Wes/insights
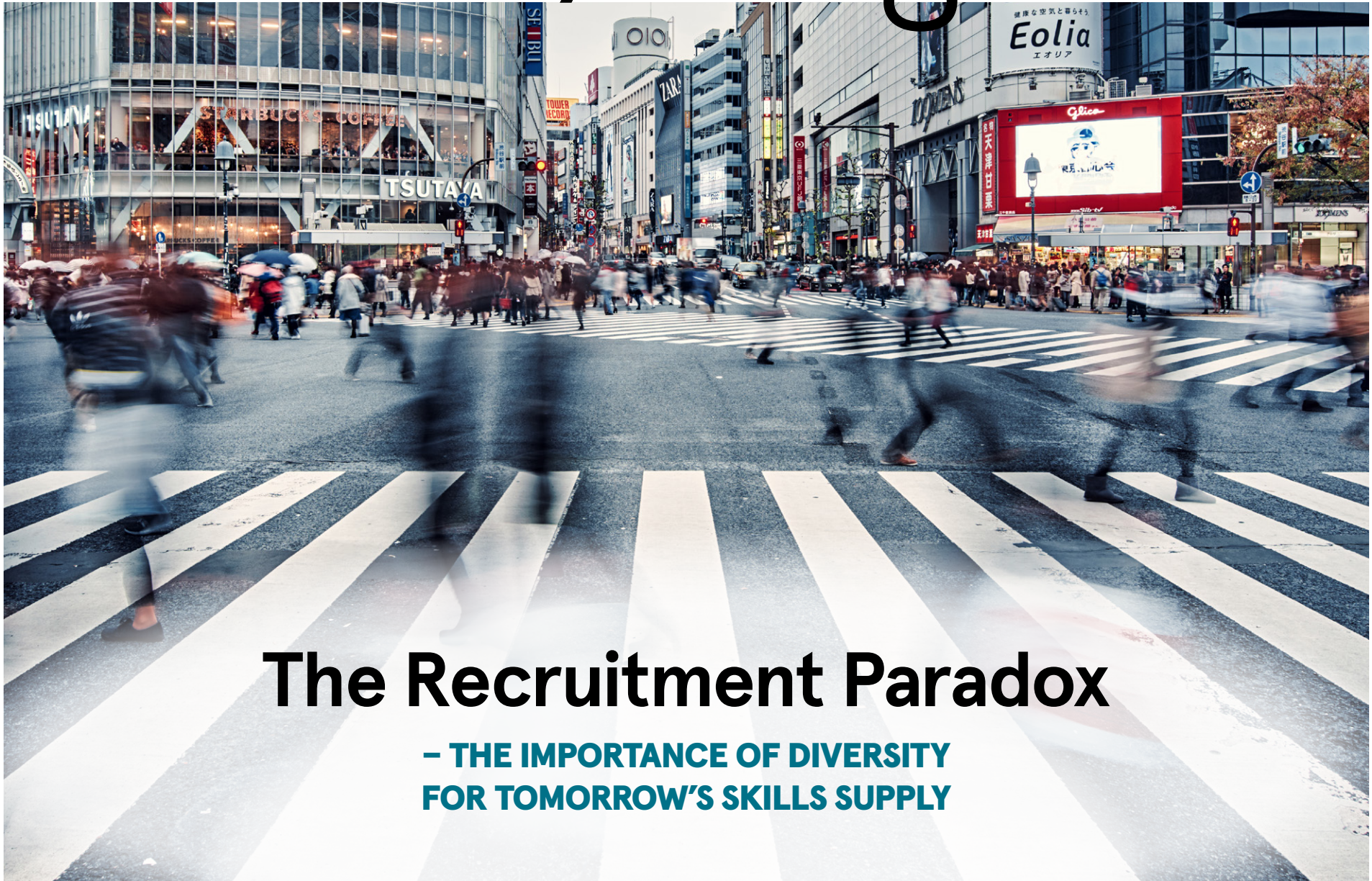
The Recruitment Paradox

– THE IMPORTANCE OF DIVERSITY FOR TOMORROW'S SKILLS SUPPLY

Contents

Welcome to Wes Insights 2023

This report is based on a survey of over 800 business and public sector leaders. When we launched our previous Wes Insights report, it was 2021 and we were in the midst of a pandemic that would fundamentally reshape the labor market. This year's report takes a deep dive into some of the most pressing workforce issues of our time. How can we satisfy the labor market's huge demand for new skills? How can we make better use of the entire pool of skills? What is required for us to challenge our own assumptions of what the *right skills* look like?

The findings from Wes Insights reveal something important: many employers are not tapping into the wealth of skills, talent and potential available out there. Fortunately, there are solutions, and they are available to the vast majority of us. At the end of this report, we share five recommendations for owners, boards, and management.

We hope the report will inspire concrete actions and new ideas! Ⓦ

Carolina Engström
CEO, Wes

Executive summary

**Wes Insights 2023
– The Recruitment Paradox**

The findings of Wes Insights 2023 show that half of the leaders surveyed almost always or often have trouble finding the right skills and competencies when recruiting. Specialists with extensive experience, mainly in technical and digital fields, are the most challenging to recruit. Most leaders believe that issues with finding skills will persist or increase in the near future.

The results of Wes Insights 2023 indicate that we should be talking about a waste of skills, rather than a skills shortage. Two thirds of leaders say they do not sufficiently use the entire pool of skills when recruiting. Over two thirds also say they are not good enough at finding skills from other industries. Many leaders have also been rejected in a recruitment process themselves due to lack of industry experience. Despite a very high level of interest in changing industries, many of them report concerns that their experience will not be valued in new industries, and that it could be difficult to obtain a role with equal seniority.

The waste of skills also stems from preconceptions about people of various ages. One third of leaders believe that seniority can be a legitimate reason for rejecting someone in a recruitment process, and there are doubts about whether people in their 30s have the life experience and maturity to take on a leadership role.

These results reveal a recruitment paradox. On the one hand, recruitment in "new" age groups is considered one of the solutions to the issue of finding the right skills, while on the other, people are filtered out based on age rather than skills. Most leaders believe that cross-industry recruitment is one of the most effective solutions going forward. However, candidates' lack of experience in the industry is considered one of the main problems when recruiting.

The majority of leaders see great benefits in broadening their views of skills and endeavoring to have more diversity. Respondents who state that the employer actively focuses on increasing diversity in the organization are also more likely than others to feel that

"On the one hand, recruitment in "new" age groups is considered one of the solutions to the issue of finding the right skills, while on the other, people are filtered out based on age rather than skills."

the organizational culture is characterized by openness, responsiveness, learning, and a focus on innovation. In the results, we identify two underlying dimensions of work with diversity: those often referred to in the research as *surface level* diversity (focused on increasing diversity with regard to gender, age, foreign background, disability and sexual orientation), and *deep-level* diversity (focused on increasing diversity with regard to personalities, opinions, attitudes, competencies, skills and experiences). The results show a clear pattern: focusing on surface level diversity is a good first step for enhancing attractiveness, but only when this is combined with deep-level diversity do we see really strong

"The results show a clear pattern: focusing on surface level diversity is a good first step for enhancing attractiveness, but only when this is combined with deep-level diversity do we see really strong links with positive aspects of culture and increased engagement."

links with positive aspects of culture and increased engagement. Deep-level diversity requires an open organizational culture and inclusive leadership, which in turn emphasizes the importance of offering continuous leadership development, of which inclusion and diversity are a part.

For companies to remain competitive, they must actively promote continuous learning in their organization. The survey shows that employers that actively pursue diversity are more likely to conduct educational activities. Surface-level diversity is positively correlated with employer learning cultures, but deep-level diversity has the strongest correlation with a learning culture. A greater variety of experiences, skills, and personalities expands the number of specialist skills and opportunities to learn new things from one another.

At the end of this report, we share five actionable recommendations for owners, boards, and management. 🆆

About the study

This report is based on the results of a survey conducted in December 2022 and January 2023. The survey was taken by 802 people. The results are weighted to obtain equal distribution between men and women. Three people (0.25%) answered "other" when asked about gender.

Of the 802 survey respondents, 83% hold managerial and leadership positions. Twenty-two percent of the leaders are CEOs or equivalent; another 31% belong to the company or organization's senior management, while 29% are managers or leaders reporting to senior management, and 17% are managers or leaders at another level. As many as 83% of respondents work in the private sector, of which 25% are in the growth and start-up arena. Thirteen percent work in the public sector and 4% in an interest group or similar.

Seventy-three percent of respondents are employed or hold interim positions, 16% are self-employed, and 6% are a combination of self-employed and employed. Five percent are not currently working, but have been employed in the past.

Seventeen percent of respondents have a non-Swedish background. We use Statistics Sweden's definition, i.e., being foreign born or born in Sweden with two foreign-born parents. Ten percent of respondents are themselves foreign born.

The results were compiled by the consulting and analysis company Rasmussen Analys.

Surface-level diversity and deep-level diversity

In this study, we wanted to explore two different dimensions of diversity: those referred to in the research as surface-level diversity and deep-level diversity. Using the statistical method of factor analysis , we investigated whether there were underlying dimensions to the issues pertaining to employers' diversity efforts in our study as well. Two primary factors emerged:

– making an active effort to increase diversity in terms of gender, age, foreign background, disability and sexual orientation.

– making an active effort to increase diversity in terms of skills, experiences, personalities, attitudes and opinions.

This means that if a respondent answered that the employer makes an active effort to increase diversity in terms of gender, it is highly likely that the employer also makes an active effort to increase diversity in terms of foreign background and age. Similarly, if a respondent answered that the employer makes an active effort to increase diversity in terms of personalities, opinions, and attitudes, it is highly likely that the employer also makes an active effort to increase diversity in terms of competencies, skills, and experience.

When we use the term *surface-level diversity – or demographic diversity* – in this report, we are referring to pursuing diversity that focuses on increasing diversity in terms of gender, age, foreign background, disability, and sexual orientation. When we use the term

[1] Of Sweden's entire population, 26.3% have a foreign background. Twenty percent are foreign born. (Statistics Sweden 2021).
[2] A method for examining the structure of correlations in a series of questions and illustrating underlying structures in data.

deep-level diversity in this report, we are referring to pursuing diversity that focuses on increasing diversity in terms of personalities, opinions, attitudes, competencies, skills, and experiences.

Based on these two factors, we can identify four different groups. In the top left corner of the model below is a group of employers who are above average on work with surface-level diversity, but below average on work with deep-level diversity. At the bottom right is a group that is above average on deep-level diversity, but below average on surface-level diversity.

At the bottom left are employers who are below average on both factors – in our model, this group is referred to as the "worst performers." Finally, we see the employers who are above average on both factors at the top right. In our model, this group is referred to as the "best at diversity." In this report, we will take a closer look at how organizational culture, the degree of learning culture, and engagement vary among the different groups. ⓦ

The model's four different groups are sorted along two dimensions: the degree of work with diversity focusing on surface- vs. deep-level diversity in organizations.

