Diversity, Equity, & Inclusion:
The ultimate guide for HR and recruitment
Executive summary

The landscape for DEI is ever-evolving. It requires a concerted individual effort to stay informed, and recognize that each HR and Talent Acquisition person has their own perspective and priorities to balance. For HR decision-makers, it can be tricky to connect theoretical values with a cost-benefit analysis of real policy and purchasing decisions. HR and Talent Acquisition professionals feel passionately about improving DEI, for example, but may lack the tools to explain its benefits to folks who make investment decisions for the company.

For businesses looking to be competitive, DEI is worth investing time and money. It’s the only way organizations can ensure that their workforce is driving innovation and becoming more representative of the customers they serve. But in uncertain economic times, it’s critical that leaders can ensure their efforts are translating to measurable impact.

DEI by the numbers (as of publication date):

- Companies are 2.2x more likely to achieve exceptional financial results when HR meaningfully consults on DEI issues (Josh Bersin Academy)
- Companies are 8.2x more likely to satisfy and retain customers when DEI is embedded in every HR program (Josh Bersin Academy)
- Nearly 80% of talent professionals ranked “diversity hiring” as the most important trend in the recruiting industry (Forbes). But only 35% of HR leaders ranked DEI as the #1 priority (Gartner)
- 78% of employed people in management, professional, and related occupations are white (US Department of Labor)
- 48% of Gen Z is non-white; it’s the most diverse generation yet and will be 30% of the workforce by 2030 (Pew Research Center)
- 88% of Black talent in high-demand majors, like Engineering, attend schools beyond HBCUs (Handshake data)

At the start of this guide, you’ll find our high-level overview of diversity, equity, and inclusion. What distinguishes these concepts from one another? Why are they so critical? We’ll follow this broad section by narrowing our focus to discuss exactly how the HR and Talent Acquisition approach to diversity, equity, and inclusion has changed in recent years. The emergence of Gen Z into the workforce, the post-Roe and post #MeToo world, and the inequality gaps worsened by the COVID-19 pandemic have all shaped DEI in key ways. We’ll end with practical suggestions for improving diversity in your organization.
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Overview of diversity, equity, and inclusion (DEI)

**DIVERSITY**

At its core, diversity is about expanding access to the privileges and opportunities of work for those who have been historically underrepresented or excluded from it. Types of diversity include:

- Race
- Ethnicity or nationality
- Citizenship status
- Religion
- Gender identity
- Sexual orientation
- Gender expression
- Disability
- Socioeconomic status or background
- Educational attainment
- Military service

Efforts to promote diversity within a company typically focus on hiring and working with folks whose experience is different from the dominant culture.

**Workplace:** A hospital where people of color are well represented among nursing staff but not among administrative staff.

**Action:** Provide professional development opportunities to advance staff, such as funding workforce to attend conferences and upskilling courses.

**Workplace:** A Fortune 500 company with a large recruiting staff wants to diversify.

**Action:** Build relationships with HBCUs and school clubs to broaden access to job and networking opportunities. Fund a scholarship or internship program for underrepresented students who may attend lesser known schools.

**Workplace:** A traditionally male-dominated industry like finance.

**Action:** Target hiring strategies toward women and non-binary people. Host events that connect female students to female leaders at the company.

**HR POLICY CONSIDERATIONS**

- Use tools like Employee Resource Groups (ERGs) or mentorship programs to support employees with diverse backgrounds after hiring.
- Drive collaboration by building buy-in from managers and employees across the organization on the importance of diversity.
- Think creatively on your recruitment strategy; you can find specific recruitment strategy ideas later in this guide.
EQUITY

Equity as a principle recognizes that righting the historical wrongs experienced by underrepresented and marginalized groups requires more than simply equal treatment, or a focus solely on equality. Because of the harmful systemic barriers that people of color, women, disabled people, LGBTQ folks, and other marginalized people still face as they move through life and work, simply providing all employees or candidates with equal resources is not enough. Barriers to equity still exist in most workplaces, whether in the form of a dearth of resources, implicit bias, or in gendered or racial pay discrepancies.

