WILEY|EDGE

2023

DIVERSITY IN TECH REPORT:

A FOCUS ON GEN Z IN 2023

An overview of the current landscape and actionable recommendations for change.

UK Version

Please note:
Wiley Edge rebranded to mthree in June 2024

Report
Intro

The technology sector continues to be a driving force behind the global economy, with forecasts indicating that it is set only for further growth. However, against a backdrop of increasing market dominance, the sector has yet to fully address an ongoing problem – a marked lack of workforce diversity.

As levels of income inequality reach new **highs**, the tech sector's diversity dilemma puts it under added pressure to discover new ways of introducing more Gen Z professionals, especially women and people from ethnic minorities into its workforce - despite a widely publicised digital skills shortage.

In 2022, we published our **Diversity in Tech and its Role in Future Equality** follow-up report to our 2021 study into the relationship between tech sector diversity and equality in the UK. The report highlighted the need to encourage more Gen Z professionals to pursue careers in tech amid the economic uncertainty sparked by the Covid-19 pandemic.

To gain a deeper insight into how the tech sector is confronting these diversity challenges, this year we conducted a survey of senior IT decision makers and 21-25-year-olds working within a range of UK-based medium to large enterprises.

This report explores the survey's findings and what progress – if any – the sector has made over the last year. It also looks at the gap between education and employment, the impact of a surge in remote working on workforce diversity, the measures that businesses are taking to attract and retain talent, and the importance of reskilling initiatives in creating more diverse entry-level talent pipelines.
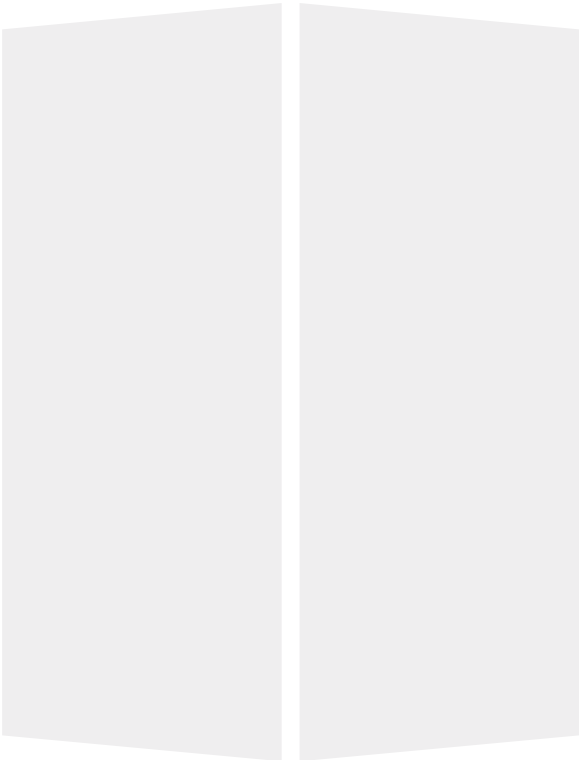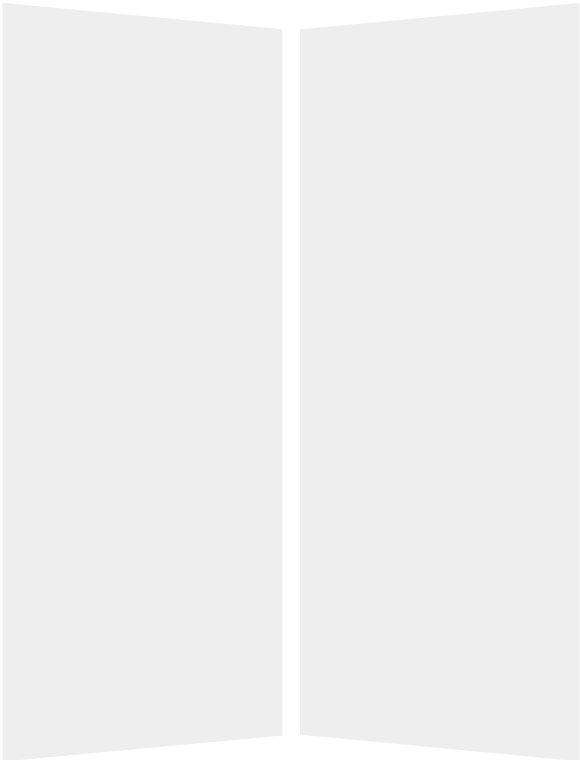
Key
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GEN Z

ORGANISATIONS

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Foreword from
Todd Zipper
EVP & GM, Wiley Edge

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At Wiley Edge, increasing diversity in the worlds of tech, banking, and business provides a central impetus to our work. However, despite making great strides, tech, in particular, continues to face difficulties in cultivating a diverse and inclusive workforce.

