

Diversity in Tech Report



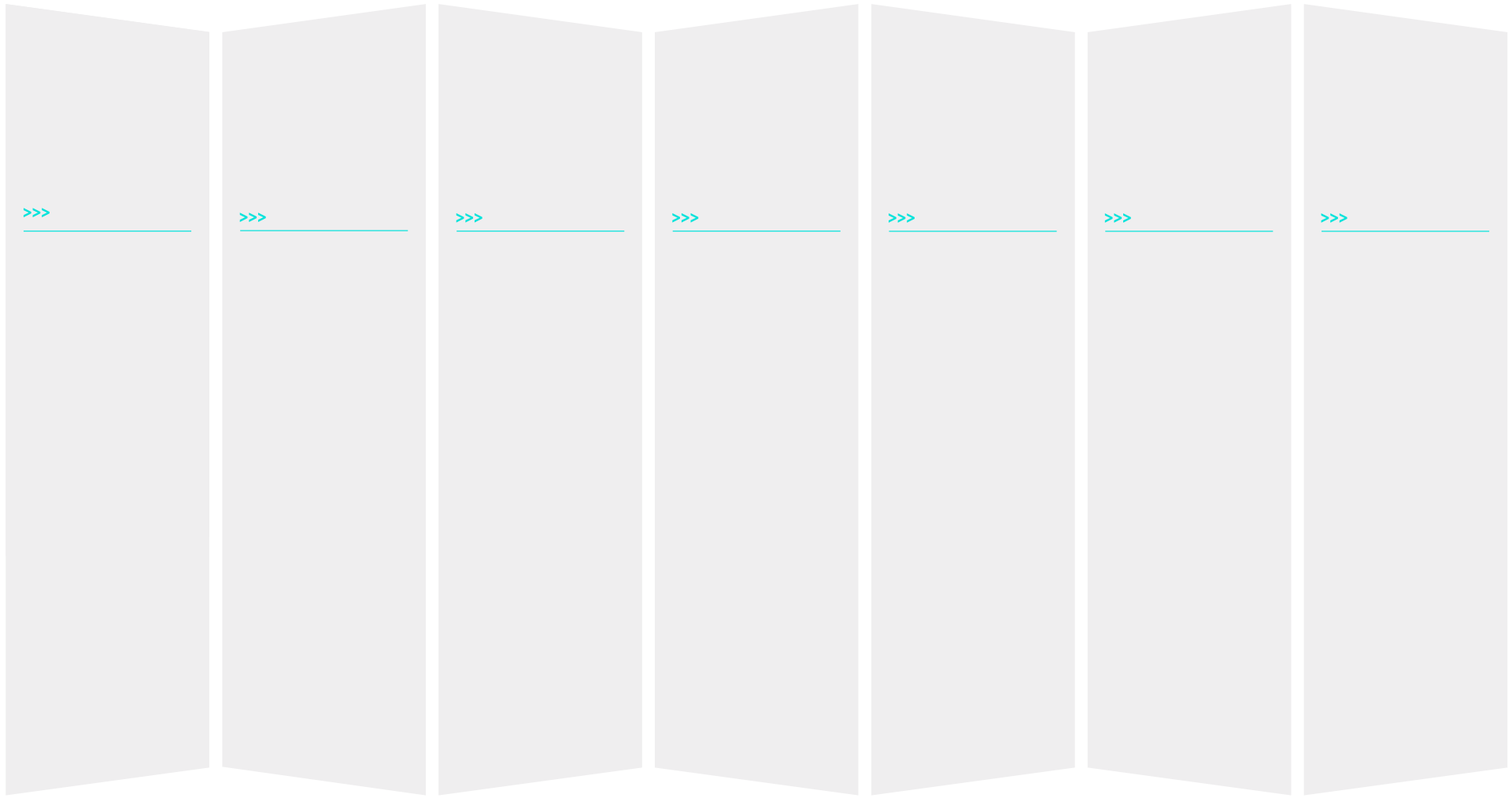
An overview of the current landscape and actionable recommendations for change.



