



# Meeting the Demands of an Evolving Workforce

Whitepaper





# Meeting the Demands of an Evolving Workforce

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**A skilled, productive, and engaged workforce is critical to any organization's success. Companies invest endless resources to attract and retain the best talent, equip employees with necessary skills, and create high performance cultures. But will the processes and policies organizations use today work for the workforce of the (near) future?**

The global workforce is rapidly evolving, and in the next decade, will undergo changes at a scale we haven't seen in a century. A variety of factors are driving this:

- The size of the available workforce around the world, from the U.S. to the U.K. to Germany to Japan to China, is shrinking. [Open jobs already outnumber available employees today](#), even in an uncertain economy. The tightening of the labor market only stands to get worse.
- While the rise of AI and automation are projected to decrease the need for some roles, [demand for business and legal professions, management, healthcare, transportation, and STEM are projected to continue to grow](#).
- The makeup of the workforce is changing, as the [population becomes increasingly racially/ethnically diverse](#), [more people identify as LGBTQ+](#) and [neurodivergent](#), and generational diversity — [driven by later retirement ages](#) — expands.

Are organizations ready to handle these changes? Will their ability to attract, develop, and retain employees keep pace with the evolution of the workforce?

We looked at our data, representing more than a hundred global companies and millions of employees around the world, to answer this question. We found the answer is a resounding “no.” Organizations are struggling to hire racially/ethnically diverse employees, develop talent from underrepresented backgrounds, and create consistently positive workplace experiences across demographic groups. In short, they're struggling to attract the best candidates from all backgrounds and to create cultures that unlock everyone's potential. To effectively navigate the changing talent landscape, organizations need to start building for tomorrow.

Below are the areas where our data indicate the biggest challenges are likely to arise, along with examples of what's driving those barriers, and guidance for the future.

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# Hiring





# Hiring

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**As the global population becomes more diverse across a range of dimensions, workforce demographics are changing. What that looks like varies in each region of the world. In the U.S., for example, the share of White people in the workforce is declining. From 2020 to 2023, [it decreased by more than four percentage points \(from 61.5% to 57.1%\) and is projected to be at less than 50% by 2050, while Latine and Asian representation in the workforce continues to grow.](#)**

Our data show that today, companies are not prepared to effectively attract and hire the best candidates from all backgrounds, and as candidate demographics change, the impact of this gap will only grow. To understand how people's identities impact their chance at being hired, we looked at data from 35 organizations across industries, representing 1,866,730 candidates, 26,550 (1.4%) of whom were ultimately hired. All of these organizations are committed to diversity, and are actively seeking to build a more representative workforce.

**We found that for the vast majority of companies (83%), the candidate pipeline was more racially/ethnically diverse than the employees that were eventually hired.** In these companies, a White candidate was 1.7 times more likely to be hired than candidates from other racial/ethnic groups.

While there are a variety of factors informing this gap, we found one particular source that has an outsized impact — referrals. **In our dataset, referred candidates are more than 4.5x as likely to get hired as candidates from other sources. Candidates of color represent less than 50% of the referred candidate pool, but more than 60% of the non-referred pool.** A wealth of research indicates that referral networks tend to reflect the demographic makeup of an organization. In the years ahead, organizations relying heavily on referrals will have a more challenging time attracting and hiring a representative set of employees, unless they do something to shift this trend. As representation in the available workforce diversifies, these organizations' talent pools will continue to shrink.

## Evolving Hiring Processes

Instituting structured hiring practices — aligning on key role criteria in advance, training hiring managers on managing bias, using rubrics to evaluate interviews, and conducting candidate debriefs — can help organizations close gaps in pass through rates and hire the most qualified candidate for a role. Organizations should also consider ways to diversify their referral pools.

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# Representation in Leadership