Over the past few decades, we have seen that organizations that are prioritising a diverse workforce reap the benefits across multiple levels. This latest research shines a light on the ongoing efforts of firms to diversify their tech teams and the barriers preventing quicker progress.

Although we can see that further work is needed, diverse and inclusive workforces remain both an admirable and realistic business objective. As is often the case, we also see that across-the-board education holds the key to unlocking a sector that has seemed impenetrable to so many for so long.

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Executive Summary

By embracing diversity and creating inclusive workplaces, ***businesses can improve commercial performance*** and play their part in creating a more just and equitable society. However, a lack of diversity continues to be a challenge, with **64% of businesses stating that they struggle to retain diverse tech talent, despite 75% believing their DEI strategies are working well.**

This report provides an overview of the current state of diversity in tech. It highlights the methods businesses use to create more inclusive workplaces and the results these methods produce.

Also outlined are the ongoing barriers to achieving diversity within tech, including fierce competition for talent at a time when Big Tech is slowing or freezing recruitment. **Our research shows that more than a third (37%) of Gen Z tech workers took more than six months to find their first role, and 62% said it was more challenging than expected.**

A preference for candidates who attended top-ranked universities may also be hindering diversity efforts, with **92% of businesses facing challenges when recruiting for entry-level roles. Irrespective of this, 70% reported they are likely to hire from top-ranked universities, which also face their own diversity challenges.**

The pandemic's legacy of a shift toward remote and hybrid working remains strong: 81% of businesses report making more remote roles available since the pandemic, with 92% claiming that this strategy has helped to increase the diversity of candidates. However, 54% also conceded that remote roles are more at risk for layoffs.

The report provides actionable recommendations for senior leaders to diversify in their workforces, including implementing diversity-focused recruitment, retention and reskilling practices, fostering inclusive cultures, and preserving remote roles.

62%

of Gen Z tech workers said finding their role was more challenging than expected.

CANDIDATE
EXPECTATIONS VS REALITY

Termed the 'digital skills shortage', companies have been challenged to find employees with the required IT competencies.

Research conducted in 2023 by *Gallup and Amazon Web Services* found that 72% of UK businesses had at least one vacancy for workers with digital skills, with only 11% of UK workers possessing digital skills described as advanced. **Moreover, 68% of businesses reported that they find it challenging to hire digital workers, with 45% attributing this to a shortage of qualified applicants.**

In light of the disparities between tech requirements and tech talent, there is an opportunity to ease entry-level pathways into the tech sector. However, our research found many Gen Z professionals said they struggled to secure an entry-level role, with only 28% of respondents securing tech sector employment within three months.

Conversely, 54% of Gen Z professionals surveyed claimed it took between 4 and 9 months before securing their first role. Nearly a fifth (18%) said it took them between 10 months or longer. Overall, almost two-thirds (62%) of Gen Z professionals claimed to have found it harder to secure a role than they had expected.

68%
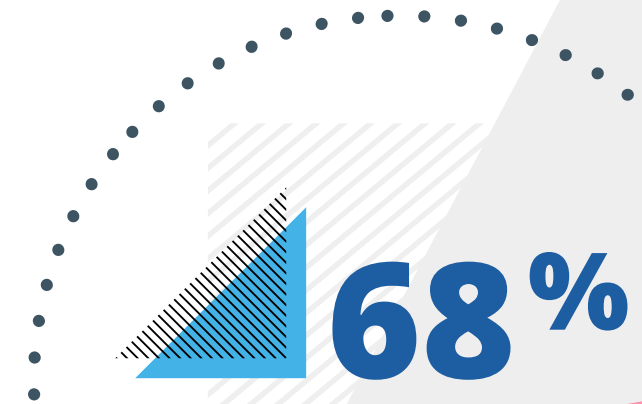
of businesses find it challenging to hire talent with digital skills.