Above average at surface level diversity

Above average at surface level diversity, below average at deep level diversity

Best at diversity

Worst at diversity

Above average at deep level diversity, below average at surface level diversity

Below average at surface level diversity

Below average at deep level diversity

Above average at deep level diversity
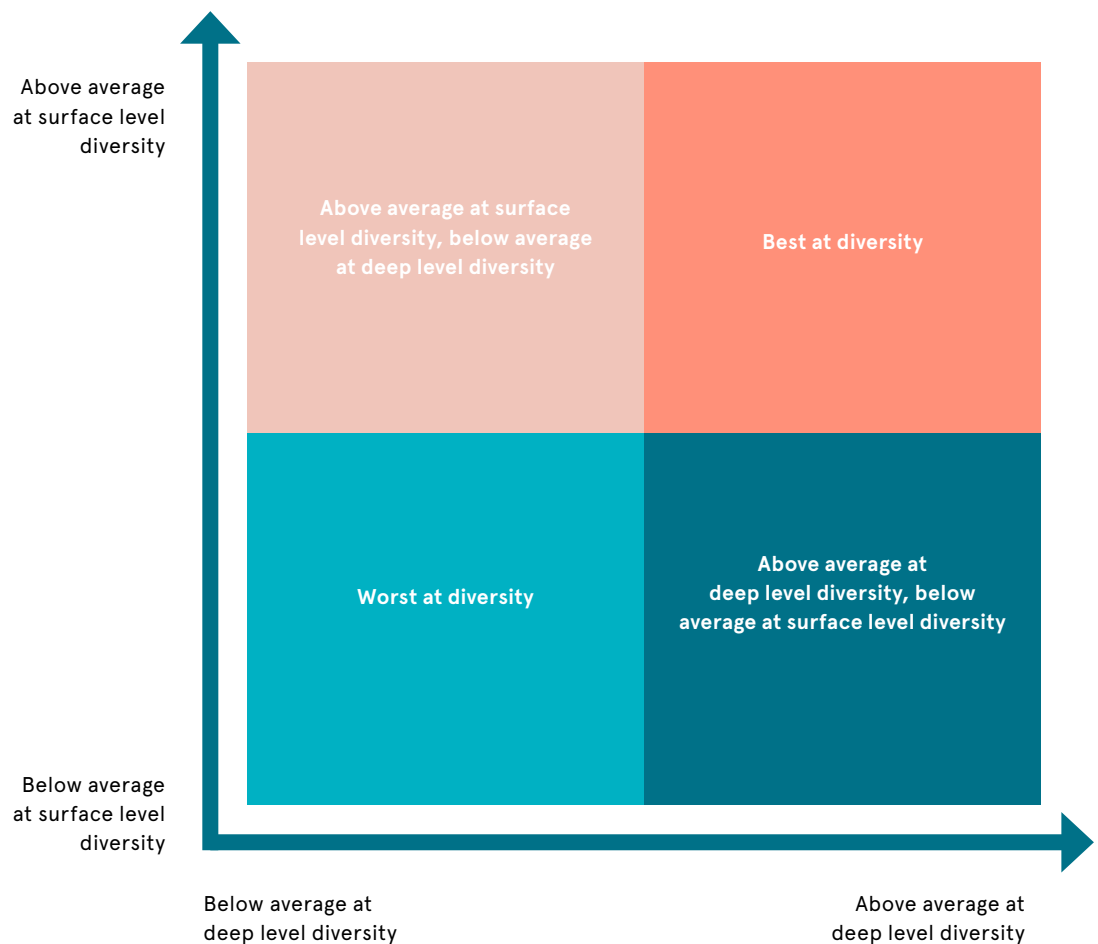
High demand for experience and skills

It is no secret that many parts of the Swedish labor market are in dire need of skills, which the Wes Insights results confirm. How can we satisfy the need for skills on today and tomorrow's labor market? The results of our study show that what leaders identify as problems in recruitment are simultaneously described as solutions to the skills shortage.

High demand for tech skills

Nearly half (47%) of leaders state that they almost always or often have difficulty finding the right skills when recruiting.[3] The challenges are greatest in IT and Engineering, where 60% of leaders often or almost always have difficulty finding the right skills.

Globally, these difficulties have increased enormously in just a few years. According to one study based on responses from 40,000 leaders in 40 countries, the share of employers struggling to find the right skills when filling new positions increased from 36% in 2014 to 75% in 2022 (1).

We asked the leaders to describe, in their own words, the biggest skills shortages in their field and area of the organization. Many of them lack candidates with extensive experience and people who are specialized in a specific field. Many are also in need of experienced salespeople and project managers. However, the most common response by far from managers is related to the need for different types of technical expertise. This applies to both the public and private sectors.

Skills as a developer, technician, technical skills, IT skills, IT architects, digital skills, UX designers, programmers, system developers, and AI developers are in high demand, and together, these areas of expertise form the biggest category of all.

[3] Ninety-seven percent of respondents are or have been involved in recruiting new people for their function or area of the organization.

Leaders feel that candidates lack experience

Why is it difficult to find the right skills? The leaders say this is not mainly a matter of too few candidates applying for the advertised positions. Only just under one third say that a lack of applicants for a position is one of the biggest problems. Instead, half of the leaders say that candidates lack the relevant experience or qualifications. Thus, when recruiting, perceiving a lack of experience is more common than a lack of applicants.

After that, several problems are ranked at about the same level: excessive salary demands, lack of industry experience, and candidates lacking the right training. Rarely is the problem that candidates are overqualified or do not share the organization's values.
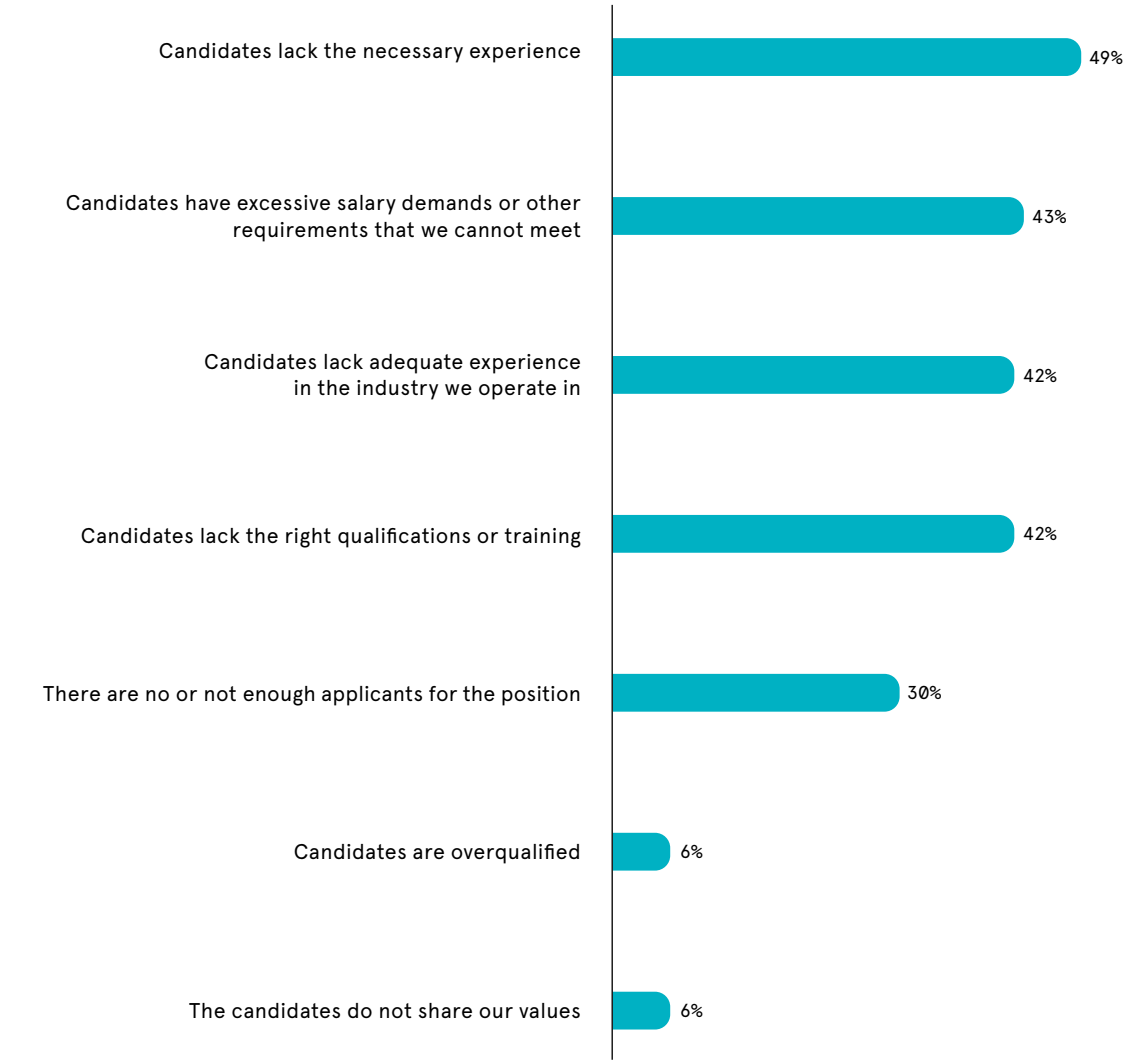
It is not going to get easier in the future

Only 14% of leaders believe that finding the right skills will be easier in five years compared with now. The rest believe the situation will either remain unchanged or become more difficult.

Leaders' explanations for why it will be harder vary. Many assert that the digital transformation will continue to create increasingly fierce competition for advanced digital skills. Others say that too few people are being trained, or that training is not keeping up with developments in the labor market. Still others note changing lifestyles, with increasing demands for flexibility and opportunities to work remotely, which are considered difficult to meet. Many also point

How often do you experience the following problems when recruiting?

The chart shows the percentage of people who say this occurs "often" or "almost every time."

Candidates lack the necessary experience	49%
Candidates have excessive salary demands or other requirements that we cannot meet	43%
Candidates lack adequate experience in the industry we operate in	42%
Candidates lack the right qualifications or training	42%
There are no or not enough applicants for the position	30%
Candidates are overqualified	6%
The candidates do not share our values	6%

out that employers' views on what constitutes relevant skills are too narrow.

Among the 14% of leaders who believe it will be easier to find the right skills in five years, there is hope that new approaches in the organization will lead to increased attractiveness as an employer. Rather than looking outwards and finding external reasons for things becoming more challenging, these respondents took a look inwards at their own organization.

"Our focus on diversity and values-driven management will be considered attractive."

"We will focus more on qualities than skills."

"Our organization has to evolve, or it won't survive. As it develops, becomes more businesslike and professional, it will be a very attractive place to work."

"We're getting better at bringing in people who aren't exactly like us. Better at accepting diversity, people with disabilities, people from different regions and of different ethnicities, etc."

Managers also mention other reasons why recruiting skills will be easier in the future, including the emergence of new training programs that are more labor market-oriented, and the coming recession, which will free up skills in the workforce.