Supporting your people:

- Black employees may benefit from the support of Black mentors and sponsors who are more advanced in their career with your organization.
- LGBTQ employees may want to have a conversation about their pronouns with coworkers—or they may prefer to keep specific details of their identity private.
- Disabled employees are often concerned about voicing their need for accommodations in the workplace, for fear of reactions like violations of their health privacy, losing access to health insurance, or dismissal of an invisible disability.

In practice, equity requires flexibility, attention to an individual's needs, a commitment to fairness, and an openness to criticism—all of which are challenging to build for a larger organization. But it can be done!

HR POLICY CONSIDERATIONS

- Think about equity beyond how you employ people in your organization. Consider, for example, environmental justice. How does your business model contribute to climate change? What can you do to improve the sustainability of your operations? Gen Z candidates are interested in seeing meaningful equity action on the issue of climate change and environmental justice, making this both a worthy DEI focus and a compelling recruitment strategy.
- Make changes both large and small. Encouraging employees to share their preferred pronouns in their email signature is a small but meaningful way to promote LGBTQ inclusion. Devoting resources to LGBTQ employee support groups or action committees is a way to scale.
- Communicate with transparency, authenticity, and accountability. Employees, particularly millennials and Gen Z employees, expect their employers to make visible efforts to promote equity. One common matter of equity and transparency is the fight for pay transparency, in order to eliminate systemic bias and pay inequalities.
INCLUSION

If diversity is about the backgrounds and experiences of your employees, and equity is about how you address the systemic inequalities they experience, inclusion is how you treat candidates and employees in every interaction.

What does an inclusive work environment look like? Generally, it’s a workplace that respects that each employee brings their own unique background and life experiences to work. Employees understand that they won’t be punished for taking a day off work to celebrate a religious holiday, for example. Internal communications, as well as interpersonal rules and norms in the workplace, should hold space for people of diverse backgrounds and perspectives.

A company may hire diverse candidates, but without inclusion initiatives, it won’t be able to retain them. Companies with an inclusion problem often experience high turnover among people of color and other minority groups. This turnover, as well as the conditions that cause it, may reduce the number of diverse candidates that make their way up through the ranks in an organization—contributing to harm and systemic injustice. In contrast, an inclusive workplace gives employees of all backgrounds both the opportunity and the support to seek leadership positions within the company.

HR POLICY CONSIDERATIONS

✓ Invest in tools, processes, events, and teams that you know will make employees of all backgrounds feel more included in the workplace. Start by surveying for employee feedback and work with individual teams to pinpoint areas that could benefit from investment.

✓ Ask employees how you’re doing—and listen to what they say. Formalizing feedback loops from diverse employees is an insightful tool you can use to improve your policy. It helps your organization make effective, accurate allocations of resources.

✓ Hire employees who share your company’s commitment to inclusion and audit your hiring process to identify ways it can be more inclusive. The more folks you have on staff who share your values, the sooner you’ll reach these goals.
The importance of DEI

DEI initiatives are critical in helping organizations achieve their core mission.

**DEI is the right thing to do**

Our world is a diverse, multicultural place. If we’re serious about equality and creating a supportive work environment, our employees should reflect the diversity of the communities we serve. A commitment to ethical business practices demands that DEI be a fundamental pillar of a company’s values. Fortunately, the choice between DEI initiatives and profit doesn’t have to be a pressing one, because...

**DEI gives businesses an edge**

Investment in DEI initiatives pays off. Studies show that businesses that are more diverse have better revenue and higher levels of innovation than their competitors. Diversity among employees is a huge business advantage, particularly when it comes to representation within corporate leadership. Why? Because unique perspectives and individual experiences is what drives innovation. If you’d like to learn more, check out Handshake Network Trends’ report on Gender, Equity, and Gen Z.