2024

US VERSION

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Introduction

Alex Headley

CEO, mthree



Welcome to mthree's Diversity in Tech Report, now in its fourth year. Since its inception, the report has tracked the evolving attitudes and behaviors of employers and young tech professionals embarking on their careers. Over these four years, the industry has undergone significant changes, shifting from a focus on improving its reputation and talent pipeline to embracing a deeper understanding of diversity's importance for both social and business good.

Throughout this time, we have observed a growing recognition among tech employers that having diversity within a team is not only the right thing to do, but also a strategic imperative. Inclusivity has become a driving force behind business success, innovation, and creativity. Simultaneously, we have recorded the voices of a new generation of tech workers who are increasingly confident and prioritize workplaces where diversity and inclusion are valued.

This year's findings reveal many areas of great improvement. We have seen a stronger-than-ever commitment from companies to deliver effective inclusivity programs, translating intention into action. The data reflects tangible progress, with businesses making strides in building more diverse teams and creating environments where everyone can thrive.

Yet, as the industry moves forward, new challenges emerge. How can businesses strike the right balance between remote and office-based working? What role will non-traditional pathways play in expanding the tech talent pool? And how will qualifications and experience be re-evaluated in the recruitment process?

These are just some of the questions that arise from this year's results, offering fascinating insights into the future of diversity in tech





Key findings: Businesses & organizations



Data-driven diversity >>>

53% of businesses now use workforce demographic data to inform diversity programs.



Improved clarity >>>

Only **9%** of businesses remain unsure how to address their diversity issues.



Impact of remote working >>>

75% of businesses have increased remote or hybrid roles with **96%** reporting positive diversity impacts.



Flexible working as a tool >>>

42% of businesses use flexible working to attract underrepresented groups, up from **34%**.



Retention challenges >>>

59% of businesses still struggle to retain diverse tech talent.



Key findings: Young tech talent



Degree value remains strong >>>

64% of young people still believe a degree is ‘worth it’ for their career.



Tech jobs more appealing >>>

Economic conditions have made tech careers more attractive for **61%** of young workers, although **62%** view tech as risky for long-term job security.



Remote work valued >>>

68% of young tech workers are in remote or hybrid roles, however **49%** of hybrid workers reported increased office days over the last year.



Diversity efforts are evident >>>

89% of young workers report ‘very diverse’ or ‘diverse’ teams and **74%** believe their employer has effective diversity efforts in place.



Challenges remain >>>

The tech sector’s reputation as male-dominated remains a barrier for just under a quarter of young people (**23%**), and concerns a gender pay gap have risen from **10%** to **16%**.



Executive Summary

- >>> *THE CHALLENGES AND HOW TO TACKLE THEM*
- >>> *REMOTE, HYBRID, AND FLEXIBLE WORKING PRACTICES*
- >>> *RECRUITING THE FUTURE OF TECH*
- >>> *SUPPORTING DIVERSE TALENT TO THRIVE*





Executive summary



Each year we ‘take the temperature’ of diversity in tech, and it’s encouraging to see that the sector is making significant strides in its efforts to foster diversity and inclusion and address challenges in our 2024 findings. Workforce demographic data is now being used not only for statistical monitoring, but also to drive new diversity programs. 53% of businesses are using this data to inform recruitment efforts, highlighting a proactive shift towards building more inclusive teams.