"The two most effective measures are to actively look for skills outside their industry and to actively look for skills in different age groups than they usually do. In other words, it is about broadening the view of skills and finding new pathways to them."

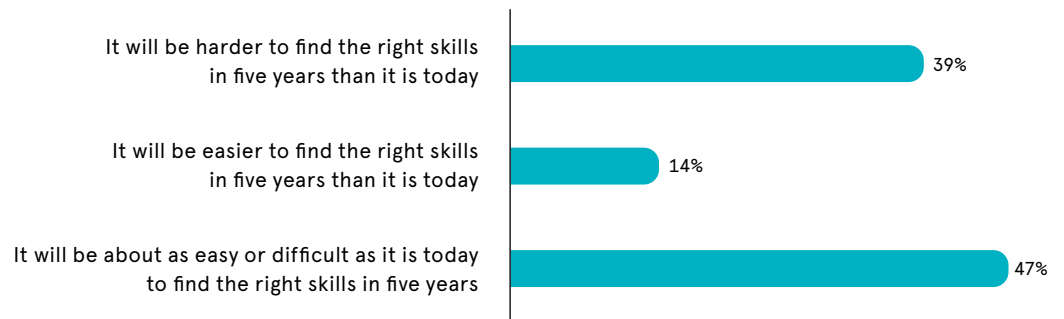### The solution: think outside the box

It is telling that the small group that believes it will be easier to recruit the right skills in the future is looking increasingly at themselves to see what they can do to become more attractive employers. Because, indeed, there are measures that can strengthen the ability to find and recruit the right skills in the future.

So which measures do leaders consider the most effective? According to the leaders, the two most effective measures are to actively look for skills outside their industry and to actively look for skills in different age groups than they usually do. In other words, it is about broadening the view of skills and finding new pathways to them.

Even though four out of ten leaders responded that lack of industry experience was among the biggest problems with candidates when recruiting, many seem to question whether industry experience should really be

Compared to the situation today, do you think it will be easier or harder to find the right skills in five years?

It will be harder to find the right skills in five years than it is today — 39%

It will be easier to find the right skills in five years than it is today — 14%

It will be about as easy or difficult as it is today to find the right skills in five years — 47%

equated with skills. And is it really reasonable to draw conclusions about individuals based on age?

Twenty-three percent of the leaders state that one of the most effective measures could be seeking out candidates among groups that are underrepresented in organizations (such as men/women, foreign background, disability). However, female leaders are more than twice as likely to choose this aspect (32%) compared to male leaders (15%).

Do we dare to break the mold?
The skills shortage is an obvious obstacle for Swedish employers. At the same time, many leaders are looking for creative solutions and are curious about how they can challenge recruitment processes and perceptions of qualifications. Seeking skills "outside the box" is increasingly seen as essential for remaining competitive in tomorrow's labor market. For example, industry experience has long been a given in advertised positions, but what

if we dared to break the mold? Welcoming new kinds of experiences and backgrounds will also allow a richer diversity of skills to cross-fertilize in our organizations. It may also become evident that we have long been wasting valuable skills that have, in fact, been available to us the whole time. ⓦ

What measures do you think are most effective for strengthening the ability of employers to find and recruit the right skills in the future? Choose up to three measures that you think will have the greatest impact.

Measure	Percentage
Actively look for skills outside the industry	51%
Actively seek out skills in other age groups than we usually do	38%
Offer the option of full-time remote work	28%
Lower skill requirements and focus more on potential	28%
Actively seek candidates from groups that are underrepresented in the organization (e.g. men/women, foreign background, disabilities, etc.)	23%
Offer customized training programs	23%
Search for skills in other countries	17%
Something else, specifically (free text)	11%
Change language requirements	7%

Skills shortage or skills waste?

We have now seen that a relatively high proportion of people are struggling to find the right skills. After decades of alarming headlines about an acute skills shortage, these findings are hardly surprising. But the question is whether the problem might actually be something other than a lack of skilled candidates. In fact, the Wes Insights findings show that most of the leaders do not feel they are using the entire talent pool when recruiting. And when asked to rank the most effective measures to ensure the skills supply, the leaders refer mainly to challenging their own perceptions of what form the "right skills" come in – what age they are, and what experience counts. Much of our study indicates that we are not taking advantage of the wealth of skills, talent, and potential available. Maybe we should be talking about skills gone to waste, rather than a skills shortage?

Employers do not use the full pool of skills

Thirty-five percent of the leaders feel that the employer is good enough at using the full talent pool when recruiting new employees. Men are more likely to respond this way (41%) than women (29%). This means that two thirds of leaders feel they could be better at recognizing and acknowledging that skills can come in many different forms.

In fact, 68% of leaders believe that an employer actively pursuing diversity is an effective way to facilitate skills supply. However, the gender gap is significant here, too: 81% of female leaders agree with the statement, compared to only 55% of male leaders.

One aspect keeps recurring when it comes to broadening the view of skills: the fixation on industry experience. Searching for skills outside of the industry is ranked as the most effective method for securing the skills supply, but only 30% of leaders think employers are good enough at finding skills from industries outside their own.

34% feel the employer is good enough at using the entire pool of skills when recruiting new employees

30% think the employer is good enough at finding skills from industries other than their own

68% of leaders believe that an employer actively pursuing diversity is an effective way to facilitate skills supply

Have you ever not gotten a job you applied for because you lacked experience in the relevant industry?

- 46% Yes, definitely
- 28% Yes, I think so
- 18% No
- 7% Don't know
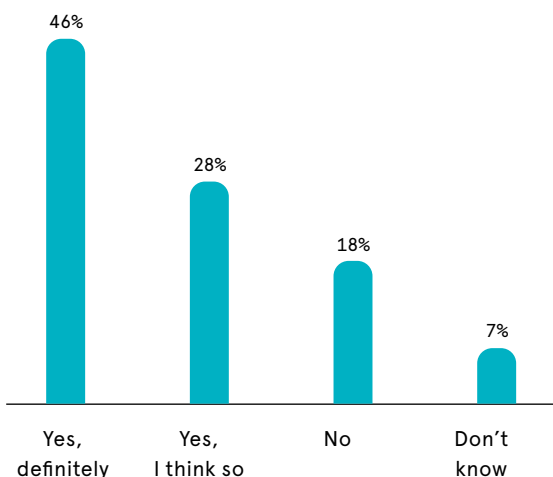
Can we dare to cross industry borders?

Many seem to agree – cross-industry recruitment is a way forward. But do we practice what we preach?

Several of the survey results indicate that many people still cling to industry borders. For example, three quarters of leaders say they definitely have or think they have been denied a job they applied for due to lack of experience in the specific industry in question.

Even so, interest in switching industries remains high, with as many as 9 out of 10 considering changing industries (either for the first time or again) during their career. In other words, many people want to make the change, but at the same time, many have been denied a job due to a lack of industry experience. Let's take a closer look at what candidates themselves describe as barriers to changing industries.

Experience from other industries is less valued

Thirty-two percent of respondents do not see any obstacles to changing industries. Among the others, the risk of not having an equally senior role in a new industry prevents them from making the change. Just under a third are convinced that other industries do not see the value of the skills and experience they offer. These two aspects are likely connected – if your previous experience in another industry is not valued, this will likely lower your chances of getting a senior role in a new industry.

Younger candidates see more risks to changing industries than older candidates, and people in higher management positions see fewer risks than those in lower management positions. The results also show differences between genders. In general, men see more risks in changing industries than women do, in particular the risk of not having an equally high salary in a new industry.

Among the open-ended answers, another barrier to switching industries became clear: age. Respondents describe negative attitudes toward senior individuals who want to enrich a new industry with experience from other industries.
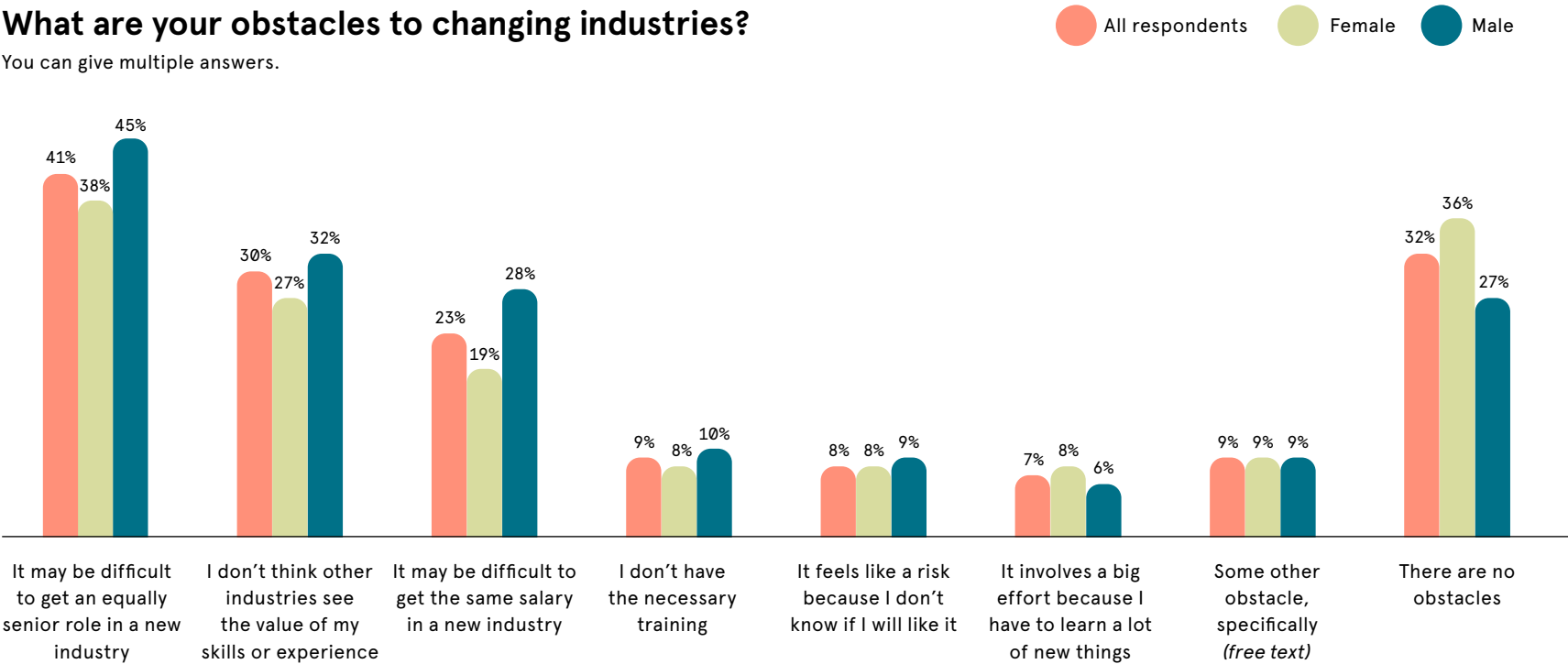
Free-text response to the question: "What are your obstacles to changing industries? You can give multiple answers."

