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REPORT

# Overcoming bias and building diverse business success

*Driving business growth by making more diverse and inclusive people decisions*



Questionmark Viewpoint

May 2021

[www.questionmark.com](http://www.questionmark.com)

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## Introduction: winning with diversity

Nurturing a diverse workforce is essential to success.

Companies in the top quartile for ethnic diversity outperform those in the lowest quartile by 36%, research by McKinsey shows.<sup>1</sup>

But despite this business imperative, employers struggle to build teams that reflect the whole population.

- More than half (52%) of global financial services (FS) firms do not have diversity targets in place.<sup>2</sup> Regulators have urged FS employers in the United Kingdom (UK) to do better on gender diversity.<sup>3</sup>
- Women of color account for just four percent of technical roles despite making up 16 percent of the US population.<sup>4</sup>
- Just 42% of pharmaceutical execs think their companies emphasize diversity and inclusion (D&I) as part of their business strategies.<sup>5</sup>

Measuring the skills and attitudes of the workforce with online assessments can give employers the information they need to make better, objective people decisions. This report shows how employers can nurture diversity and create a more inclusive culture.

Diversity and inclusion are about far more than business. Exploring how to foster a more inclusive atmosphere at work will raise wider societal questions around justice and equality. Most of these questions fall outside the scope of this report.

Nevertheless, the report does touch on how the data from staff assessments can inform an

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<sup>1</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

<sup>2</sup> <https://thefintechtimes.com/over-half-of-financial-service-institutions-do-not-have-diversity-targets-in-place-report-finds/>

<sup>3</sup> <https://www.ftadviser.com/opinion/2021/04/29/financial-services-put-on-notice-by-fca-over-diversity/>

<sup>4</sup> <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/closing-the-tech-gender-gap-through-philanthropy-and-corporate-social-responsibility>

<sup>5</sup> <https://www.smithhanley.com/2020/09/10/diversity-in-the-pharmaceutical-industry/#:~:text=In%202018%2C%20of%20the%2025,as%20part%20of%20their%20business>

organization's thinking around its corporate social responsibility and wider societal contribution.

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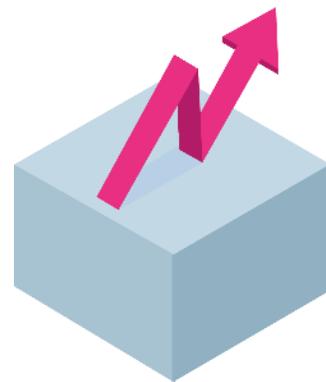


## Diversity and inclusion: the business case

The business case for diversity is clear.

- Firms in the top quartile for gender diversity outperform the lowest quartile by 25%.<sup>6</sup>
- Improved company culture, leadership and greater innovation were the top three benefits of diversity identified by a report for talent management company, Hays.<sup>7</sup>
- Companies with more diverse management teams have 19% higher revenues than those that don't due to innovation, found a study by the Boston Consulting Group.<sup>8</sup>

Diversity supports success. To realize the opportunities that diversity and inclusion can bring, employers must tackle three barriers that prevent the right culture from developing.



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<sup>6</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

<sup>7</sup> <https://www.weforum.org/agenda/2019/04/business-case-for-diversity-in-the-workplace/>

<sup>8</sup> <https://www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation>

## The three factors that hinder diversity

Workers will need training, support and development to maximize the potential of technology. We have identified the following critical skills for workers to have:

A growing body of evidence shows that women, ethnic minorities, people with additional needs, and LGBT+ groups continue to face barriers to inclusion.

### 1. Active discrimination

- Minority groups are more likely to report bullying at work.<sup>9</sup>
- Women are more than twice as likely as men to feel excluded from social events.<sup>10</sup>
- Almost 30% of ethnic minority respondents and 39% of LGBT+ respondents claim they have heard derogatory comments or jokes about people like them from co-workers, according to McKinsey research.<sup>11</sup>
- Women are 10% more likely than men to receive comments about the way they dress.<sup>12</sup>

### 2. Unconscious bias

It is harder for leaders to build diverse workforces due to cognitive or unconscious bias.<sup>13</sup> This is when subconscious factors influence decisions or blind decision makers to the reality of a situation and ultimately impact an organization's diversity.

Common cognitive biases include:

- **Affinity bias** – the tendency for a person, for example a hirer, to favor people that remind them of themselves.

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<sup>9</sup> <https://news.gsu.edu/2017/04/04/women-minorities-workplace-bullying/>

<sup>10</sup> <https://www.mckinsey.com/business-functions/organization/our-insights/understanding-organizational-barriers-to-a-more-inclusive-workplace>

<sup>11</sup> <https://www.mckinsey.com/business-functions/organization/our-insights/understanding-organizational-barriers-to-a-more-inclusive-workplace>

<sup>12</sup> <https://www.mckinsey.com/business-functions/organization/our-insights/understanding-organizational-barriers-to-a-more-inclusive-workplace>

<sup>13</sup> <https://www.forbes.com/sites/pragyaagarwaleurope/2018/08/26/here-is-why-organisations-need-to-be-conscious-of-unconscious-bias/?sh=29931714726b>

- **Confirmation bias** – when people subconsciously focus on information that confirms what they already think. This can lead to a “more of the same” approach when appointing leaders.
- **Status quo bias** – an implicit tendency to keep things as they are. This is a major barrier to recruiting and promoting people from different backgrounds to the existing workforce or management team.
- **Halo effect or horns effect** – this involves someone focusing on one quality, negative or positive, of someone they encounter. They risk basing their entire perception of a person on something that doesn’t matter much (such as an item of clothing).