The challenges and how to tackle them

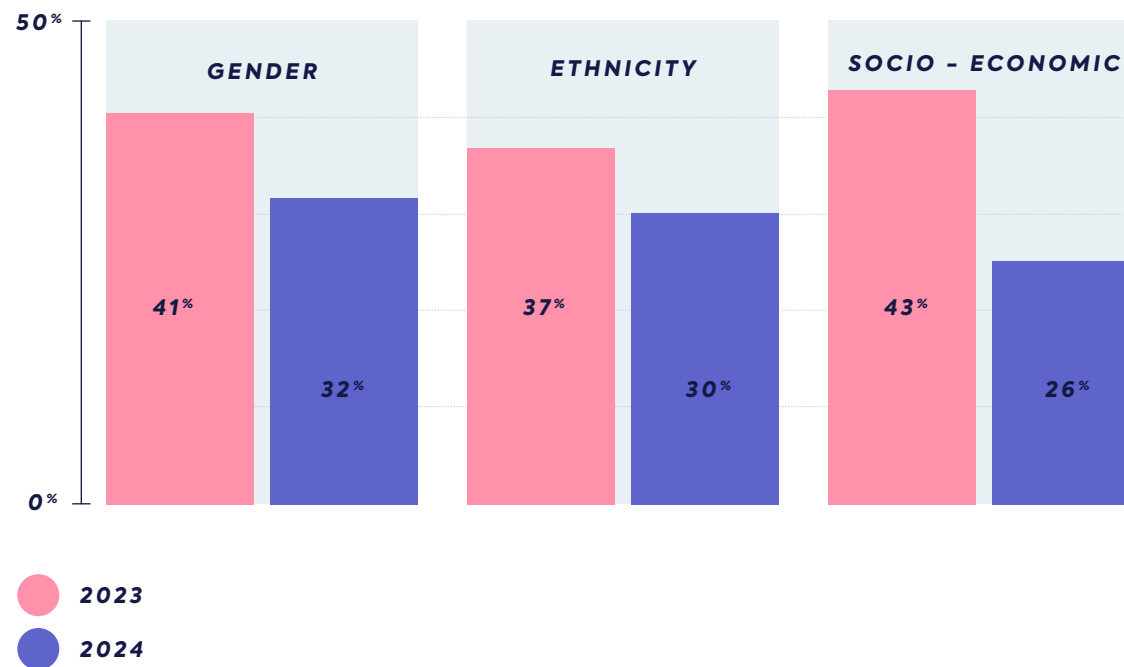


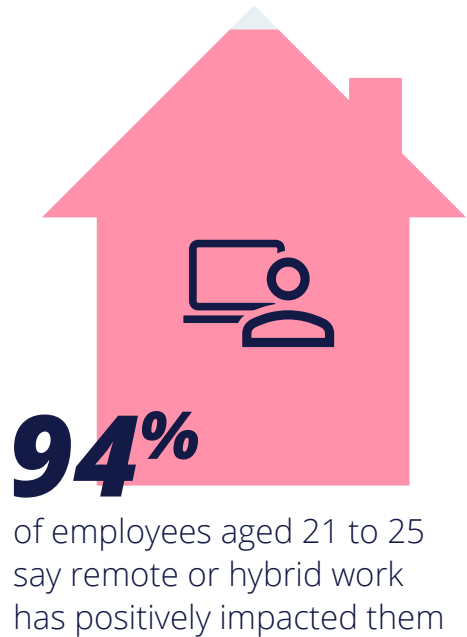
While 58% of organizations acknowledge that their tech teams still lack diversity, there has been notable progress when compared to 2023 findings. Fewer businesses are reporting gender diversity challenges (down from 41% to 32%), and ethnic diversity issues have dropped from 37% to 30%. Socio-economic diversity challenges have also decreased, from 43% to 26%. Only 9% of organizations say they are unsure how to tackle diversity problems, indicating high levels of awareness, knowledge, and support to address these challenges.

58%

of organizations lack diversity, but the gaps are narrowing

Businesses reporting diversity challenges >>>





Remote, hybrid, and flexible working practices



Remote working—which involves hybrid and geographically flexible working practices—continues to play a critical role in improving diversity within tech teams, enabling more people to access employment in tech. **75% of businesses have expanded their remote work offerings over the past year, with 86% of those reporting that this has positively impacted workforce diversity.** Most notably, remote working has boosted gender diversity (70%), ethnic diversity (44%), socio-economic diversity (30%), and neurodiversity (37%).

Flexibility in work arrangements has enabled businesses to broaden their talent pool, with 53% of organizations adopting more inclusive hiring practices and 33% reducing relocation barriers. This is helping to open opportunities to candidates with caregiving responsibilities or financial constraints, for example. The use of flexible working as a proactive diversity measure has increased significantly, from 34% last year to 42% in 2024, as businesses recognize their role in attracting talent from underrepresented groups.