"I'm 60, and I think this is perceived as a barrier to change now."

"I'm considered too old to be new."

What are your obstacles to changing industries?
You can give multiple answers.

Legend: ● All respondents ● Female ● Male

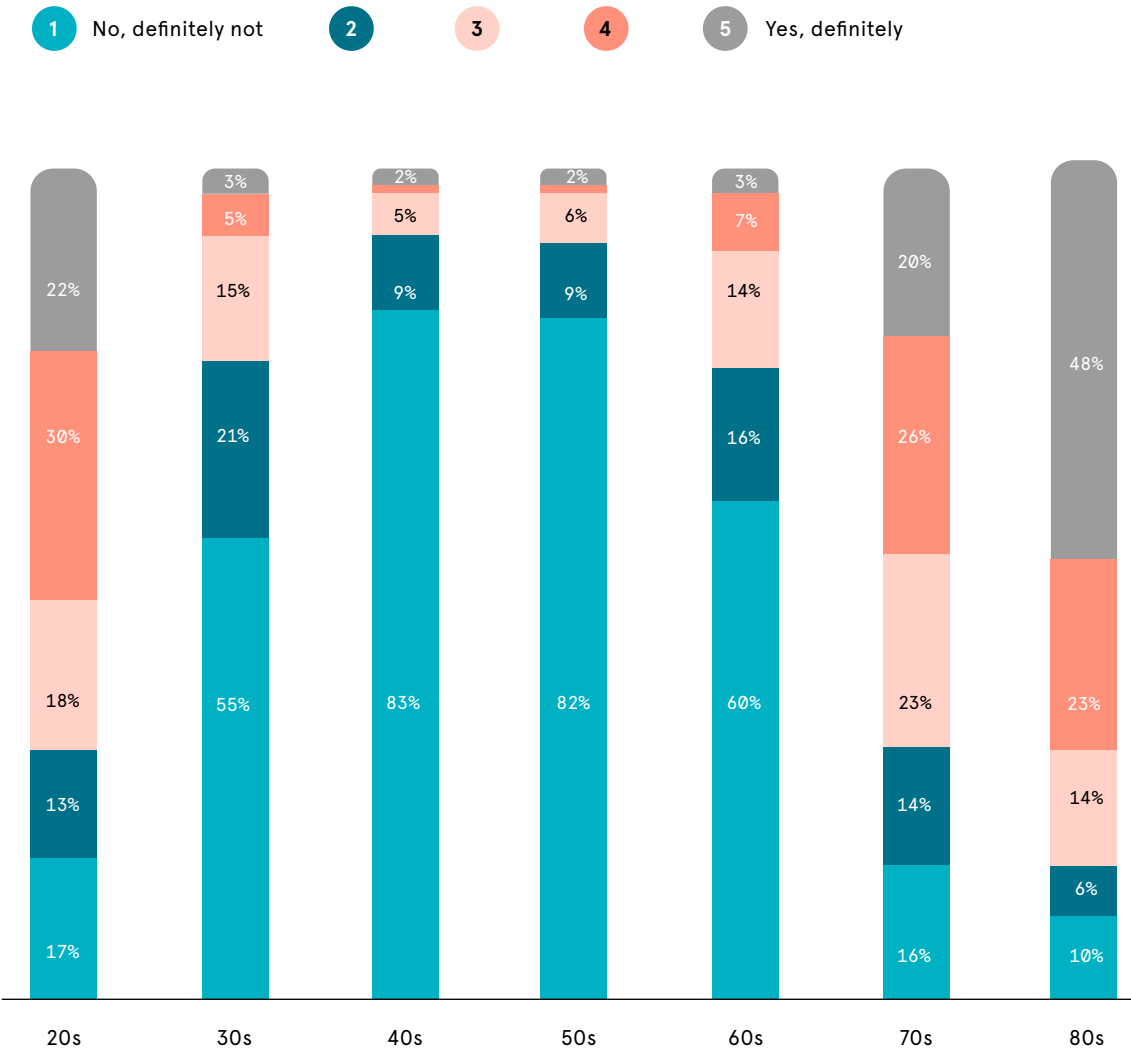|	It may be difficult to get an equally senior role in a new industry	I don't think other industries see the value of my skills or experience	It may be difficult to get the same salary in a new industry	I don't have the necessary training	It feels like a risk because I don't know if I will like it	It involves a big effort because I have to learn a lot of new things	Some other obstacle, specifically *(free text)*	There are no obstacles
All respondents	41%	30%	23%	9%	8%	7%	9%	32%
Female	38%	27%	19%	8%	8%	8%	9%	36%
Male	45%	32%	28%	10%	9%	6%	9%	27%

Least opposition to candidates in their 40s and 50s

The respondents were presented with the scenario of recruiting for a new managerial role. They were asked if they would feel any hesitation to recruit people of different ages. The results show that leaders feel the least resistance to candidates in their 40s and 50s. Just under one in ten said they would have doubts about candidates in these age groups. However, there was slightly more skepticism about people in their 60s and 30s. Ten percent would be very reluctant to recruit someone in their 60s for a managerial/leadership position. Another 30 percent would feel somewhat or a little reluctant. Eight percent would be very reluctant to recruit a manager in their 30s. Another 37 percent would be somewhat or a little reluctant.

Reluctance to recruit candidates in their 20s, 70s, and 80s was significantly more common. Seven out of ten would be very reluctant to recruit a managerial candidate in their 80s. Just over half would feel very reluctant about candidates in their 20s, and just under half, about candidates in their 70s.

Imagine you were involved in the recruitment process for a new managerial/leadership position. Would you feel any reluctance to recruit someone who is in … ?

Legend:
- 1 No, definitely not
- 2
- 3
- 4
- 5 Yes, definitely

Age	1 (No, definitely not)	2	3	4	5 (Yes, definitely)
20s	17%	13%	18%	30%	22%
30s	55%	21%	15%	5%	3%
40s	83%	9%	5%	—	2%
50s	82%	9%	6%	—	2%
60s	60%	16%	14%	7%	3%
70s	16%	14%	23%	26%	20%
80s	10%	6%	14%	23%	48%

Concerns about lack of life experience among younger candidates

The survey asked leaders to explain their answers in their own words. Reasons for hesitating to recruit leaders in their 30s are often related to the fact that people in this age group have yet to acquire the maturity, confidence, or life experience necessary to be a good leader.

"To lead others, I think you need some life experience."

"They don't have the experience or self-awareness to lead themselves, and therefore lack the ability to lead others."

"Because it can be hard to combine the puzzle of life/family with a managerial/leadership role when you're in your 30s."

Free-text response to: "Please explain your answer" Asked of respondents who said they were reluctant to recruit someone in their 30s for a management position.

These quotes highlight a problem that could get in the way of the capacity to manage long-term skills supply. Maturity and experience can be linked to age, of course – but not necessarily. In fact, research shows that young managers are more appreciated by their employees than older managers, including an extensive survey by Karolinska Institutet using register data covering tens of thousands of employees and managers (2). Some studies also find that interest in leadership is very high among the younger generation (3).

Given that many leaders experience difficulties recruiting the right skills, one might question whether we can really afford to filter out individual candidates based on an assumption about an entire group. Instead, a better idea would be to look inwards and ask whether there are good conditions for young and often less experienced leaders to develop their leadership skills within the organization. Do leaders have the support they need to do a good job? What is the leadership culture?

The importance of continuous leadership development

The notion that older people automatically have greater self-awareness than younger people is false. For example, a study of over 3,600 leaders in various roles and industries found that more experienced leaders were worse at rating the effectiveness of their leadership compared to less experienced leaders, and were more likely to overestimate their skills and abilities. Power and experience can sometimes get in the way of self-awareness, research shows. There are various explanations for why this is the case, one of which is that the more power a leader has, the fewer people are willing to give them honest feedback on their performance (4). All of this points to the importance of continuous leadership development and of never stopping to seek honest feedback from others.

Concerns about lack of long-term commitment among senior candidates

Just under one third of leaders believe that seniority can be a legitimate reason for rejecting a candidate. The reasons given for this belief are mainly concerns that the candidate would lack long-term commitment to the role, or that the salary demands would be too high.

Do you think someone's seniority can be a legitimate reason for rejecting them in a recruitment process?

Yes	No	Don't know
30%	62%	8%
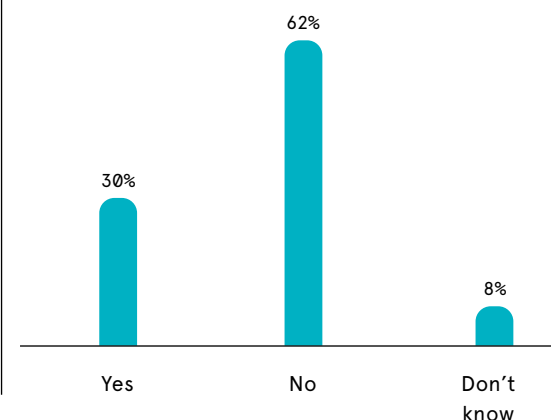
A negative attitude toward senior talent is problematic not only from a diversity perspective, but also because we live in a world with an aging population. In 2032, Sweden's population will pass 11 million inhabitants (we hit 10 million in 2017), and the group with the most growth comprises people over age 80 (5). By 2050, the global population aged 67 and over will exceed the number of people aged 14 and under for the first time. In addition, several studies show the benefits of recruiting older managers and employees.
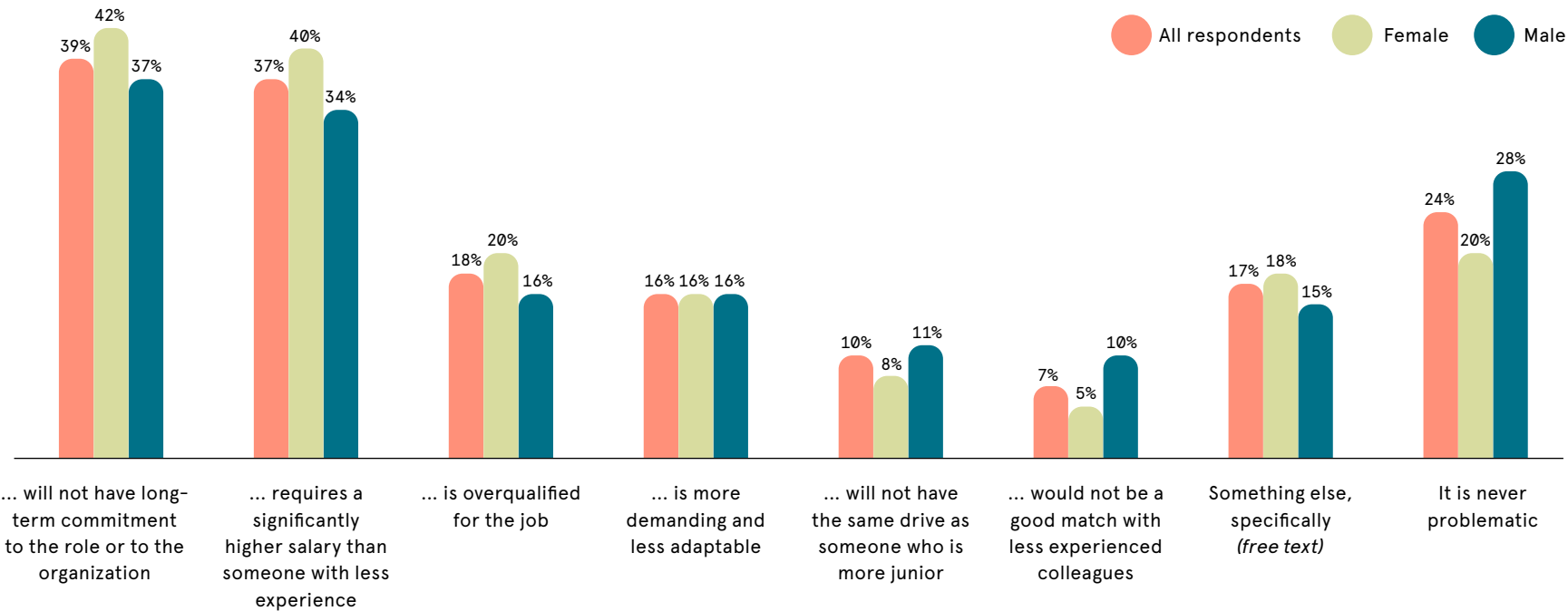
More senior employees tend to have more motivation, more experience, and a better overall assessment capability than younger ones (6). Moreover, knowledge and expertise continue to grow throughout life. Studies also show that older entrepreneurs have more successful businesses than younger ones (7).