The Big Tech layoffs

Although multiple causal factors have raised the barriers to entry for Gen Z tech workers, two look to be pivotal: **First, our research shows that over half (53%) of Gen Z tech specialists want to work for Big Tech businesses over any other sectors.** By contrast, the second favoured sector, financial services, was the preferred choice for only 16% of respondents.

Second, the increasing gravitational pull of the tech sector comes at a time when Big Tech firms are slowing or freezing recruitment and making redundancies. In the last year alone, Google, Meta, Amazon, and other tech companies laid off over *100,000 employees.*

Fierce competition for tech vacancies is contributing to an environment in which Gen Z professionals are struggling to secure roles.

Here, education becomes paramount. **Gen Z professionals need to be made aware of the rewarding and good-paying *tech roles* outside of Big Tech.** Whether in smaller tech firms or sectors such as retail, healthcare, finance and manufacturing, opportunities for skilled tech workers are abundant, but knowledge of these opportunities is less so.

Gender diversity perception & other barriers to job application

Candidate expectations of tech roles are clouded by perceptions that the industry lacks gender diversity: **Thirty-nine percent of all Gen Z tech workers surveyed claimed the industry has a reputation for being male-dominated (including 42% of Gen Z women),** with 33% pointing to a lack of female role models in the industry, rising to 37% of Gen Z women. Twenty-nine percent believed a gender pay gap existed, including 34% of Gen Z women, and 26% said there had been a lack of information about the tech sector within their schools and colleges (27% of Gen Z women). Businesses have more work to do to address these issues so perceptions improve.

As we will see in chapter two, the importance businesses place on candidates holding a relevant degree is declining, yet 38% of non-tech workers stated that their lack of qualifications would deter them from applying for a role. Of the deterrents non-tech workers provided, this was by far the most prevalent. **It was also illuminating that 21% stated that they didn't know how to break into the industry, and 18% were unaware of any entry-level programmes.**

However, businesses can take some heart from these findings. Only 6% of respondents were put off by a belief that tech companies have a poor reputation, 9% that they are unwelcoming environments, and 5% by a belief they are not ethnically diverse. **By communicating with students earlier in their education and advertising the fact that skills are more important than qualifications, businesses could attract a wider pool of talent.**

39%

of Gen Z workers said tech has a reputation for being male-dominated.
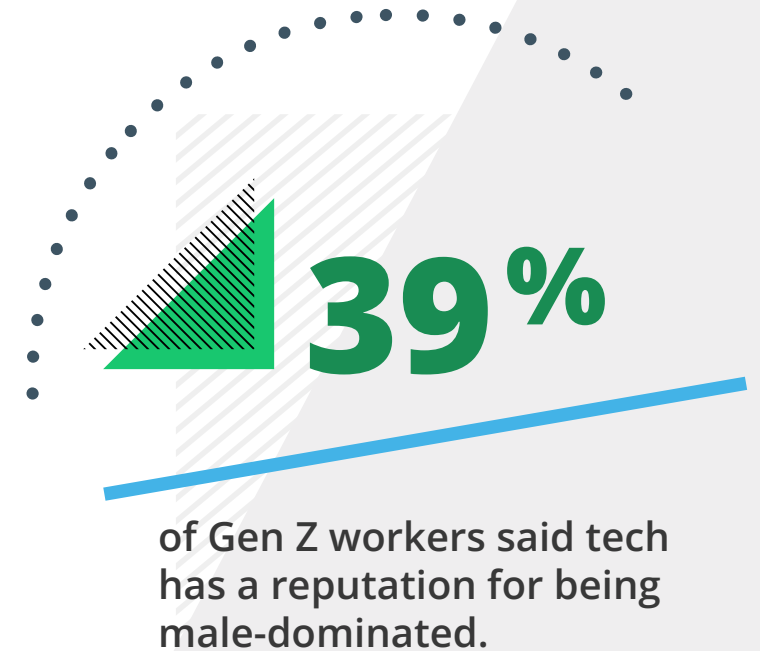
BRIDGING THE GAP BETWEEN EDUCATION & EMPLOYMENT

A tech sector that remains popular with candidates despite becoming increasingly inaccessible is a major reason why many Gen Z professionals feel locked out. It is not, however, the only reason.

