



Fairness in Hiring & Talent Management Drives Better Business Outcomes.

Who really benefits from fair talent decisions? We often think of this problem from the perspective of applicants and employees. Both benefit since an equitable process not only means they will be matched to roles in which they are likely to succeed, but it also means that everyone will be evaluated on a level playing field.

However, an under-recognized aspect of fair talent matching is its **beneficial impact on businesses**. Businesses need to recognize that an equitable employment process can have much broader implications for an organization. In recent years, experts have confirmed that both employee satisfaction and workforce diversity are major drivers of business success. Fair talent decision making, empowered by ethical AI, is an effective strategy to simultaneously work toward both of these important goals.

Process fairness: boosting satisfaction and increasing engagement

When it comes to hiring, employers know that an unpleasant application process can be bad for a company's reputation, with surveys indicating that 80% of candidates are likely to tell others about a negative recruitment experience. To avoid this bad press, HR teams do what they can to try to minimize the number of applicants who are inadvertently ignored or offended during initial screens and interviews, with automated chatbots and feedback forms becoming increasingly common. However, according to recent research, employers that commit to creating a positive candidate experience see benefits beyond avoiding negative Glassdoor reviews. For example, in one 2018 report on the attitudes of 7,000 candidates across 45 countries, applicants who were satisfied with their interactions with an employer were over twice as likely to want to be a customer.



From the perspective of talent management, it is of paramount importance that employees not only feel valued and engaged, but also are evaluated fairly for opportunities for future growth within the organization. According to the [U.S. Bureau of Labor Statistics](#), the average turnover rate is around 44.3%, whereas most companies strive for a turnover rate of below 10%. This can cost companies up to 21% of the employee's salary, and for executives it may cost organizations up to [213%](#). Such high rates are most often attributed to one or more of the following: poor company morale, minimal work-life balance, and lack of opportunities for growth.

The modern organization must meet learners where they already are—aligning development opportunities with employee aspirations, and engaging them through the platforms where they are already spending their time.

While many factors affect the quality of an employee or candidate's experience, **fairness is one perception that deserves special attention for employers seeking to improve the talent process.** The importance of fair hiring is related to a broader sociological concept known as "procedural justice," or the idea that the underlying processes leading to decisions are just, allowing people to have faith in the integrity of outcomes. This acceptance of a system is created when judges treat all defendants equally or teachers use a standard rubric to grade essays. In hiring, [researchers](#) have found that employers can establish procedural justice with an evaluation process that is **job-related** and **administered consistently**. Candidates must also feel that they are given ample opportunity to present relevant information about themselves and that the system can be challenged in special circumstances.

As many as 94% of employees say that they would stay at a company longer if it invested in their career development.

-[LinkedIn's Workforce Learning Report](#)

When an employer succeeds in making a hiring process just, the results include real business impacts. Candidates with strong fairness perceptions are up to 30% [more likely to accept offers](#) and [more likely to recommend the organization to others](#), but perhaps more importantly, they are also [more likely to stay in their jobs](#) and [perform at higher levels](#), even after 18 months on the job. This effect is not necessarily surprising—an employee who experiences an employer's conscientious hiring process will have firsthand knowledge that the organization identifies talent effectively and rewards it appropriately. In short, **fairness makes employees trust their employers**, and [trust is an essential driver](#) of engagement, loyalty, and commitment in any workplace.



The necessity of fairness extends to talent management and internal mobility processes as well. Research has shown that employees who feel they are treated fairly at work trust their employer, enjoy their work, and are **more dedicated to their workplace overall**. They are also more likely to help colleagues, are more willing to go through difficult times with the organization, and ultimately stay with the company for longer periods of time. Leaders in particular who are fair—and actively strive to combat bias—are leaders employees can trust, and a trusting manager-employee relationship “defines the best workplaces,” improves performance, and contributes to increased revenue. A lack of trust, on the other hand, can result in low morale and a team with little or no guidance. We certainly have a ways to go to achieve this level of trust everywhere, as seven out of ten people in the US workforce currently believe that managers play favorites at work, and **only 47% of Americans think that promotions are fairly awarded** at their workplaces. As long as employers commit to practicing self-awareness and at the very least recognize their implicit biases and make adjustments to overcome them, they will start to trend positively in due time.

Outcome fairness: driving diversity and messaging values

Beyond influencing how candidates feel about a hiring or internal mobility process, fairness also affects *who* an employer ultimately includes in their workforce or decides to promote or reskill. In relying on selection methods that disadvantage individuals from certain demographic groups, employers strongly decrease their odds of welcoming diverse candidates. The persistence of biased hiring methods is staggering because it directly contradicts a broad consensus that diversity is directly correlated with a variety of business outcomes, ranging from collaborative team dynamics to revenue growth. In contrast then, fairness can be a major driver of organizational success.

When an employer actually implements fair selection methods, meaning their tools do not show a statistical preference for a racial or gender group, candidates and employees are effectively placed on an even playing field. **Females, minorities, people of lower socio-economic status, and students from non-elite schools are suddenly given meaningful consideration for opportunities**, and the introduction of these people can have dramatic implications for business operations.