We put obstacles in our own way
Looking at the research overall, we can conclude that age is not a good predictor of job performance. Instead of rejecting senior peo-

ple due to fears of a lack of technology skills, employers could put more effort into building a learning organization where training in new technology and knowledge-sharing among individuals are natural components. Another idea is to create conditions for bridging generations in the workplace, for example, through reverse mentorships or intergenerational networks. The solutions are there and fully available to us. Our imaginations are the only limit.

Do you think someone's seniority can be a legitimate reason for rejecting them in a recruitment process?

Legend: All respondents | Female | Male

Category	All respondents	Female	Male
... will not have long-term commitment to the role or to the organization	39%	42%	37%
... requires a significantly higher salary than someone with less experience	37%	40%	34%
... is overqualified for the job	18%	20%	16%
... is more demanding and less adaptable	16%	16%	16%
... will not have the same drive as someone who is more junior	10%	8%	11%
... would not be a good match with less experienced colleagues	7%	5%	10%
Something else, specifically (free text)	17%	18%	15%
It is never problematic	24%	20%	28%

Recruitment paradoxes reveal a waste of skills

It is clear that, at least in theory, leaders see the major benefits of dropping industry experience requirements and daring to recruit from "new" age groups. There are huge opportunities to broaden the skills base if this is actually actively pursued. But there is something jarring in the results of Wes Insights 2023. We might call it a paradox. Most leaders believe that cross-industry recruitment is one of the most effective solutions going forward. However, candidates' lack of experience in the industry is considered one of the main problems when recruiting.

On the one hand, recruitment in "new" age groups is considered one of the solutions to the issue of finding the right skills, while on the other, there is great reluctance in some cases to recruit individuals based on their age.

On the one hand, leaders say that the vast majority of cross-industry recruitments have been very successful, but on the other, it is still very common for people to be rejected precisely because of a lack of industry experience.

These examples constitute a paradox that is worthy of analysis. There is already an understanding of what is needed to handle skills supply in the long term, but in an actual recruitment situation – when it comes down to it – "playing it safe" still seems to be the priority. What will it take for more organizations to dare to think outside the box and really see the explosive power of diversity? Ⓦ

"There is already an understanding of what is needed to handle skills supply in the long term, but in an actual recruitment situation – when it comes down to it – 'playing it safe' still seems to be the priority."

The explosive power of diversity

Broadening the view of skills is raised in the survey as an effective way to secure skills supply. The leaders themselves point to the power of striving for more diversity in terms of both age and experience. Research has repeatedly shown that diversity can lead to positive results in an organization. Often, the focus is on surface-level diversity, where diversity is defined as differences in gender, ethnicity, and age. However, the results of Wes Insights show that an expanded view of diversity has enormous power. In this section, we show that **surface-level diversity** is a good first step, but only when it is combined with diverse experiences, skills, opinions, and personalities – **deep-level diversity** – do we see the very strong links with positive aspects of organizational culture and increased engagement.

A focus on gender equality and diverse skills

More than half of the respondents work for employers who actively pursue gender diversity. Half also feel that their employer actively tries to increase diversity in terms of competencies, skills, and experience. Around 4 out of 10 employers focus on increasing diversity in terms of foreign background. However, employers less commonly pursue diversity in terms of age, differences in personality and attitudes, and sexual orientation. Only 17% of employers are described as actively trying to increase diversity regarding disability in their organization.
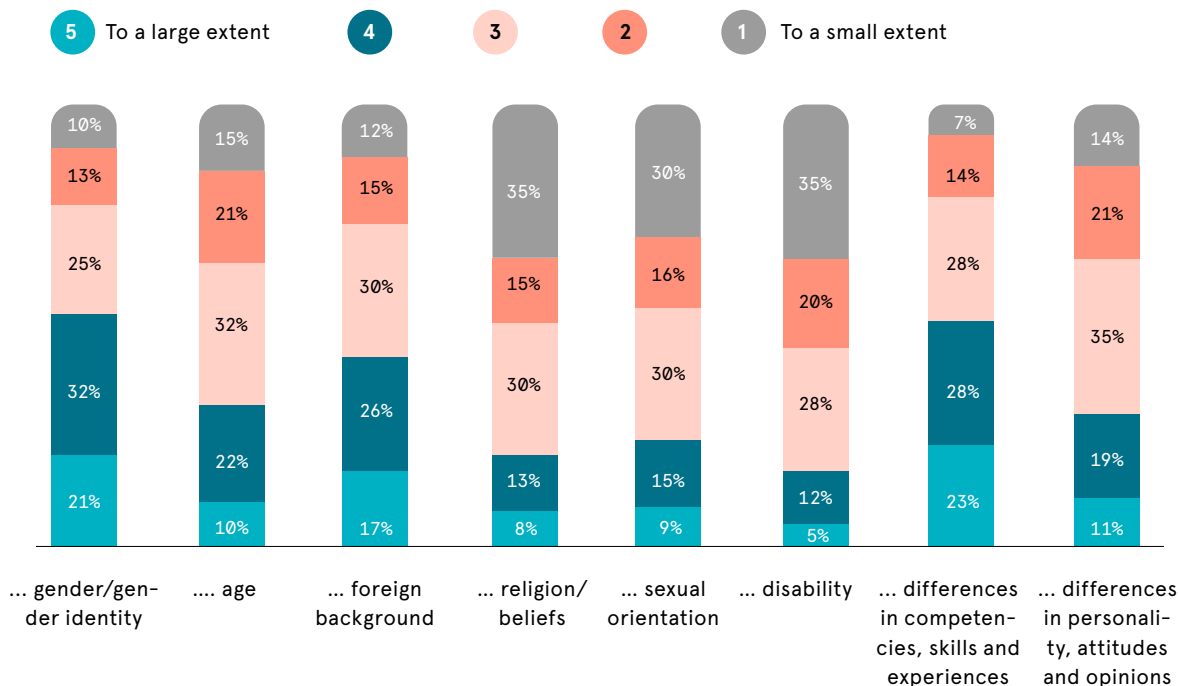
How people perceive an employer's diversity efforts could vary among different groups. However, there are no major differences in perceptions between respondents with a foreign background compared to respondents without a foreign background, for example.

Nor do we see any major differences between the public and private sectors in terms of diversity pursuits in organizations, except on one point: disability. Only 15% in the private sector report working with this issue, while in the public sector the corresponding figure is 27%.

Small organizations with up to 50 employees focus slightly more than large organizations (more than 250 employees) on increasing diversity in terms of personalities, opinions, skills, and experiences. Large organizations, on the other hand, are reported to actively focus somewhat more on increasing diversity in terms of disability, gender, and foreign background.

To what extent does your employer actively work to increase diversity in terms of …

5 To a large extent **4** **3** **2** **1** To a small extent

	… gender/gender identity	…. age	… foreign background	… religion/beliefs	… sexual orientation	… disability	… differences in competencies, skills and experiences	… differences in personality, attitudes and opinions
1	10%	15%	12%	35%	30%	35%	7%	14%
2	13%	21%	15%	15%	16%	20%	14%	21%
3	25%	32%	30%	30%	30%	28%	28%	35%
4	32%	22%	26%	13%	15%	12%	28%	19%
5	21%	10%	17%	8%	9%	5%	23%	11%

Surface-level diversity and deep-level diversity

It is essential to understand the differences between different types of diversity in the workplace. Diversity efforts have traditionally focused on easily observable demographic characteristics, such as gender, age, and ethnicity. This is known as **"surface-level diversity."**

The characteristics that include non-observable traits such as attitudes, values and personalities are called **"deep-level diversity."** What has been shown to be important in deep-level diversity in terms of innovation and profitability is diversity of professional roles, educational backgrounds, and industry experience (8).
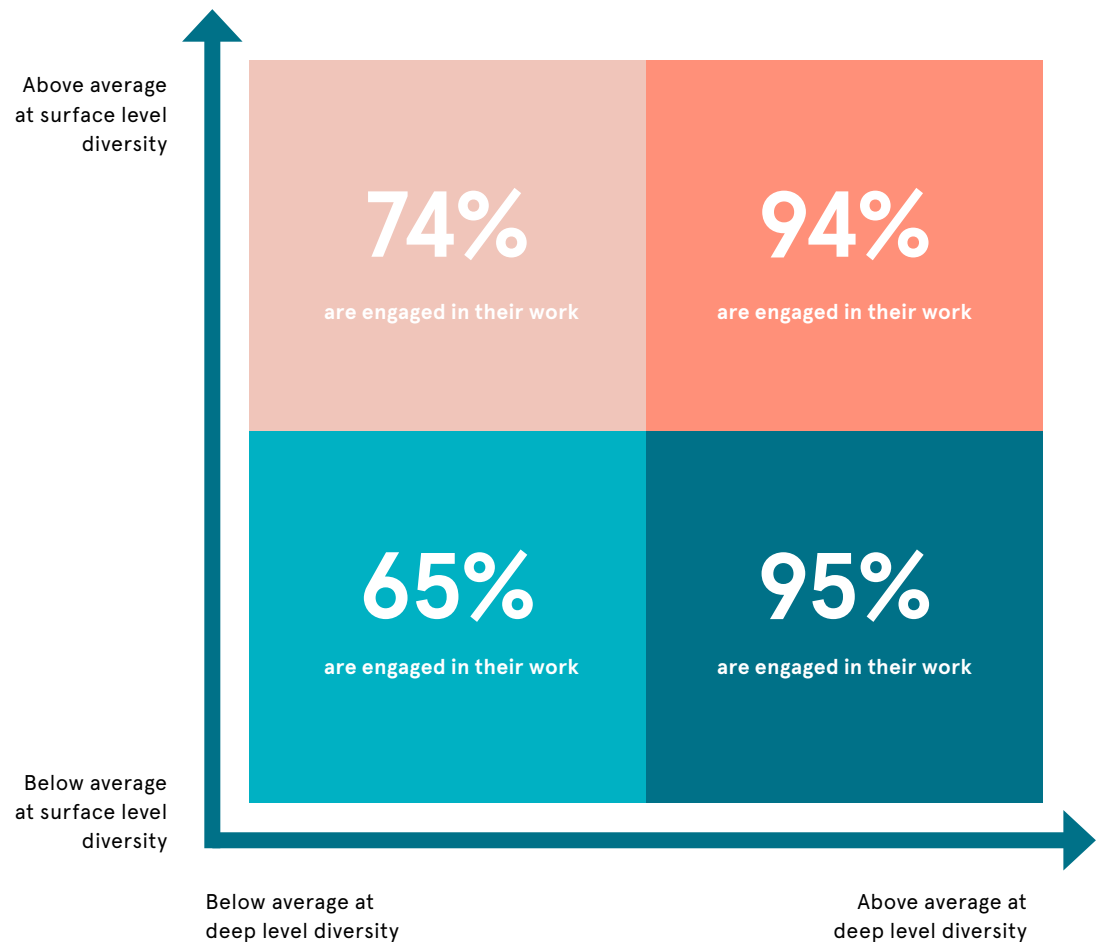
Clear link between pursuing diversity and positive organizational culture