**DEI is necessary for compliance**

In the US, federal law requires that employers hire employees without discrimination based on age, sex, ethnicity, race, disability status, pregnancy status, and a number of other factors. Some states have gone even further with anti-discrimination laws. Other states and major localities (such as New York) have laws that require companies operating in their area to have a certain number of seats on their board filled by women and/or people of color. Where your business operates determines much about the local legal regulations when it comes to DEI. A work environment that isn’t inclusive and equitable doesn’t comply with equal opportunity laws.

**DEI invests in a better workplace for employees**

An investment in DEI is an investment in making your workplace a better fit for your employees. It’s an investment in the happiness and longevity of your workforce, which in the long run cut costs on recruitment by reducing turnover and burnout.

**DEI is essential to attract Gen Z and compete for top talent**

Data has found that nearly 80% of talent professionals ranked “diversity hiring” as the most important trend in the recruiting industry —and Gen Z is the most diverse generation yet. While workplace DEI has been stressed for decades, today’s rising talent is requiring employers do something to improve on DEI.

**DEI is required to diversify leadership**

More than 60% of Gen Z respondents to a Handshake survey say they “always” or “usually” research diversity in employers’ leadership, and this perspective is consistent across demographic groups. Attracting top Gen Z talent, especially those with competitive tech talent skills, is necessary to fill open roles now—and start developing a more representative leadership bench for the future.
The shifting landscape of diversity

In the next section of this guide, we’ll explore how the diversity landscape has changed in recent years through a variety of social justice movements, before moving on to practical tactics for HR managers looking to make diverse hiring a priority.

Let’s explore how social justice movements have changed the landscape of diversity in US, and what you can do to keep up with the times.

Early talent and their influence

There are many driving factors behind the rapid pace of social change of the past several years. But undoubtedly one of the most influential is the growing number of young people. By most estimates, members of Gen Z (people born between 1997 and 2012) account for around 30% of the world’s population. The social impacts of Gen Z continue to expand as they enter the workforce.

Some of the forces that shape this generation’s opinions and behavior include:

- **Racial and ethnic diversity.** People of color make up 48% of Gen Z. Gen Z also has the largest share of mixed-race people compared to other generations; 53% of the population of American mixed-race people are members of Gen Z.

- **Risk aversion.** Surveys and studies have shown that Gen Z is a highly risk-averse generation.

- **Similarity to Millennials.** Members of Gen Z align with Millennials on many issues. Both generations are concerned about climate change, racial inequalities, and LGBTQ equality. We’ve already discussed the growing size of Gen Z in the US. Gen Z and Millennials combined number nearly 140 million Americans—almost half of the entire American population, and a powerful consumer base and social influence.

- **Entrepreneurial spirit.** 54% of members of Gen Z report that they would like to own their own business. This entrepreneurial streak has profound implications for hiring managers. Consider how can organizations build career paths beyond the corporate ladder or provide flexibility and autonomy.

- **Feminism and LGBTQ equality.** Gen Z has high expectations for employers, politicians, and public figures. In order to recruit from or sell to this group, gender, LGBTQ, and racial equality must be guiding principles. For example, more than half of respondents to a Handshake survey said they would not apply to a job or internship if there is a lack of gender diversity.

From their outsized presence on social media to their growing role in the workplace, Gen Z is a key component of the changing nature of diversity at work.
Education and recruiting

Outside of work experience, a person’s education is one of the most important features of a resume. But the way that we acquire education and vocational training has changed significantly over the past decade, and that’s affecting companies’ ability to recruit and retain diverse candidates.

The number of Americans attaining a bachelor’s degree or higher continues to increase each year. Also increasing? The cost of higher education, which has risen exponentially in the past several decades, even after adjusting for inflation. This has led to an explosion of student debt, which impacts current students, their parents, and recent graduates. Americans as a collective hold $1.7T dollars in student loan debt. The average student loan borrower has nearly $29,000 in student loan debt. Few people have the financial means to complete a degree without any student loan debt.