Notwithstanding a shortage of available talent, it seems businesses are not finding what they are looking for when trying to fill entry-level roles. **Our research exposed a gap between formal education and the working world, with 45% of businesses stating that candidates for entry-level positions often lack core technical skills despite holding a relevant degree, and 26% said they lack soft skills.** Forty-two percent of businesses also reported a scarcity of candidates with the right formal qualifications, with 43% saying the same about candidates from historically underrepresented groups.

27%

of businesses hire exclusively from top universities.

The importance of degrees

Although it's evident that there is widespread dissatisfaction among tech leaders on the proficiency of recent graduates, a university degree remains desirable to most. **Our research discovered that almost one in 3 (27%) businesses exclusively hire from the top universities,** and 44% report that they are at least more likely to do so. Only 4% consider all types of higher education qualifications.

A preference for university-educated candidates also remains strong: Half of businesses (49%) stated that they 'always' require tech role candidates to hold a bachelor's degree, while 48% of businesses stated that a bachelor's degree is required only 'sometimes'. Three percent reported that they never require a degree. Moreover, 53% of surveyed businesses claimed the number of roles requiring a degree has increased, with only 33% claiming the opposite.

However, evidence suggests the allure of candidates with a university degree is beginning to wane. **Indeed, 42% of businesses that have cut the number of roles requiring a degree said it was to expand their talent pool, and 70% because they wanted to consider candidates with alternative credentials.** Offering some encouragement to those championing equality in the tech sector, 14% of businesses are expanding qualifications in place of degree requirements specifically to increase the diversity of applicants.

If greater diversity in tech is to be achieved, Gen Z candidates must be provided with more explicit and pragmatic guidelines for accessing tech roles. Ongoing discussions surrounding the 'digital skills shortage' has helped fuel a proliferation of tech-focused boot camps and courses that could be misleading Gen Z to believe a tech career is easy to access for all candidates post completion.

Equally, many Gen Z professionals could enter the job market believing that a computer science degree is enough to secure a role. As our findings demonstrate, not only is this not necessarily the case, but the importance attached to degrees beginning to fade. **In fact, 53% of surveyed businesses are considering dropping the degree requirement from certain roles over the next year to open the door to more candidates who don't have the opportunity to go to university.**

# THE IMPACT OF REMOTE & HYBRID WORKING ON DIVERSITY

The Covid-19 pandemic prompted a massive shift to remote and hybrid working models across multiple sectors worldwide, not least within the tech sector. Though the age of social distancing may be over, remote and hybrid working is not. **Our research shows that 81% of businesses have made more remote roles available since the pandemic, and only 23% of Gen Z tech workers stated that their role is completely office based.** The remaining Gen Z workers work in a role that is either hybrid (53%) or fully remote (32%).

A growing prevalence of remote working appears to be proving beneficial to businesses and candidates alike. From a diversity perspective, **64% of businesses claimed that increasing the number of remote roles has led to greater gender diversity among candidates.** 50% said it had led to greater ethnic diversity, 20% to greater neuro-diversity, and 21% to greater socio-economic diversity. At the same time, 95% of Gen Z tech workers in remote roles said the practice had helped them financially (23%), geographically (40%) or socially (36%).

However, external factors threaten this mutually beneficial arrangement. Amidst an uncertain economic landscape, 52% of the surveyed businesses plan to slow down tech recruitment, with 54% admitting that remote roles are more at risk of redundancy. **Sixty percent of businesses also said that the current economic environment is slowing DEI initiatives.**

Our findings show that remote working has been a net positive for the tech sector from a diversity perspective. The danger is that macroeconomic uncertainties lead businesses to offload both remote working models and diversity initiatives as a cost-cutting exercise. Doing so could result in inadvertent discrimination against underrepresented groups who make up a sizeable proportion of remote workforces or reduce the numbers of such applicants where new roles are either hybrid or office-based.