What is clear from the results is that those who state that the employer is actively engaged in increasing diversity in the organization are also more likely than others to feel that the workplace has a good organizational culture. If you work for an employer who is committed to actively pursuing diversity, you are also much more likely to view the organizational culture as characterized by openness, responsiveness, learning, and a focus on innovation.

We see the same pattern when it comes to employee engagement with work. With employers perceived as being the worst at pursuing diversity, only 65% of employees are engaged in their jobs. The proportion of engaged employees is significantly higher among employers perceived as being the best at pursuing diversity, at 94%. An emphasis on surface-level diversity has some impact on engagement, rising from 65% to 74%. But the big leap in employee engagement comes if the employer focuses on deep-level diversity – an impressive 95%.

Percentage engaged in their current job in the four different categories of diversity pursuits in an organization.

(responding 4 or 5 on a 5-point scale, where 1 = "Not at all engaged" and 5 = "Very engaged")

Above average at surface level diversity

74%
are engaged in their work

94%
are engaged in their work

65%
are engaged in their work

95%
are engaged in their work

Below average at surface level diversity

Below average at deep level diversity

Above average at deep level diversity
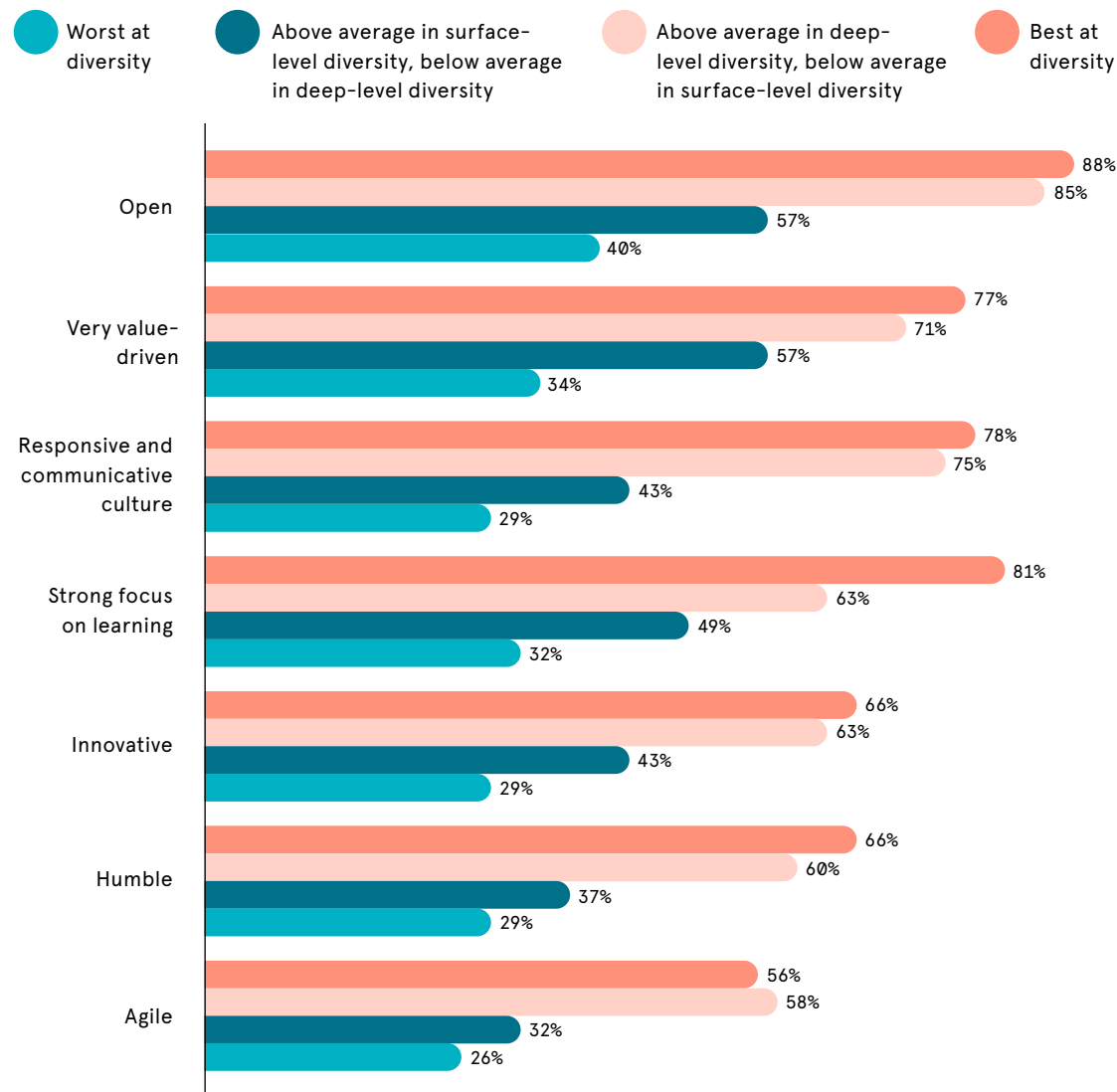
Importance of deep-level diversity

A clear pattern emerges when we compare the four groups. While a focus on surface-level diversity is a good start – as it has some impact on positive culture and engagement – focusing on deep-level diversity is much more strongly linked to these aspects. This includes, for example, whether or not a workplace is characterized by openness. Among respondents who work for an employer that focuses on surface-level diversity, a significantly higher share consider the workplace to be open: 57% (compared to 40%). But the biggest leap in percentage occurs with employers who focus on deep-level diversity, where as many as 85 percent of employees describe a high level of openness. This pattern recurs in almost all cases when we compare the four groups' links to cultural aspects.

Psychological safety is a prerequisite

As seen in the figures above, it is the combination of the two diversity focus areas that most clearly correlate with positive culture and a high level of employee engagement. Wes Insights is not alone in recognizing that it is precisely diversity in perspectives, personalities, and skills that seems to have the greatest positive effect on culture and innovation. One finding of a British research project was a strong link between this kind of diversity in a group, and the group's ability to solve problems together. Researchers conducted more than 100 experiments over 12 years with groups of leaders who were tasked with jointly solving a complex task in a limited

How well do the following words describe the organizational culture at your workplace?

The chart shows the percentage of respondents who answered 4 or 5 on a five-point scale with opposing conditions (e.g., 1= "Low openness" and 5= "High openness") in each category of diversity pursuits.

Legend:
- ● Worst at diversity
- ● Above average in surface-level diversity, below average in deep-level diversity
- ● Above average in deep-level diversity, below average in surface-level diversity
- ● Best at diversity

Open
- 88%
- 85%
- 57%
- 40%

Very value-driven
- 77%
- 71%
- 57%
- 34%

Responsive and communicative culture
- 78%
- 75%
- 43%
- 29%

Strong focus on learning
- 81%
- 63%
- 49%
- 32%

Innovative
- 66%
- 63%
- 43%
- 29%

Humble
- 66%
- 60%
- 37%
- 29%

Agile
- 56%
- 58%
- 32%
- 26%

period of time. When the researchers analyzed the results, they found no correlation between surface-level diversity and high performance. However, they did find a strong positive correlation between high cognitive diversity[4] and high problem-solving skills. This correlation is intuitively fairly simple to understand. Tackling new and complex challenges requires both the ability to apply what we already know and to learn new things that may be useful. A greater variety of experiences, skills, and personalities naturally also broadens the number of specialist skills and learning approaches within the group (9).

But to successfully manage these uncertain and complex situations as a group, people also need to be encouraged to listen and learn from each other. It needs to be safe to share what you know or to try to solve problems in new ways. The challenge here is in creating the psychological security necessary for group members to be fully confident to do all of this.

Inclusive leadership
Research shows that inclusion and psychological safety in the workplace contribute to creating high-performing, innovative and collaborative teams that are capable of making high-quality decisions. The benefits of deep-level diversity are great, but getting there requires inclusive leadership, which means leadership characterized by sensitivity and a genuine curiosity about perspectives, experiences, and ideas other than those heard

most often in the organization. This means actively working to ensure that *everyone* in an organization feels fairly and respectfully treated, valued, and like a part of the whole.

There are studies summarizing the characteristics of inclusive leadership and the key elements are courage, an interest in people and relationships, curiosity about other cultures and ways of life, engagement, awareness of what one does not know, and openness to learning from others (10).