This leaves employers in a unique situation when it comes to recruiting new graduates and young adults. With the average student debt load so high, candidates need a salary that can cover those bills, and even for well-educated, qualified people, those jobs can be hard to find. Employers need to be prepared—both for the financial needs of the college-educated workforce, and for the increasing number of qualified applicants who choose to forgo higher education to save money.

There are strategies to get around this problem.

• Recruit from diverse institutions such as women’s colleges, historically Black colleges and universities (HBCUs) and other minority-serving institutions or lesser known schools with overlooked talent pools.
• Leverage more virtual events which diverse students prefer in order to foster authentic connections.
• Explore skills-based hiring recruiting strategies. Check out our recent article to learn more.

HR leaders and recruiters need to be prepared for the way these trends and changes may shape the recruiting process in the coming years. Education is changing, and companies are going to have to get creative with the way they recruit qualified candidates.

Job hunting behavior differs across race and ethnicity.

White and Asian students are more likely to rely on personal and professional networks while Black/ African-American and Hispanic students are more likely to rely on formal formal resources provided by their schools. How is Gen Z searching for a new job? Find out more on the Handshake Network Trends blog.
Women in the workplace

Women have made great progress in workplace equality in the past several decades. But there are still persistent barriers to women’s success in the workplace—particularly in more traditional or conservative industries. Despite recent advances, women are still underestimated, dismissed, overlooked, infantilized, and harassed at work. It’s not just a problem perpetuated by individuals, but one that is also institutionalized into corporate policy in many cases. Let’s explore some of the nuances of how gender affects a person’s experience in the workplace.

- **Women and people of color still face pay inequity in the workplace.** Generally speaking, women earn 84% of what men earn. They also perform the majority of unpaid labor, both in and outside of the workplace. Black women earn just 63 cents for every dollar made by white men. This stark inequality is behind the movement toward better pay transparency, and we urge HR managers to consider sharing pay information in job postings for this reason.

- **Women are still underrepresented in leadership positions.** Women struggle to obtain the resources, mentorship, and guidance necessary to rise through the ranks in an organization. The worst of the leadership gap exists in the first step up to management; women and people of color are impacted particularly hard. Employers need to take even more responsibility for supporting women’s pursuit of leadership roles. There are strong indications that women of all levels are leaving their jobs, often in part due to institutional sexism in the workplace as well as...

- **The lack of women-supportive policies such as parental leave.** With no federal requirement for paid parental leave, and the ever-rising cost of childcare, women often feel they have no choice but to remain out of the workforce. Along with keeping women in the workforce, companies can attract more top talent with modern policies.

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<th>How would you score the following benefits in terms of importance to you?</th>
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<td>Parental Leave</td>
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<td>Tuition Reimbursement</td>
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<td>Unlimited PTO</td>
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<td>Child Care</td>
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<td>Mentorship Programs</td>
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<td>ERGs</td>
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<td>Hybrid Work</td>
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<td>Fully Remote</td>
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In a Handshake survey, 74% of Gen Z respondents said parental leave was highly or somewhat important. Examine if your benefits package makes your workplace welcoming to women—or dismissive.
Women want and need to see that your organization is addressing these issues head-on. Even though they continue to face disadvantages in hiring and at work, they make up a sizeable portion of the highly educated and skilled workforce. Your organization can’t afford to miss out on talented female candidates.

Women, especially women of color, still face many barriers to equality in the workplace; greater pay transparency and mentorship programs are needed.

Gen Z women expect a $6.2k lower average salary compared to men.

Women who are entering the workforce set a lower “high” starting salary compared to men, as revealed by a Handshake Network Trends survey. This highlights the longstanding issue of gender pay disparity: women’s salary expectations are lower from the start, potentially reflecting historical pay gaps.
Expanding access to social capital

The importance of social capital intersects with a growing focus on equity for organizations. Social capital is the institutional knowledge that helps job candidates and new employees make sense of an organization’s norms. Folks who have experience navigating the corporate environment may not understand how foreign and confusing workplace relationships can be when you’re new to that world.