60%

of businesses said the economic environment is slowing their DEI initiatives.
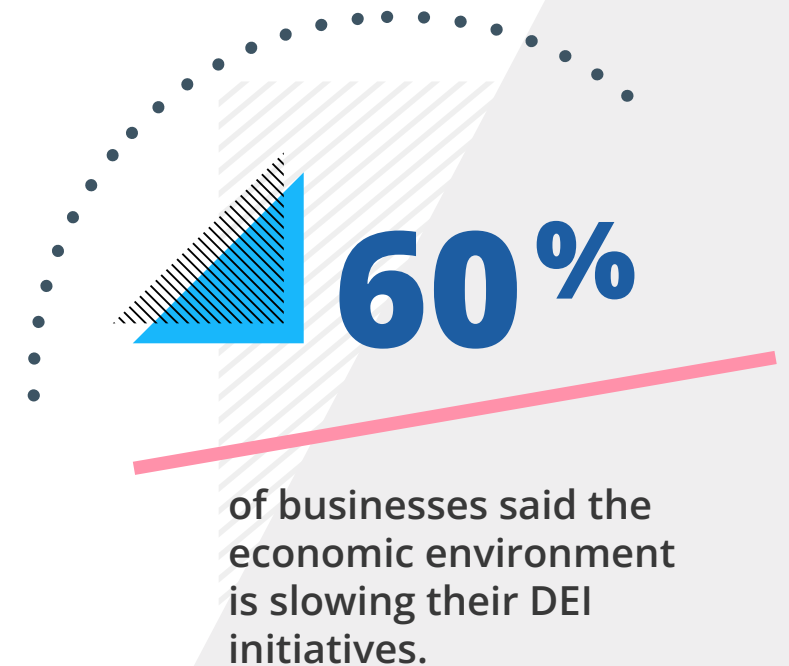
ACHIEVING GREATER DIVERSITY THROUGH RECRUITMENT

With much uncertainty surrounding the future of remote working in the tech sector and how it could impact diversity, pressure is mounting on businesses to find other ways of nurturing a more representative pool of applicants.

Of the businesses we surveyed, **40% accepted they lacked gender diversity, 41% lacked ethnic diversity, 31% lacked neurodiversity, and 34% lacked socio-economic diversity. Thirteen percent claimed to have no diversity issues.**

At a glance, this may seem concerning, but positives can be extracted the deeper we dig. First, the figures show that businesses are keeping track of their demographic composition. Indeed, 98% of the businesses we surveyed claimed to do so, compared to 74% in 2022.

Ninety-nine percent also reported implementing a recruitment initiative designed to increase the number of women on their tech teams in the past three years, with increasing available talent the most common driver. Measures to attract underrepresented groups included updated benefits packages (54%), advertising roles in different places (51%), and offering flexible working policies (28%).

More promisingly, businesses explained that the reason for tracking demographic composition was specifically to either benchmark recruitment activity (52%) or create new programmes aimed at different groups (48%).

Ultimately, this sector-wide prioritisation of diversity provides hope. When asked about the level of diversity within their tech teams, a minority of firms (21%) claimed to be aware of a lack of diversity but making no attempts to address it. Thirteen percent knew they lacked diversity but didn't know how to address it, and only 3% had never considered the issue. These figures, while small, still impact the way in which the industry is viewed.

Although over a third of businesses appear uninterested in overcoming their diversity challenges, don't know how to, or have never even thought about it, such businesses have become the industry outliers. **The majority (42%) of businesses knew they lacked diversity and were actively seeking to achieve greater balance, while 11% claimed to have already resolved their lack of diversity, and 10% claimed to have always been diverse.**

To improve gender diversity, businesses are also taking steps to address perceptions of a pay gap. Fifty-two percent stated that they list salary expectations in job descriptions, 65% regularly evaluate compensation bands for current roles, and 27% hold company-wide meetings to gather employee feedback on pay gap progress. Indeed, almost 4 in five (77%) Gen Z tech employees were satisfied with their company's pay transparency.
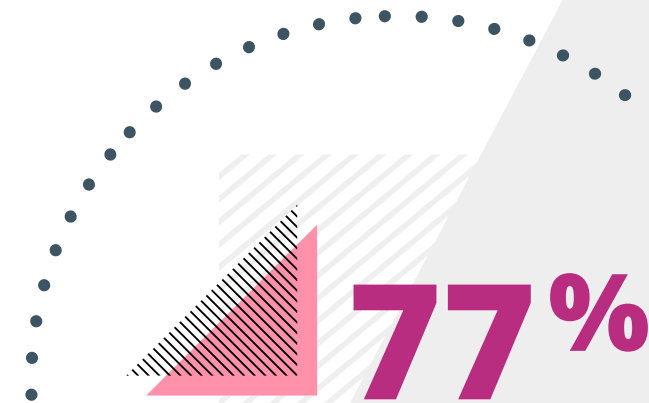
77%

of Gen Z tech employees are satisfied with their company's pay transparency.