Agility and diversity are not necessarily linked
Research has repeatedly shown that diversity – especially the kind of diversity of personalities and abilities encompassed within the concept of deep-level diversity – has positive effects on problem-solving, creativity, innovation, and economic profitability. But research has also shown that diversity does not automatically lead to enhanced agility or efficacy. Instead, diversity can lead to reduced efficacy if leadership is not adept at managing highly diverse groups. If a group has major differences in communication styles, values, and

[4] Cognitive diversity means differences in personality, perspective, problem-solving methods and information processing.
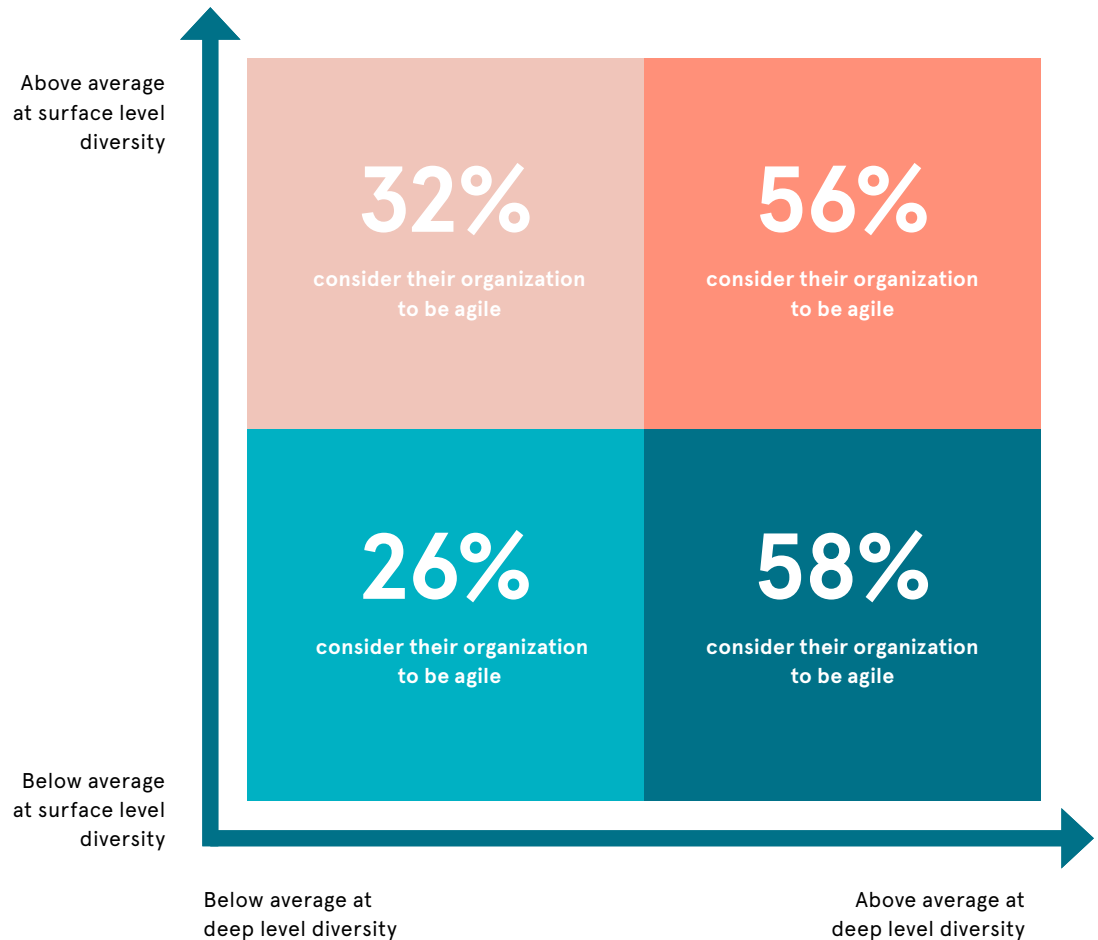
approaches to completing tasks, this can lead to conflicts and misunderstandings. Moreover, a diverse group may contain unconscious biases that impact how individuals on the team work together.

The results of a research project in which 98 teams were tasked with jointly solving a complex problem showed that insufficiently diverse groups stagnate, while too much diversity can lead to gaps that participants cannot bridge. The researchers behind the study have been focusing for some time on what affects collective intelligence – that is, a group's collective problem-solving ability – and consequently, how to build productive groups that can achieve optimal results. According to the researchers, organizations should find the right balance between different cognitive styles among participants (11).

In this study we see a positive link between actively pursuing diversity and agility in the organization, but this mainly pertains to deep-level diversity. Organizations that are described as actively pursuing deep-level diversity, but that are less active with surface-level diversity, are also described slightly more often as agile than organizations that work actively with both dimensions of diversity. ⓦ

Percentage who consider their own organization to be agile in the four different categories of diversity pursuits in an organization.

(responding 4 or 5 on a five-point scale, where 1 = "Slow-moving" and 5 = "Agile")

Above average at surface level diversity

32% consider their organization to be agile

56% consider their organization to be agile

26% consider their organization to be agile

58% consider their organization to be agile

Below average at surface level diversity

Below average at deep level diversity

Above average at deep level diversity

Accelerate learning

With the current pace of change, it is impossible for employers to recruit new talent as new skill needs arise. Instead, we must incorporate the conditions for existing employees to continuously learn new things. The Wes Insights 2023 findings show a strong positive link between learning and active diversity pursuits – and an employer's focus on increasing diversity in terms of skills, experiences, attitudes, and personalities is linked most strongly with a learning culture.

The importance of continuous learning

Almost a decade ago, the World Economic Forum concluded that we were on the verge of a new industrial revolution. We would leave behind the third one – which marked the emergence of digital technologies, computers, and the Internet. The fourth industrial revolution would fundamentally change how we work and live thanks to the interplay between nanotechnology, brain research, mobile networks, and artificial intelligence. Moreover, these changes would occur at a speed and intensity never seen before.

We can now conclude that the consequences for businesses and organizations are complex and multifaceted. Skills in new technologies are in high demand. And one thing is certain: the only constant in the digital age is the need to constantly learn new things.

According to the OECD, new technologies could radically transform 1.1 billion jobs over the next decade. Moreover, experts say that the half-life of knowledge has been significantly shortened and is now around five years. This means that what we learn today is worth 50% in five years. In other words, we need to learn new things, faster (12). According to the World Economic Forum, it takes 25 days of skills development per year just to keep up with the pace of change. But 40% of all employees in Europe do not develop their skills at all (13).

Organizations that do not actively promote learning among their employees will likely struggle to remain competitive. Clearly, we must accelerate learning in our organizations.

Activities that promote learning

Research shows that people's ability to learn thrives in organizations that combine a culture with a high level of psychological safety with a culture that constantly challenges employees intellectually and inspires them to set high standards for themselves (14).

Psychological safety is the foundation. The organization should have a communicative culture in which it feels safe to admit to mistakes and where employees are willing to share their ideas. A culture where people dare to be themselves and where the consequences of asking for help or admitting to failure are not perceived as a punishment or humiliation. However, psychological safety is not enough to maximize learning. In a workplace characterized by this positive culture, but where employees are not challenged, they can easily fall into a comfort zone that does not stimulate learning. Learning new things requires some disruption to order, as development is rarely smooth.

As an organization, you can certainly encourage learning and tackling difficult challenges. Employers can take a wide range of measures and activities to promote learning in an organization. We asked our survey respondents what activities are currently taking place in their own workplaces. The results show that the most common activity to encourage learning is to acknowledge and celebrate successes. As many as 55% of leaders say this currently goes on. Cross-border networks and interdepartmental meetings are also common, according to the leaders.

However, reverse mentoring is rare in organizations, i.e. providing senior leaders with younger mentors.

The incidence of these activities varies depending on the size of the organization. In small organizations (with up to 50 employees), celebrating successes and encouraging employees to learn from mistakes is much more common than it is in large ones. Employers are also more likely to gather creative ideas from employees and encourage every-one to engage in market analysis and trend monitoring. In contrast, large organizations are much more likely to have digital training initiatives, to see learning as a core value of the organization, to offer senior mentors to employees, and to actively increase diversity as a way of encouraging learning.

Moreover, celebrating successes and regularly gathering creative ideas from staff are much more commonly seen in the private sector than in the public sector.

There are multiple activities and measures that may promote learning in an organization and knowledge transfer between employees. Which of the following describe your workplace?

Activities and measures that promote learning in an organization and knowledge transfer between employees.

Employers recognize and celebrate successes	55%
We have cross-border meetings and networks to promote knowledge transfer between different units and departments	42%
All training activities are digitized and can be used when and where it suits the employee best	31%
The employer regularly gathers creative ideas from all employees	31%
Employees are encouraged to set aside time for market analysis and trend monitoring	30%
Senior management has made continuous learning a core value of the organization	27%
Employers reward learning from mistakes	27%
The employer regularly invites inspiring speakers and lecturers to promote learning among employees	27%
The employer works actively to increase diversity among employees as a way to promote learning in the organization	25%
Employees are offered mentors who are more senior and/or experienced	24%
Employees are encouraged to set aside time for reflection and deep focus during work hours	19%
All knowledge in organizations is stored in databases in order to be easily searched and used by anyone in the organization	18%
None of the above applies to my workplace	13%
Leaders and managers in the organization are provided with mentors who are young and/or newly employed in the organization.	9%
Something else, specifically:	2%

Maximize learning

The results show that employers that actively pursue diversity are also more likely to implement activities that promote learning in an organization. For example, employers perceived as the best at pursuing diversity are three times more likely to regularly gather creative ideas from all employees than employers perceived as the worst at pursuing diversity. Cross-border meetings and networks are more than twice as common at workplaces that are perceived as best at pursuing diversity compared to those perceived as worst at pursuing diversity.

Employers who are above average on deep-level diversity, but below average on surface-level diversity are slightly more likely to encourage employees to devote time to market analysis and trend monitoring than employers who are above average on both aspects of diversity.
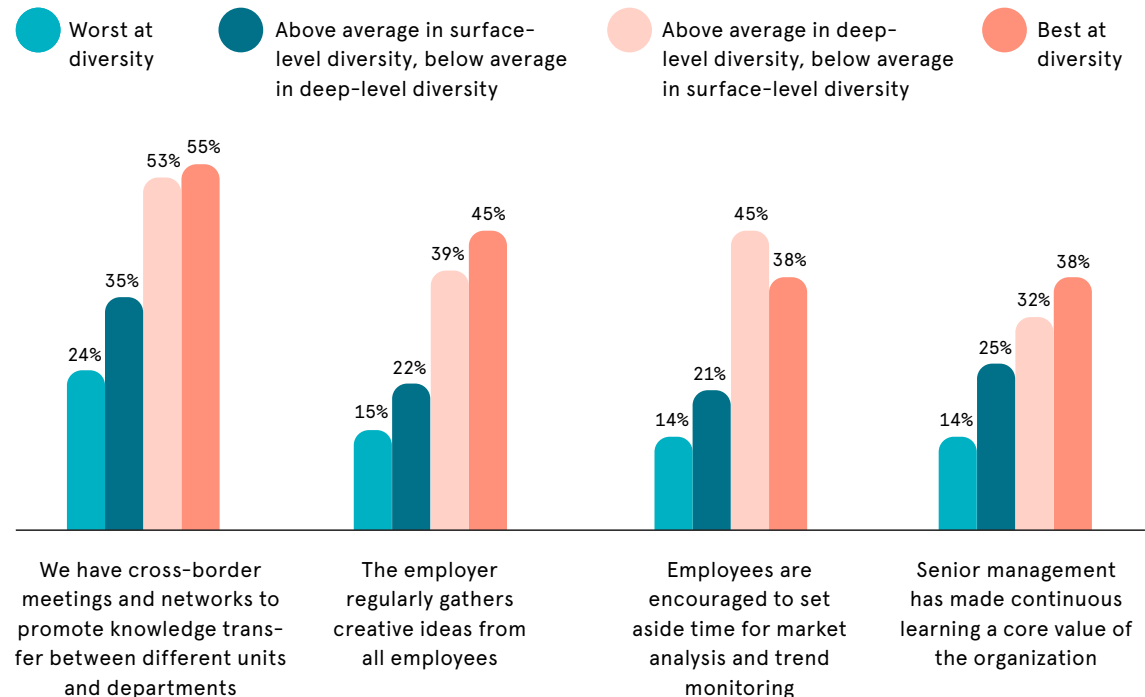
Enhancing competitiveness

The opposite of psychological safety at a workplace is a culture of fear. Research in neuroscience shows that fear inhibits and limits both learning and peer collaboration. This is because fear diverts resources from areas of the brain that process new information and manage working memory. For example, when we do not feel secure enough to share ideas or ask questions when we are uncertain, we are also less able to think analytically, solve problems, and generate ideas. In other words, we cannot perform at our best.