Women are 26% more likely than men to believe you do not need to meet in person to make a personal connection

The normalization of visual job seeking has opened up more opportunities to build relationships, sidestepping “old-boy networks” that historically rewarded men and disadvantaged women.

Respondents of color are 1.7 times more likely to believe it’s easier to enter a career now compared to their parents’ generation

When controlling for gender and compared to white respondents, respondents were...

- 1.7x more likely to believe it’s easier to enter a career compared to parent’s generation
- 1.5x more likely to be consistently searching for new job opportunities
- 2.1x more likely to plan to reach out to an alumni they did not previously know for career advice or support

Learn more about “The new currency of social capital” on the Handshake Network Trends hub

These feelings are common among new graduates and young professionals entering the workforce for the first time. Women, people of color, disabled people, neurodivergent people, religious minorities—all of these groups have been excluded, at one time or another, from access to the norms and privileges of good-paying, white collar work. For example, employees experience it in the form of unpaid internships—a valuable way to get work experience, but financially out of reach for most people.

Companies and organizations of all types need to make a concerted, intentional effort to dismantle the institutional bias and gatekeeping that prevents meaningful progress. Mentorship, employee resource groups, and other similar resources are great options for targeting these barriers and uplifting underrepresented employees. Investing in training and upskilling opportunities can show existing employees that you care and provide access to the kinds of opportunities they have long been denied.

Organizations must shift focus from simply hiring diversely to improving access to the knowledge, skills, and relationships that help employees succeed and attain leadership positions.
9 tactics for walking the walk on DEI at your organization

1 Establish a baseline
Before setting out on any major effort to improve your DEI initiatives, use "belonging" numbers, attrition rates, employee surveys, or a combination of techniques to get a clear picture of how you’re doing. It’s important to capture qualitative data as well, through focus groups, listening tours, and 1:1 conversations. You need to understand your starting point in order to develop the most effective possible DEI initiatives for your organization.

2 Cast a wider net
If you remain mindful of these issues when deciding where to recruit from, chances are you’ll find a more diverse population to recruit from:

- Review your background check process and consider **banning the box** to allow candidates to contextualize any experiences with the justice system
- Audit your job posting language for inclusivity, and consider whether some of your education requirements can be substituted for training or work experience equivalencies
- Leverage tools like Handshake to become more school agnostic and widen your ability to target and connect with talent.

3 Formalize the feedback loop
Underrepresented employees will know better than anyone how your organization needs to improve, where your efforts should be focused, and any potential barriers to change that stand in your way. From annual anonymous surveys to group discussions and one-on-one interviews, set clear channels, expectations, and action steps that will follow. This empowers consistent measurable growth that fosters trust and builds moments.
Diversify your brand

In order to build a diverse team, you have to create a work environment that folks of different backgrounds want to work in. Let the diversity of your organization show in your marketing campaigns, in your hiring process, in internal communications, and in the inclusivity and equity focuses of your business goals.

This strategy is particularly important because of how much members of Gen Z identify with the values of their employer. In order to effectively recruit early talent from this growing group, diversity should be at the heart of your branding efforts.

Audit your interview process

DEI policy can only go so far if hiring managers in other departments aren’t on board. This is a great reason to promote mandatory inclusion training company-wide. Educate hiring managers about implicit biases, intersectionality, and systemic racism. Measure the data from your talent team on pass through rates, and audit your interview process, diversity of the interviewing bench, and survey applicants to ensure candidates are being evaluated fairly and don’t forget to connect these DEI efforts with the interview process in order to attract Gen Zers and underrepresented candidates.