Motivations are shifting

Advocates of DEI initiatives have long asserted that diversity enhances commercial performance. ***Gartner*** recently found that **75% of organisations with frontline decision-making teams reflecting a diverse and inclusive culture will exceed their financial targets.** Yet, concerns have lingered that imposing DEI initiatives could be counter-productive. It is therefore a mild concern that 31% of businesses surveyed pointed to stakeholder pressure as a primary factor in driving their diversity initiatives; 33% also identified addressing legal reporting requirements around the gender pay gap as key.

Elsewhere, the motivations behind diversity initiatives were more progressive: **47% of businesses implemented initiatives to expand the available talent pipeline, 40% to increase productivity, and 42% to promote innovation and creativity.** These mostly larger numbers suggest that the commercial potential of a diverse workforce is becoming more recognised within the tech sector.

Enhancing diversity is also proving to have reputational benefits: 39% of businesses identified an improved reputation as a core factor behind their diversity initiatives, while 33% pointed to improved employee engagement and satisfaction and 30% to enable better customer service.

The diversity strategies making an impact

According to our findings, **the most widely used strategy is the setting of diversity targets, used by over half (52%) of businesses (up from 46% last year).** Anti-bias training for interviewers is used by 43% of businesses (up from 41% last year), while 44% publish neutral job descriptions (same as last year), 31% complete blind CV reviews (up from 25% last year), and 25% prioritise diverse shortlists (down from 37% last year).

Although the implementation of anti-bias hiring strategies is relatively low, most businesses report using at least one, and 96% of those using a strategy have noticed a positive impact on their workforce diversity. Efforts have not gone unnoticed by employees either, with only 6% of Gen Z tech workers feeling that diversity was not a priority to their employer during their own recruitment journey. **Elsewhere, 34% believed that diversity has always been a significant recruitment focus at their company and 42% had noticed more efforts recently.**

96%

of businesses using an anti-bias strategy have noticed a positive impact on workforce diversity
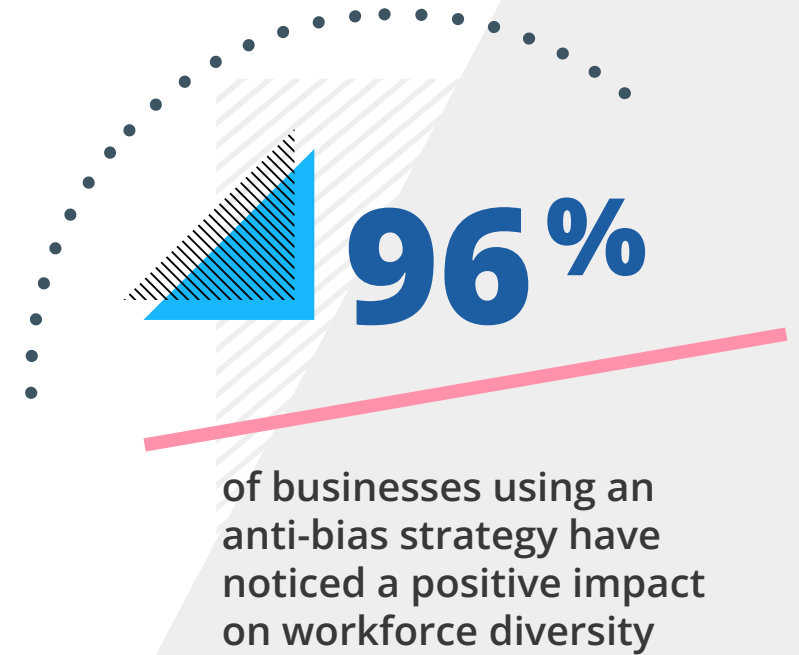
The university question rears its head again

In Chapter 2, we discussed the widespread dissatisfaction among tech leaders as to the competencies of recent graduates despite a university education remaining desirable to most. Our research also shows that those businesses preferring to hire candidates from leading universities face greater difficulties than those that don't adopt a more flexible approach.

For example, **whereas 26% of businesses that hire from the top-ranked universities struggle to find candidates with the necessary production support skills, this is true for only 13% of businesses that explore a wider talent pool.** Across nine identified skill sets, businesses that recruit graduates from the top-ranked universities face less difficulty in only three skill areas: Data science: 36% vs 44%, Cyber: 44% vs 49%, and DevOps: 19% vs 21%.