For an employer to successfully create diversity in the broad sense at the workplace – where different experiences, opinions, personalities, competencies and skills can be accommodated – psychological safety needs to be established. Without that, there is no freedom or perceived space for different opinions and perspectives to be heard. Maybe that is why it is not surprising that we see the clear statistical links in Wes Insights between

learning culture and actively pursuing diversity at the workplace.

Once again, the results highlight the positive consequences of broadening diversity in our organizations. And they provide us with yet another powerful tool to accelerate learning and strengthen our competitiveness in the fourth industrial revolution.

Most common activities that promote learning in organizations that are best at diversity.

Legend:
- Worst at diversity
- Above average in surface-level diversity, below average in deep-level diversity
- Above average in deep-level diversity, below average in surface-level diversity
- Best at diversity

We have cross-border meetings and networks to promote knowledge transfer between different units and departments: 24%, 35%, 53%, 55%

The employer regularly gathers creative ideas from all employees: 15%, 22%, 39%, 45%

Employees are encouraged to set aside time for market analysis and trend monitoring: 14%, 21%, 45%, 38%

Senior management has made continuous learning a core value of the organization: 14%, 25%, 32%, 38%

Changing industries accelerates learning

One way to accelerate learning is to change industries. This is the conclusion of many respondents in Wes Insights. Sixty-eight percent of leaders in our survey have changed industries multiple times in their career, and 19% have done so once. If we listen to the leaders themselves, changing industries is an excellent way to accelerate their learning. When asked what the biggest gains were, from their own experience, from switching industries, the leaders highlight a range of benefits. The words "new," "learning," and "perspective" are among the biggest. The most widespread theme among the open- ended responses is expanded learn-ing, knowledge and skills. Gaining and and contributing new perspectives experiences are also among the biggest benefits. Many describe this change as fun, challenging and stimulating, and as a challenge that has led to personal and professional development. On the other hand, not many leaders point to benefits related to increased salary, climbing the hierarchy, or benefits for their résumé. 🌑

What were the main benefits of an industry change for you?

Two quotes from the survey, in response to the question:

"That the most important aspects are visible, the ones that are common and not industry-specific. The industry-specific ones are rarely as crucial as we imagine them to be."

Female CEO or equivalent, public sector.

"I brought important experience in change management. I delivered. I grew as a person, in knowledge and experience. I was re-energized."

Male CEO or equivalent, private sector.

Five recommendations for owners, board and management

1 Drop the industry requirements
We often equate skills with industry experience, but these are not necessarily the same thing. Having the courage to seek skills outside of the industry is one of the most effective ways to secure skills supply in the future. Our study results point to the risks of letting industry experience dictate what counts as qualifications too much. Not only are we missing out on a large talent pool; we also risk hampering innovation and development when new experiences are not allowed to enter and enrich the creative processes. If the selection of candidates is perceived as limited in your industry, seek out similar experiences and contexts.

2 Update how you recruit
Skill supply is crucial for business success. Even so, our study shows that most people consider themselves bad at using the entire pool of skills. There is a goldmine of potential out there that we are not using. It is high time for organizations to look inward. Do we have professional processes in place for recruitment and leadership development?

Are we clinging to old ideas about which skills count? Professionalize the recruitment process and make demands of your recruitment partner! Do not accept lists of candidates with the exact same backgrounds. Look outside of your own networks, dare to be a difficult client, and ask for a wider pool of candidates.

3 Set a long-term skills strategy – at all levels
In times of uncertainty and transformation, it is more important than ever to equip your organization with the best conditions for finding the right skills in the future. The composition and supply of skills for building the company going forward should be a matter for the board at a strategic level. To set requirements and prioritize the issue, we recommend that the board formulate expectations and KPIs for the CEO and management.

4 Develop inclusive leadership
Our report shows the enormous advantages of deep-level diversity in an organization. But getting there requires leadership that lives and breathes diversity, every day. An inclusive leader is genuinely committed to and knowledgeable about diversity issues while being aware of their own privileges and blind spots. This kind of leadership continuously and actively seeks to expand openness and increase responsiveness and curiosity about new perspectives.

5 Boost learning
To stand a chance of remaining competitive and attractive for future talent, we must accelerate learning in our organizations. Psychological safety is essential, but we also need to be challenged to grow. One good idea is to introduce more activities in the organization that promote learning and encourage employees to share knowledge. Diversity and learning are connected – seeking to increase diversity also boosts learning.

Sources

CHAPTER 1
High Demand for experience and skills

1. ManpowerGroup. Talent Shortage Survey 2022.
https://go.manpowergroup.com/talent-shortage

CHAPTER 2
Skills shortage or skills waste?

2. Larsson, G., Björklund, C. (2020). Age and leadership: comparisons of age groups in different kinds of work environment. Emerald Publishing. Även: https://arbetsmiljoforskning.se/unga-chefer-uppskattas-mer/

3. Rasmussen Analys och Stiftelsen Ungt Ledarskap (2022). Ungdomsfokus 2022. www.rasmussenanalys. se/ungdomsfokus

4. Eurich, T. (2018): Insight: The Surprising Truth about How Others See Us, How We See Ourselves, and Why the Answers Matter More Than We Think. Currency.

5. Statistics Sweden (SCB). www.scb.se/hitta-statistik/sverige-i-siffror/manniskorna-i-sverige/befolkningsprognos-for-sverige/

6. Vingård, E. (2018), Vad blir sämre och vad blir bättre när man blir äldre? Rapport 8 Delegationen för senior arbetskraft S 2018:10

7. Bersin, J., Chamorro-Premuzic, T. (2019) The Case for Hiring Older Workers. Harvard Business Review https://hbr.org/2019/09/the-case-for-hiring-older-workers

CHAPTER 3
The explosive power of diversity

8. Katherine W. Phillips, Denise Lewin Loyd, When surface and deep-level diversity collide: The effects on dissenting group members, Organizational Behavior and Human Decision Processes, Volume 99, Issue 2, 2006 och Klein, K. M., & Wang, M. (2010). Deep-level diversity and leadership. American Psychologist, 65(9), 932–934. https://doi.org/10.1037/a0021355

9. Reynolds, A. Lewis, D. (2017), Teams Solve Problems Faster When They're More Cognitively Diverse. Harvard Business Review, HBR.org.

10. Deloitte, The six signature traits of inclusive leadership (2016), www2.deloitte.com/us/en/insights/topics/talent/six-signature-traits-of-inclusive-leadership.html

11. Williams Woolley, A. Malone, T.W., Evidence of a Collective Intelligence Factor in the Performance of Human Groups, artikel i Science, oktober 2010. Also: www.cmu.edu/news/stories/archives/2019/june/productive-teams.html

CHAPTER 4
Accelerate learning

12. Lager, P. (2021). Upskill och Reskill. Smart kompetensutveckling för dig, ditt team och din organisation. Pär Lager och Sanoma Utbildning AB.

13. World Economic Forum. Rapport: The Future of Jobs Report 2020. https://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf

14. Edmondson, A.C. (2019) The Fearless Organization. Psykologisk trygghet på jobbet. Sanoma Utbildning.

OTHER SOURCES:

Almi, Styrelsekartläggning 2022: www.almi.se/globalassets/almi/om-almi/undersokningar/styrelse-kartlaggning/styrelsekartlaggning-2022-almi-220304.pdf

Coyle, D. The Culture Code. The Secrets of Highly Successful Groups. (2019) Penguin Random House UK.

Deloitte, Global Human Capital Trends (2017), www2.deloitte.com/us/en/insights/focus/human-capital-trends/2017/diversity-and-inclusion-at-the-workplace.html

Malmström, M., Könsdiversifiering i bolagsstyrelser och företagsprestation, Luleå tekniska universitet (2021), www.almi.se/globalassets/almi/om-almi/undersokningar/styrelsekartlaggning/konsdiversifiering-i-bolagsstyrelser.pdf

McKinsey & Company, Diversity wins: How inclusion matters (2020), www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

McKinsey & Company, Delivering through diversity (2018), https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/delivering-through-diversity#/

Mellkvist, J., (2021) Välj din ålder, en bok för alla jämna och ojämna födelsedagar. Bokförlaget Langenskiöld.

Wes och Rasmussen Analys (2021), Wes Insights 2021 – Leadership in the new normal. https://wesgroup.se/en/insights/

Fergin E. M FL, Homogenitet i bolagsstyrelser och VD:ars avgång, Nationalekonomi (2013), www.nationalekonomi.se/sites/default/files/2013/12/41-8-effwakhstkw.pdf

About Wes

Wes has a vision for an inclusive and diversified business community, where differences in skills and experience are harnessed in order to build a sustainable future. We specialize in recruiting leaders – for boards, executive and management levels, and key positions, with a focus on diversity. We look beyond traditional networks and offer a qualification-based, innovative, and professional executive search process that provides access to the full range of skills and talent pool. We ensure diversity by considering demographic diversity (visible factors such as gender, age, ethnicity, background) and variations in deeper internal factors such as personality, values, mindset, and experience. Together, these dimensions provide a deep level of diversity that leads to better results and conditions for Wes customers.

By offering leadership development and strategic guidance in our areas of expertise – skills supply, diversity, and inclusive leadership – we help companies build professional, modern, and diverse management teams and boards.

Our team has senior experience and delivers process quality paired with creativity and courage. We have extensive experience in recruiting board chairs and members, CEOs and senior management roles such as CFOs, CHROs, COOs, CMOs, CIOs, and other key roles and senior business executives.

We work with everything from large companies to smaller growth companies, and in a wide variety of industries. The goal of each process is the same: to find the right person for the job. Since our inception in 2011, we have helped hundreds of companies and organizations improve the diversity of their management teams and boards, and to find inclusive leaders.

Since 2018, Wes has been part of Ogunsen AB, which is listed on First North Stockholm.

WWW.WESGROUP.SE

About Rasmussen Analys

Rasmussen Analys is a consulting and analysis company that offers customized quantitative and qualitative surveys, knowledge-based change projects, market and target group analyses, as well as trend lectures and workshops.

WWW.RASMUSSENANALYS.SE

For inquiries,
please contact us on:
kontakt@wesgroup.se