Most students of color prefer virtual interviews while most white students prefer in person interviews

Virtual In Person
Black or African American 58% 42%
Hispanic or Latinx 57% 43%
Asian 56% 44%
Two or more races 53% 47%
White 44% 56%

Overall n=2,440

Virtual spaces offer comfort to students across groups that traditionally face explicit and implicit bias, including students from underrepresented racial and ethnic groups, women, and those who are neurodivergent or differently abled. Head to the Handshake Network Trends hub for more data.
Recruit for skills

All companies need tech talent to remain competitive. One way brands can widen their reach to attract for competitive roles is by building an equity-based hiring process that doesn’t rely so heavily on rigid qualifications. For example, adopting a skills-based hiring model is one way to do this as bootcamps, certifications, and virtual self-guided skills assessments are making it easier than ever for talent to get skills without the degree. Bonus? Leverage your internships and bootcamps as a workforce pipeline to train skilled workers who share your company values with the goal of helping them fill full-time roles.

Invest in retention & growth opportunities

Resources, money, and labor are diverted exclusively to hiring more diversely which, conveniently, is also easily measured for progress against KPIs. But diverse employees are not going to remain in a work environment that is hostile or difficult for them to navigate. Employees expect mentorship from leaders who understand their background, and the support of their coworkers. Any organization concerned with diversity needs to give retention, growth opportunities, and inclusion at least as much effort as building a diverse pipeline of new or entry-level talent.

Top 3 factors related to gender diversity that would compel students to apply to a company

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<th>Description</th>
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<td>01.</td>
<td>Commitment to equal pay (conducts pay audits)</td>
<td>62%</td>
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<tr>
<td>02.</td>
<td>Women in visible leadership roles</td>
<td>50%</td>
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<tr>
<td>03.</td>
<td>Programs and networks to support women</td>
<td>35%</td>
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Beyond stating salary in the job post, an ongoing commitment to pay equity is essential to attracting and retaining diverse Gen Z talent. Get more data on the Handshake Network Trends hub.
Recognize progress

Set measurable, attainable goals for your DEI efforts. Try to include a mix of goals with easy-to-track KPIs and goals that are more vague or malleable, so that you can adjust them to better fit your situation as you progress. Decide what progress looks like for your organization and then share the results of your efforts with employees, management, and the public. Equity demands accountability and transparency. Focus on making progress rather than meeting goals perfectly right away. As with any human process, there are only so many elements within our control.

Build an inclusive work culture

Each individual influences a work culture with their behavior—the language they use at work, how they show up for their colleagues, and their attitude being a few examples. As much as we’d like to say that an inclusive work culture can simply be dictated from on high, that just isn't the case.

Communicating clearly about expectations is a good way to encourage employees to be more inclusive of one another. Invest in DEI tools, staff for DEI teams, and training programs for employees across the organization. For folks with less decision-making influence, small organizational changes such as including pronouns in email signatures, or switching official company language to be more gender-neutral (“salesperson” instead of “salesman,” for example) are also good steps to take.
DEI will fuel the future of work

It’s impossible to know just what the future holds. Certainly none among us could have predicted a modern global pandemic, nor did we expect the way that it would rapidly expand access to remote and hybrid work. But we can’t know exactly what lies ahead, there are indicators. The world is becoming a more diverse place. Education is becoming both more open-source than ever, thanks to the Internet, and more financially exclusionary, thanks to the rising costs of formal higher education. These factors and others shape and mold the workforce—it’s our job, as HR leaders and recruiters, to adapt and thrive in unpredictable conditions.

Diversity, equity, and inclusion are necessary strategies for any organization hoping to create a more respectful, tolerant, and welcoming workplace. But the benefits of these strategies extend far beyond their high return on investment, compliance advantages, and competitive benefits. Investment in the talent pipeline (diversity) combined with strategic retention efforts (equity and inclusion) is one of the most effective to see results from your DEI budget.

To fully understand the DEI landscape, though, we need to move beyond definitions and strategic advantages. Recent years have brought many changes to the expectations and norms that govern this space. The world’s demographics are changing, and companies need to invest in diverse talent recruitment to keep up.

You don’t have to navigate DEI alone. Handshake’s robust hiring platform for recent graduates, nontraditional students, and early talent can help you connect with the diverse candidates your organization needs to succeed—and bespoke data to inform your strategies.

Contact us for a DEI diagnostic.
partnerships@joinhandshake.com • joinhandshake.com/employers