We can conclude that the overall picture of diversity within recruitment processes is positive. Businesses that either don't deploy some form of recruitment initiative or don't see the value in diversity drives have become industry exceptions. Meanwhile, the majority who do, appear to be reaping the benefits.

Further progress is achievable by amplifying the evidence that a diverse workforce offers much more than placated stakeholders and the value that can be leveraged by widening talent searches beyond leading universities.

ENHANCING EMPLOYEE RETENTION THROUGH INCLUSION

CHAPTER

5

With significant strides being made to cultivate more diverse teams at the outset, looking at the endeavours to retain existing employees belonging to underrepresented groups is necessary.

Here, the picture is more troubling: 59% of businesses reported that they struggle to retain diverse tech talent, despite 76% believing that their DEI strategy is working well. Moreover, **60% of Gen Z tech workers are reporting feeling uncomfortable in a role due to their gender (12% of men vs 33% of women), ethnicity (16%), socio-economic background (14%), or neurodevelopmental condition or other disability (25%).**

The reasons identified by Gen Z tech workers for their feelings of discomfort vary, with 24% attributing them to a lack of diversity in their team/department (18% of men vs 32% of women). Thirty one percent also indicated a missing sense of belonging, and 18% blamed an unwelcoming company culture. For 25% of respondents, this lack of belonging or unwelcoming culture manifested as biased treatment from managers (21% of men vs 32% of women). For 23%, it resulted from aggressions/microaggressions from colleagues (17% of men vs 32% of women).

Otherwise, discomfort appears to stem from more structural deficiencies. For example, 24% of Gen Z tech workers experienced a lack of mentoring (22% male vs 28% female), 20% a lack of support for additional needs, 20% a lack of career advancement opportunities, 15% poor onboarding processes, and 18% poor benefits packages. **Overall, 46% of respondents (42% male vs 53% female) cited a lack of personal support as the primary cause of their negative experience.**

51%

of businesses have introduced a mentorship program for younger employees

Beneath the surface, a more positive picture

In contrast to these figures, **78% of Gen Z tech workers still claimed to have had a positive or mostly positive experience in the industry so far, with 58% attributing it to enjoyment of their work and 49% finding their work interesting. Fifty-four percent also reported having received either professional or personal support.**

There is also evidence that businesses are investing resources into improving the retention of underrepresented groups. Fifty-one percent of the businesses surveyed have introduced a mentorship programme for younger employees, and 51% have implemented a system to identify whether additional support may be needed for entry-level employees from different backgrounds.

Employee resource groups (ERGs), where employees form groups based on shared characteristics or life experiences, were present in 35% of the businesses surveyed, up from 32% last year. An onboarding process considering feedback from previous hires from underrepresented groups features in 33% (up from 32% last year). Slightly less common is the use of diversity retention targets - 27% (up from 19% last year) and unconscious bias training - 18% (up from 5% last year).

The general picture of retention of underrepresented groups in tech is one of gradual progress but more work is needed to create supportive, welcoming environments for all. Of those Gen Z tech workers who reported feeling uncomfortable in a role, 39% described their team as being 'very diverse.' Conversely, of those who reported having never felt uncomfortable, 50% described their teams as 'very diverse.'

THE ROLE OF RESKILLING IN INCREASING DIVERSITY IN TECH

Lastly, we explore the importance of reskilling as a means of advancing diversity in tech. While the recruitment and retention of underrepresented groups continue to be works in progress, reskilling initiatives will become a vital tool in cultivating more diverse entry-level talent pipelines.

Our research shows that a significant majority of businesses provide upskilling and reskilling programmes, **with 48% offering one or the other to existing tech employees and 49% to all employees, regardless of their current roles.** Only 3% have either never offered such programmes or have since abandoned them.

The prevalence of upskilling and reskilling initiatives reflects their effectiveness in producing tangible results for businesses, with 59% stating they helped improve recruitment drives, 56% saying the same about retention, and 37% reporting that they had also enhanced workforce engagement.

Reskilling could also provide a compelling answer to the problem businesses face with locating the requisite skills from degree-holding candidates. The 45% of businesses claiming that candidates lack technical skills despite holding the relevant qualifications suggests that many may be expecting too much of recent graduates. **Therefore, introducing entry-level post-graduate reskilling programmes could therefore be an effective means of preparing qualified candidates for the rigours of real work.**

76%

of businesses lack diversity within their teams.