Meanwhile, young tech employees are reaping the benefits of remote work. A majority (94%) of employees aged 21 to 25 say remote or hybrid work has positively impacted them – providing financial savings, broader job opportunities, and a better work-life balance, for example.



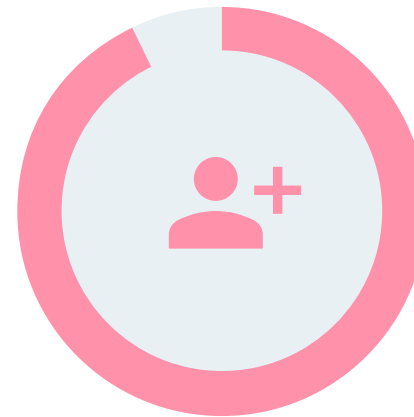
Recruiting the future of tech



Looking ahead, our findings suggest that tech recruitment is set to rise, with 93% of organizations planning to grow their teams and 46% expecting significant increases over the next 12 months. The motivation to increase the available talent pool is increasingly driving diversity programs, with 54% of businesses linking their diversity initiatives directly to this goal. Organizations are also aware of the link between diversity and innovation, with 53% identifying diversity as a key driver of creativity.

There is also evidence that a shift in recruitment strategies can improve availability of much needed skills. **26% of businesses now say they consider candidates from all universities equally (up from 21% in 2023), marking a move away from tech's traditional focus on hiring from top-tier institutions.** And it's making a positive impact on business; organizations that have broadened their recruitment scope report fewer skills shortages, with 41% experiencing no shortages across key skill areas, compared to just 11% of those still focused on top universities.

Businesses planning on growing their tech teams >>>



93%
 ~
 plan on growing their teams



46%
 ~
 expect significant increases over the next 12 months



Supporting diverse talent to thrive



There have been modest rises in the use of employee resource groups (up from 51% to 54%) and additional support for diverse hires (up from 50% to 51%), reducing challenges related to retaining diverse talent. **Also, companies offering reskilling and upskilling opportunities have seen improvements in employee recruitment (up from 53% to 62%).**

Overall, the tech industry is making measurable progress in building more diverse and inclusive teams, particularly through an increased focus on flexible working and broadening the hiring pool. However, there have also been setbacks, such as a decline in mentorship programs and only minimal improvement in other retention strategies. To maintain and build on these gains, tech companies must continue to invest in these initiatives—otherwise, the progress made may be quickly undone.





Tech's Increasing Diversity Efforts

>>> *PUTTING DATA INTO ACTION*

>>> *AWARENESS AND UNDERSTANDING ON THE UP*

>>> *EMBRACING DIVERSITY IN ALL ITS GUISES*

Kat Snodgrass

Global Accounts Director, mthree



As the tech industry continues to evolve, we're seeing a genuine shift from awareness to action when it comes to diversity. More companies are leveraging demographic data not just for compliance, but to actively guide recruitment and retention efforts. Diversity is no longer a box to tick – it's a core business priority. We've seen a marked increase in companies making targeted efforts to build more inclusive teams, and the results are clear. While challenges related to gender, ethnicity, and socio-economic diversity have decreased, we must maintain our focus to ensure this progress continues.



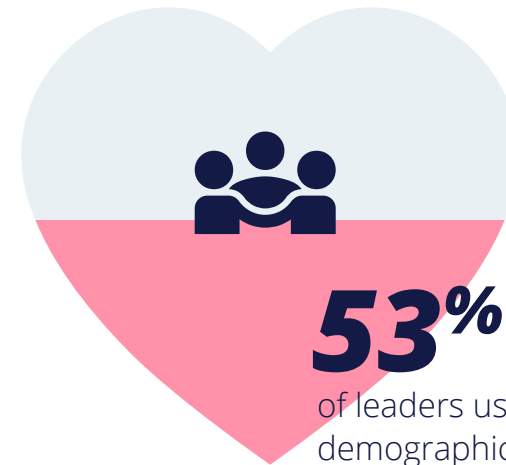


Putting data into action



Most businesses are using workforce demographic data not only as a tool for monitoring, but as a foundation for initiating new diversity programs. Previously, much of the data collected on the demographic composition of tech teams was used solely for compliance or tracking purposes. However, this year's research shows that 53% of business decision-makers now utilize this data to direct recruitment programs specifically aimed at building more diverse teams. This is now significantly higher than those businesses simply using this data for demographic tracking (45%).