But getting a diverse group of employees in the door isn't worth much if they don't stick around—other measures such as retention, upward mobility, and overall satisfaction are all key in unlocking the power of a more diverse workforce as well. Research points to diverse workforces—on all management levels—helping organizations develop more creative, cutting-edge ideas with teams who are more likely to have shared experiences with the end user, leading to better product outcomes. [Harvard Business Review](#) notes that **diversity can improve productivity and strategic decision-making by introducing new skills, perspectives, knowledge bases, and social networks**. Even from a global perspective, the innovation and economic prosperity occurring in London, Singapore, and New York has been attributed to the influx of highly-skilled immigrants to these cities.

Beyond the fact that equitable internal or external hiring facilitates the birth of creative, multi-faceted teams, fairness also influences the desire prospective candidates have to become part of the culture. According to the [Harvard Business Review](#), in societies that place a normative emphasis on principles like gender equality and multiculturalism, diversity is a major indicator for how attractive job applicants find a work environment. Up to 70% of job seekers look at workforce diversity when evaluating a job offer, and roughly 60% of women look specifically at the demographic breakdown of an organization's leadership before accepting the job. Fairness in hiring and the type of workforce it yields can therefore be thought of as having a domino effect on the long-term makeup of an organization.

Looking more quantitatively at actual financial performance, among Financing Firms in particular the contrast between diverse teams and less diverse teams can be staggering. According to [another HBR study](#), “among all dimensions measured, the more similar the investment partners, the lower their investments’ performance... the success rate of acquisitions and IPOs was 11.5% lower, on average, for investments by partners with shared school backgrounds” and investments’ comparative success rate was almost 10% higher for partners of differing ethnicities. This can often mean a difference of millions of dollars. While it is difficult to completely disentangle the contributing factors to an organization's success, more and more supporting research continues to be done that points to diversity being an undeniable business advantage for your organization.

Hiring tools are available today and provide immediate ways to meaningfully increase the fairness of the process overall.

AI: enabling fairness with technology

As McKinsey rightfully points out, “to advance toward a true meritocracy, it is critical that companies ensure a level playing field in advancement and opportunity. They should deploy analytics tools to show that promotions, pay processes, and the criteria behind them are transparent and fair; debias these processes; and strive to meet diversity targets in their long-term workforce plans.” In order to enable organizations to achieve these goals, pymetrics employs behavioral science research and artificial intelligence (AI) to match diverse and high caliber candidates to jobs. The process for both external job seekers as well as internal employees seeking new opportunities involves playing a set of science-based games that are used to identify certain cognitive, emotional, and social attributes of an individual. The games are first played by high performing incumbents in a specific job as a benchmark, and then by candidates applying to that job. Machine learning algorithms then assess the match between the attributes of the candidate and the predictive model created from assessing the traits of high performing incumbents. Gameplay data may also be used to enable employers to fairly understand insights on their internal employees’ unique attributes, and where certain individuals may be well-fit elsewhere in the organization.

In building and implementing these predictive models, pymetrics enables both **procedural** and **outcome fairness**, described in greater detail below:

pymetrics on Procedural Fairness:

pymetrics provides each candidate with extensive feedback on their unique emotional, social, and cognitive attributes upon completing the pymetrics assessments. The “**pymetrics profile**” allows them to not only learn more about themselves and receive actionable and work-place-applicable insights, but also reassures them that recruiters have a multidimensional and objective datapoint that goes beyond their past experience and educational background. We have even brought in members of our own Candidate Advisory Council to share what they liked about other reports to shape future iterations of our report. Many candidates have expressed deep gratitude that they were able to obtain such helpful feedback as part of their application process. They felt valued and more properly evaluated by employers, augmenting feelings of fairness and transparency significantly.

Furthermore, pymetrics has a **Guidance** feature that allows internal and external job seekers to play through the assessments and see their best-fit roles across your organization before even applying. This allows you to fully optimize your candidate pool instead of rejecting candidates who aren't well-suited for the one role they applied to, and also increases the chances of receiving a job offering for candidates who are strongly interested in joining your workforce or being reskilled. This process gives your company the halo effect of showing candidates that you care about their future prospects and well-being, which in turn positively affects their perception of your brand as a consumer as well. A true win-win!

pymetrics on Outcome Fairness:

pymetrics methodically ensures fairness to all candidates going through our assessments using an active three-step process. Each step is meticulously designed to eliminate bias. The end result is complete reassurance that, pre-launch, every step has been taken to proactively design the most fair and robust assessment. The three steps are as follows: gamified solution, blind auditions, and fairness through algorithms.

- **Gamified Solution:** The design of the pymetrics assessments removes the gender, ethnic, and socio-economic bias propagated by standardized tests and self-assessments, ensuring that one group does not have an unfair advantage over another.
- **Blind Auditions:** Because candidates move through the platform anonymously, pymetrics serves as a blind audition for a job.
- **Fairness through Algorithms:** The prediction algorithm does not use any demographic information to assess and inform career fit.

Employing statistical methods to actively debias the dataset and validate the method, on which the predictive models lie, is imperative to ensure the selection procedure is **promoting fairness rather than perpetuating barriers**. Only then is the final result a bias-free prediction model that recommends future best performers from all walks of life.

To connect with us and learn more about how to bolster the fairness of your hiring and talent management processes and in turn grow a more diverse and innovative workforce, please visit pymetrics.ai.