### 3. Lack of visible diversity

- **Role modeling** – people may not push themselves for promotion within an organization if they don’t see people like them in senior positions.
- **Hidden concerns** – employers cannot assume they know what barriers minority groups are facing. And they can’t tackle what they can’t see.
- **Too narrow a focus** – just four percent of the companies that prioritize diversity, include disability in their diversity and inclusion initiatives, according to a report from the Return on Disability group.<sup>14</sup>



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<sup>14</sup> <https://hbr.org/2020/03/do-your-di-efforts-include-people-with-disabilities>

## Building a more diverse workforce with assessments

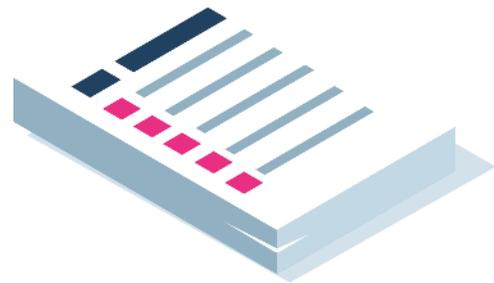
Measuring the skills and attitudes of the workforce with online assessments can help employers build a more diverse and inclusive workforce. The new ISO 30415 standard on D&I requires organizations to provide opportunities for candidates to “demonstrate the knowledge, skills and abilities they have and their potential to meet job requirements using valid, reliable and fair selection and assessment methods.”<sup>15</sup>

- **Objective decision making** – testing the skills of candidates before deciding to hire them helps employers ensure they are choosing the best person, irrespective of their background. This data can challenge any bias, including unconscious bias. Leaders can also use assessments to support objectivity before making decisions around promotions and team structures.
- **Check that team members know the law** – the [“Questionmark Anti-discrimination test for People Managers”](#), measures awareness of relevant equalities laws in the US and the UK. Where gaps exist, employers can introduce training.
- **Measure attitudes and spot warning signs** – often the insensitive or clumsy comments team members make are not intentional. Assessing people’s attitudes can indicate where potential problems could occur across teams and business functions. Employers can then intervene or train as appropriate.
- **Check that diversity training is working** – many employers will train their staff on expected behaviors. Testing them during and after will confirm whether they have understood it. If gaps in knowledge remain, employers can consider whether the training should be adapted.

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<sup>15</sup> <https://www.iso.org/standard/71164.html>

- ***Demonstrate a commitment to diversity*** – assessing team members on their knowledge of expected behavior and their awareness of diversity and inclusion, will create a trail of “audited learning”. Employers can use the results to demonstrate that workers have been professionally trained. This can inspire confidence in future employees and other stakeholders.
- ***Anonymous survey of concerns*** – employers can’t fix a problem they don’t know about. A survey of concerns allows team members to confidentially report any barriers or discrimination they encounter.



## Shaping a wider social purpose

The data from staff assessments enable employers to make more objective decisions on recruitment, team structures and promotions. They can help hirers challenge any bias that has emerged during the interview process. Research also shows that general mental ability (GMA) tests can be a more reliable predictor of performance than job interviews.<sup>16</sup>

However, there are concerns that, due to long-term disadvantage within the education system, some diverse groups are less likely than others to perform well in tests.<sup>17</sup> In these cases, assessments may not reflect what someone is truly capable of.

Many argue that, in these cases, the tests and assessments do not create inequality. The results simply reflect that it exists. Nevertheless, there is a strong feeling that those involved with the testing process cannot simply ignore what they discover.<sup>18</sup>

Employers must be cognizant of the issue. They should monitor performance across different groups of people and be ready to evolve the format and content of their assessments if they detect problems. They should also ensure that assessments are only one component of their hiring decision.

Assessment data may indicate that some groups are struggling to break into the industry. If so, employers can use this data to inform their wider recruitment and corporate social responsibility (CSR) strategies. An organization might not be able to solve a long-term problem overnight. It can play its role in seeking societal change.

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<sup>16</sup>

<https://home.ubalt.edu/tmitch/645/session%204/Schmidt%20&%20Oh%20validity%20and%20util%20100%20yrs%20of%20research%20Wk%20PPR%202016.pdf>

<sup>17</sup> <https://onlinelibrary.wiley.com/doi/epdf/10.1111/emip.12425>

<sup>18</sup> <https://onlinelibrary.wiley.com/doi/epdf/10.1111/emip.12425>

## Conclusion: overcoming barriers and nurturing diversity

Diversity and inclusion lead to business success. Employers that actively work to nurture diversity can expect to reap the rewards.

Information from staff assessments helps employers understand the barriers to inclusion. It can help them make more objective people decisions that reduce bias. This in turn leads to greater role modeling and convinces future workers that diversity is a business priority.

We work with employers around the world helping them make the right decisions about building a winning, diverse workforce. If you would like to speak to us about how we can help, please get in touch.





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## About Questionmark

We help organizations and their people unlock their potential to deliver better performance.

Questionmark provides a secure enterprise-grade assessment platform and professional services to leading organizations around the world, delivered with care and unequalled expertise. Its full-service online assessment tool and professional services help customers to improve their performance and meet their compliance requirements. Questionmark enables organizations to unlock their potential by delivering assessments which are valid, reliable and fair, which can be defended.

Questionmark offers secure powerful integration with learning management systems (LMS), learning record stores (LRS) and proctoring services making it easy to bring everything together in one place. Questionmark's cloud-based assessment management platform offers rapid deployment, scalability for high-volume test delivery, 24/7 support, and the peace-of-mind of secure, audited U.S., Australian and European-based data centers.

## Working with Questionmark

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