Diversity in tech is evolving into a business-critical priority. Businesses are taking action, developing strategies to address gaps, and actively implementing diversity-focused recruitment and retention practices. Instead of waiting for the 'right' candidates to appear, employers are now more intentional in their efforts to identify where their teams are lacking in diversity and tailoring their recruitment initiatives accordingly. This approach ensures that diversity is not treated as an afterthought, but as a central objective in workforce development.



53%

of leaders use workforce demographic data to inform and direct diversity initiatives



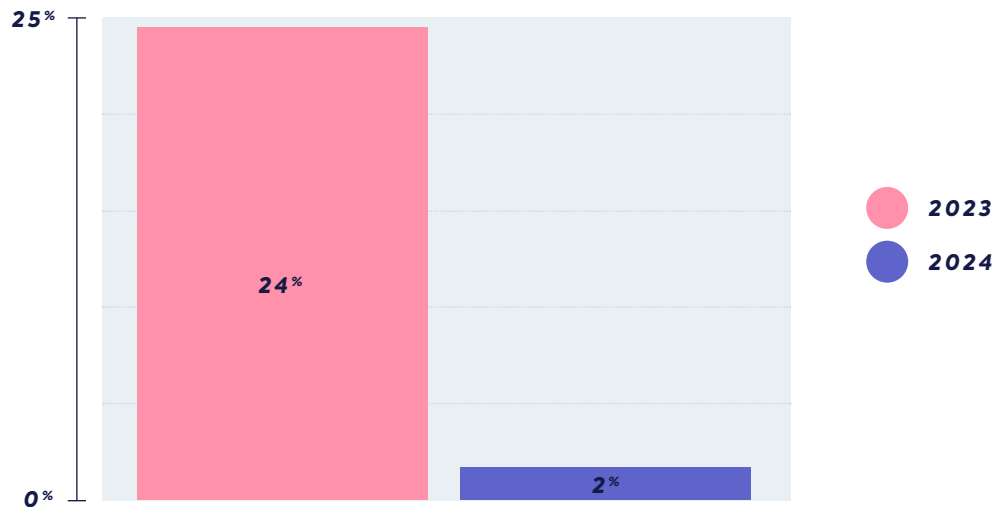
Awareness and understanding on the up



This growing focus on diversity has been accompanied by a reduction in businesses reporting a lack of clarity on how to address these issues. In this year's research, just 9% of businesses admitted that they were aware of a lack of diversity within their tech teams but don't know how to tackle it. Businesses are now well equipped with the tools and resources needed to address these challenges, whether through internal development or external guidance. This change highlights increasing industry awareness and capacity to take meaningful action.

One of the most promising signs of progress is how few employers remain unsure of the diversity issues they face. This year, just 2% of businesses reported uncertainty about their diversity challenges, compared to 24% in 2023. This suggests that diversity and inclusion are no longer peripheral concerns; they are becoming central to operational strategies. As the industry continues to embrace diversity, the focus has shifted from identifying the problem to developing effective solutions.

Businesses unsure about the diversity challenges they face >>>





Embracing diversity in all its guises



What's more, the benefits of data-driven programs, improved awareness, and targeted recruitment initiatives are starting to show. The percentage of businesses experiencing diversity challenges in their tech teams has decreased significantly in the past year. In terms of gender diversity, the number of businesses reporting a lack of representation fell from 41% to 32% - a notable 9 percentage point drop. Similarly, challenges related to ethnic diversity have also seen a remarkable reduction, with businesses experiencing a lack of ethnic diversity dropping from 37% to 30%. The percentage of businesses struggling with socioeconomic diversity challenges also fell from 34% last year to 26% this year.