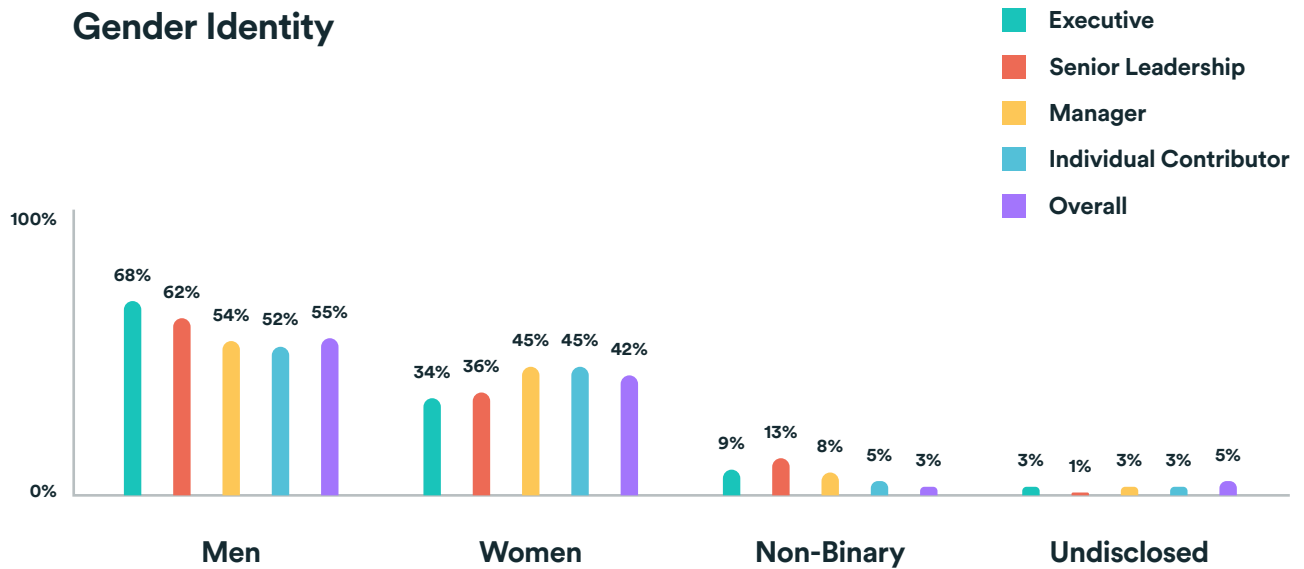


# How Can Leaders Become More Inclusive?

**We also see representation diminish as employees advance in their careers.**

When we look at representation data from 50+ companies with hundreds of thousands of employees, our findings echo various other studies: White people and men are overrepresented in leadership compared to their representation in the overall employee base.

## Gender Identity





## Race / Ethnicity

- Executive
- Senior Leadership
- Manager
- Individual Contributor
- Overall





Why aren't we seeing representation at each level roughly mirror a group's representation in the overall workforce? One of the most obvious factors is the availability of leadership roles — there are simply fewer of these roles in a company, and White people and men have been better represented in the workforce for longer. Unless an organization adds more leadership roles, or someone leaves, there is no space for diversification.

If that were the only factor at play, time might bridge these gaps. But what we consistently find in our work is that there are a range of structural, systemic, and individual issues compounding the problem. One example, shown in data from our partner Textio, is differences in feedback.

**Textio's data [exploring 13,000 performance reviews found:](#)**

- Women of all races and people of color of all genders received lower-quality feedback, and less feedback overall, than everyone else.
- 83% of men said they understand what's required to earn their next promotion; just 71% of women, non-binary, and transgender people said the same.
- Just 54% of Asian people said they understand what's required to earn their next promotion.
- Black employees get 26% more unactionable feedback than non-Black employees, despite only receiving 79% as much feedback overall.

These gaps show critical failures in organizations' ability to build equitable or meritocratic systems that allow the best people to rise to the top. If organizations don't address these and other structural and systemic barriers, they'll find their leadership ranks continue to be far more narrow in representation than their overall employee base, and they'll see talented employees from underrepresented backgrounds leave the organization at higher rates.

### **Improving Organizational Processes**

Instituting structured performance management practices — applying the same promotion criteria to every employee, training people managers on inclusive leadership, and closing pay gaps — can help organizations advance and retain their highest performers. Exploring other areas, like work norms and policies, and who receives mentorship and access to stretch opportunities, can also help companies understand why groups are not advancing at equal rates.



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# The Employee Experience





## The Employee Experience

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**Organizations that want to keep the best people also need to pay attention to employee experience.** When we look at sentiment data from more than 35,000 employees at 50 organizations, we see that employees from a range of underrepresented backgrounds are often having worse experiences than their peers with majority group identities. **For example:**

1. Disabled employees are 20% less likely to feel like they belong, 31% less likely to feel like they have a voice, 17% less likely to feel a sense of psychological safety, and 16% less likely to feel engaged than employees without disabilities.
2. Veterans are 10% less likely to say they're engaged and 6% less likely to feel a sense of psychological safety compared to non-veterans.
3. LGBTQ+ employees are 35% less likely to feel that decisions are fair, and 12% less likely to feel a sense of psychological safety compared to non-LGBTQ+ employees.
4. Non-binary employees are 36% less likely to feel like they belong, 50% less likely to feel like they have a voice, and 21% less likely to be engaged compared to men.
5. Employees of color are 60% less likely to feel like decisions are fair compared to White employees.

Creating a culture where people can do their best work, collaborate effectively, be productive, and feel engaged requires addressing these gaps. In fact, a number of studies have shown that belonging — the feeling of being securely, socially connected to others in an organization — is the [top predictor of employee engagement](#) and has a direct impact on performance. If companies cannot close these gaps in the employee experience, they'll fail to perform at their best.

Our data also show that [when a company invests in closing inclusion gaps, they see the experience of all employees, regardless of background, improve.](#)

### Improving Organizational Processes

There are a variety of factors that impact the employee experience, from management to workplace norms to benefits. To understand where to invest — e.g., improved internal communications, manager training, updated policies — companies should gather data to understand the employee experience and how it differs among groups.

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# Conclusion





## The Employee Experience

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**Just as the influx of women into the workforce decades ago brought about a pivotal transformation, the continued diversification of the workforce stands to bring about another. The disparities our data show between current majority and underrepresented groups should serve as a wakeup call for organizations that want to harness the power of a rapidly evolving, competitive workforce.**

Even companies that may not be as motivated by the moral or business cases for diversity, equity, and inclusion should be motivated by a future inability to attract and retain top talent. By taking proactive steps to close the gaps they see today, companies can ensure they are prepared for the workforce of tomorrow.



## Need help evolving your workforce strategy?

Learn more [here](#), or email us at [contact@paradigmiq.com](mailto:contact@paradigmiq.com)



### About Paradigm

Paradigm is a diversity, equity, and inclusion strategy firm that has worked with 1,000+ companies around the world to build stronger, more inclusive organizations. We design data-driven strategies, implement programs with impact, train employees and leaders for success, and measure the impact of diversity, equity, and inclusion efforts.

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