Closing thoughts

In light of the findings from our research, what can we say about the status of diversity in tech in 2023?

First, businesses that neither prioritise nor engage in diversity initiatives are now clear industry outliers. Moreover, where a lack of diversity exists, most businesses are at least aware of the situation and are taking active steps to address the imbalance. Steps are not limited to recruitment processes either. Businesses are implementing various initiatives to protect the retention of underrepresented groups and are providing opportunities for upskilling and reskilling. More importantly, however, is that these initiatives are working.

As welcome and advantageous as these initiatives are, it is also clear that the journey toward a tech industry that accurately represents wider society is far from complete. **Incorporating businesses that are trying to address it and those that aren't, 76% reported that they still lack diversity within their teams.**

To expedite progress toward more diverse tech teams, businesses should give similar weight to activity beyond diversity initiatives. With 54% of businesses stating that remote roles are more at risk of redundancies, careful consideration should be given to how this will impact diversity objectives. Over 8 in ten (81%) of the businesses surveyed had added more remote roles since the pandemic, with 92% noting uplifts in diversity amongst job candidates. Workers themselves clearly value remote working too - only 5% claimed to specifically not want a remote position.

The role of academic pedigree must also be examined. **Though 70% of businesses either exclusively hire from top-ranked universities or are more likely to, there is scant evidence that this approach helps acquire the desired skillsets or improves diversity.** However, businesses seem to be recognising this fact and moves to widen talent searches are increasing. **Notably, 53% of businesses are considering dropping the requirement for candidates to hold a bachelor's degree for certain roles over the next year.**

As we look to the future, the most significant challenge may become providing a more level playing field for entry-level tech roles. As competition for roles intensifies at a time when Big Tech is shedding them, an entire cohort of talent risks being disenfranchised. **It is therefore vital that work goes into drawing attention to those sectors where candidates can apply their skills and where there is a greater abundance of opportunity.**

Report methodology

Employee: The employee sample consisted of 1,000 respondents comprised of individuals ages 21-25. Individuals working full time in a tech or IT based role represent 51% of respondents; individuals not working in a tech or IT based role represent 49% of respondents. To recruit for the employee/consumer sample within the UK, a panel of consumers from across the nation were asked to participate in an online survey. All respondents resided in the UK at the time they participated in the survey.

Employer: The employer sample consisted of 300 respondents who were serving in senior IT leadership roles within medium to large enterprises at the time they completed the survey. Respondents needed to be serving in C-suite, director-level or HR manager positions in order to participate. To recruit for the employer sample within the UK, a panel of individuals from across the nation were asked to participate in an online survey. All respondents resided in the UK at the time they participated in the survey.

About **Wiley Edge**

Wiley Edge is an emerging talent and reskill training partner for public and private organisations across the globe.

For employers, we build pipelines of diverse talent through our Hire Train Deploy model, and for graduates, we help turn degrees into careers through graduate training and support. To date, we've launched 4,000 careers at global organisations, helping employers create a more diverse workforce for the future.

An increasing pace of change is widening the gap between required skills and their availability in the workforce, meaning future-proofing has become more important than ever. To meet this challenge, more than 40 institutions in North America, EMEA and APAC, from government agencies to tier-one investment banks to fintech, have turned to Wiley Edge.

We bridge the skills gap in technology and other high-demand disciplines by connecting education to the working world, while our adaptive industry-led Academy meets ever-changing requirements.

With an Alumni offering focusing on emerging talent, our Hire Train Deploy model places outstanding graduates into a client's team for 12 to 24 months, after which they can convert to full-time employees at no extra cost. Ninety percent of Alumni make this conversion.

Diversity underpins everything we do for our clients. Through our Reskill offering, we open up new demographics, tackling biases from age to education. Of the Alumni placed with companies by Wiley Edge in 2022, 40% were women and 51% were from an ethnic minority. Reskill also creates training for existing employees, enabling clients to retain valuable organizational knowledge while evolving with the industry landscape.

Together, Alumni and Reskill help to build pipelines of diverse, custom-trained talent – complementing traditional hiring strategies such as internal graduate programmes and reactive recruitment.

Learn more: **wileyedge.com**

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