interviewed, with 88% saying employees from all backgrounds have equitable opportunities to advance their careers in their organization.

So where's the disconnect? Do employers and employees have two different perspectives on what advancement should look like? If so, how can organizations make the changes that matter?

Solution 02: Commitment to internal mobility options

It's called internal mobility: the process of fairly equipping all workers, from all backgrounds, with tools and resources to be successful in their own, individual ways.

This could look drastically different from one employee to the next. While some employees want to be promoted to higher positions, others are more interested in a role or occupation change. This is why it's critical that employers champion upskilling (building on existing skills) and reskilling (adding new skills).

Here's how to support equitable internal mobility:

- Provide different learning opportunities for different learning styles. This could be everything from mentoring programs to courses and certifications to employee resource groups.

- Build a learning culture, where employees can discover which unique roles best fit their work preferences.

- Listen to employee feedback and make changes, such as offering more hybrid or face-to-face options.

- Determine if all employees have the same opportunities to develop new skills, advance to new roles, and earn advancement and pay increases.

- Use objective assessments instead of subjective opinions to evaluate employee skills and qualifications for advancement.

- Regularly review your process to ensure it's fair and effective.

> While **skills assessments** are often used for new hires, they can — and should — also be levered to assess internal candidates. As employees look to change roles within your organization, you can easily assess how they've grown and changed — finding the best fit for their next move.

Many employers feel that helping employees learn new skills or advance in their careers is an open door to better jobs elsewhere. Could they leave? Sure. But more likely, they will feel supported to grow within the walls of their organization — which will improve productivity and bottom line.

Insight 03
Equity in educational requirements

Recently, inflated degree requirements have been a hot topic, as more and more employers are realizing the unnecessary restrictions they're putting on otherwise qualified candidates. It's one thing to require a degree for a medical doctor; it's quite another to require one for a project manager, just because that's the "way we've always done it."

Not only can this practice lead to biased hiring decisions in some situations, employers are often handcuffed by their own criteria and missing out on an entire pool of skilled candidates. But even as big corporations, like Google and Apple, offer high-level roles to candidates without degrees, there are still many employers who can't let go of this outdated practice.

> **In HireVue's survey, we found that 78% of leaders believe their organization provides equal opportunity for people without degrees. Yet, 86% of them go on to say that educational achievement is still an important indicator when making a hiring decision, and only 14% have actually dropped degree requirements from their job listings.**

What about employees? Nearly 40% believe they've been discriminated against in the hiring process due to a lack of higher education. And only 60% agree that people from all educational backgrounds have equitable opportunities to advance their careers in some way.

Something doesn't add up.

So this begs the question: Is changing degree requirements simply not a priority? Or do HR teams not have the necessary resources — or the know-how — to make the change?

And what would that change even look like?

Solution 03: Assess beyond education

Employers who have reduced degree requirements have taken a more modern, less biased approach with skills-based hiring.

Skills-based hiring goes beyond a 4-year degree and instead looks at candidate experience, skill set, and work ethic. While some positions will always have licensure and degree requirements (think doctors and lawyers), assessments are a much fairer tool to evaluate candidates for job competencies.

Interestingly enough, the HR professionals we interviewed know that skills matter. Nearly 3 in 5 say soft skills topped the list when making a hiring decision (while only 1 in 3 believe higher education is most important).

> **Despite that, only 29% of these respondents say they've adopted a skills-first approach to hiring and even fewer (24%) say they've actually taken the steps to replace resume requirements with skills-based assessments. Even worse, 29% admit to using unstructured interviews and 22% still rely on gut feelings.**

So yes, HR professionals know that skills matter, but they aren't making the necessary changes to implement a skills-based hiring strategy.

So how can HR leaders go from simply believing skills matter to actually making it a top priority in hiring?

Use hiring assessments to get insights on candidate skills and potential through the power of game-based, interview-based, and coding assessments. The results?

- Easily prioritize candidates based on their potential and work style, how they work with people, and how they work with information.

- Identify and assess the skills you need to build a high-performing workforce for your organization.

- Create a fair and fast screening process.

If employers want to increase equity in the labor market, skills-based hiring must be a critical part of their strategy. It helps recruiters make better decisions and gives candidates the opportunity to demonstrate the required skills.

Geographical differences

This gap between HR leaders' and employees' perspectives exists across the globe. Here's what UK, Australian, and U.S. employees are noticing about equity and belonging in their organizations:

Employee beliefs about equity and inclusion in the workplace	UK	AU	US
Said their **unique background and identity are valued** at their organization	44%	53%	62%
Said they feel a **sense of belonging** at their organization	56%	63%	66%

The data indicates the U.S. making the biggest strides, with slower progress in the UK. And there's a similar trend amongst HR professionals.

HR Professional beliefs about equity and inclusion in the workplace	UK	AU	US
Believe their employees feel a sense of **belonging at their organization**	82%	91%	94%
Believe their employees' **unique backgrounds and identities** are valued at their organization	80%	85%	92%

Geographical differences

In the U.S., there are more hiring initiatives specifically designed for minority groups.

- 63% of HR leaders say they have a specific hiring initiative or program for women compared to 54% in AU and 47% in the UK.

- 58% have hiring initiatives for people without a higher education degree versus 52% of AU and 32% of UK.

- Age and Neurodiverse programs rank near the bottom for all three countries.

  - AU: 18% neurodiverse / 31% age

  - UK: 33% neurodiverse / 31% age

  - US: 33% neurodiverse / 35% age

> **The U.S. also seems to be taking the lead on a skills-first hiring approach, with 37% of U.S. employers having adopted a skills-first approach to talent acquisition versus 26% of Australian employers and 25% of UK employers.**

And 65% of U.S. employers are focusing on skills-based job description language over experience versus 46% in Australia and 38% UK.

Conclusion

The benefits of a diverse workplace are undeniable: greater innovation, higher productivity, and reduced employee turnover — just to name a few.

That's why we're happy to see diversity in the workplace moving in the right direction. But without equity and inclusion, it's not enough.

People are flawed and human bias is real. Even moderately diverse organizations are facing major challenges in creating an environment that champions equity and fairness, belonging, and freedom from prejudice.

> **In order to create workplaces that value people from all backgrounds, business leaders need to actively address and mitigate bias, then establish fair and consistent policies and practices. But DEI&B is not just a tick-the-box effort — it's an initiative that should infiltrate every facet of the business.**

With AI and automation, DEI&B efforts can be streamlined — creating a level playing field, reducing bias, and providing organizations with a more diverse talent pool. And without them, equity in hiring is impossible.

At HireVue, we look forward to a future where people from all walks of life can feel supported and valued in what they bring to the table. That's why we're committed to providing talent teams with the tools they need to build a faster, fairer hiring process.

Sources

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