It is encouraging to see employers broadening their approach to inclusivity, recognizing that diversity extends beyond gender and ethnicity to include socioeconomic factors.





The Role Of Remote Working In Expanding Diversity

- >>> *WORKING FROM HOME OFFERS MORE THAN JUST FLEXIBILITY*
- >>> *CATERING FOR COLLEAGUES WITH DIFFERENT COMMITMENTS AND CULTURAL BACKGROUNDS*
- >>> *FLEXIBILITY BENEFITS EMPLOYER AND EMPLOYEE ALIKE*
- >>> *IS WORKING FROM HOME HERE TO STAY?*
- >>> *GETTING THE BALANCE RIGHT*

Charlotte Ibbotson

Director of Talent,
mthree



Remote and hybrid working have played a crucial role in expanding the talent pool and supporting diversity efforts, but finding the right balance is essential.

Almost nine in ten employers recognize that flexible work models have significantly enhanced diversity, particularly across gender and ethnicity. However, the unique benefits of in-person work—including stronger collaboration, team-building, and positive impacts on mental health—should not be overlooked. In-person interactions help build deeper connections, reduce feelings of isolation, and create a clearer separation between work and personal time, allowing employees to unplug more effectively.

By combining the flexibility of remote work with the strengths of in-office collaboration, we create a supportive, inclusive work environment where employees are more connected, engaged, and aligned with a shared mission.





Working from home offers more than just flexibility



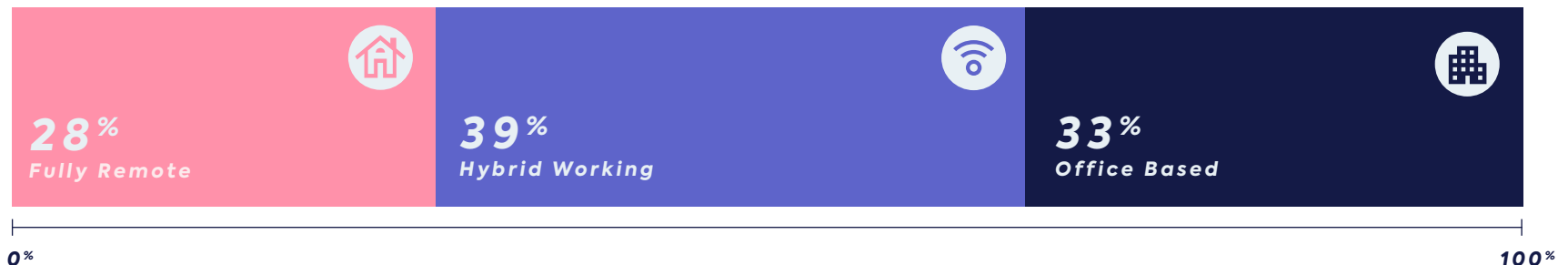
In the last 12 months, 75% of tech employers increased the number of remote roles (hybrid or fully remote positions which enable employees to work from beyond the office) they offer. This trend is particularly prominent for young tech workers aged 21 to 25; currently, 28% of this group are working in fully remote roles. Meanwhile, a much larger proportion, 39%, are engaged in hybrid work, balancing time between home and the office.

For these young professionals, hybrid working offers more than just flexibility—it provides the opportunity to establish careers in tech without the same level of financial and geographical constraints that their peers experienced just a few years previously. Hybrid roles are seen by many to offer the ‘best of both worlds’, offering greater flexibility while enabling employees to collaborate.

Meanwhile, many employers have recognized the role that hybrid and remote working practices can play in increasing workforce diversity. Hybrid and remote working is an attractive proposition to many candidates with the opportunity to spend less time and money on commuting. In turn, employers can broaden their hiring pool as candidates feel less constrained to spending five days in the office.

In fact, 53% of employers report that remote working practices have enabled them to adopt more inclusive hiring strategies, while 49% say it has allowed them to select from a much wider talent pool. By reducing the need for relocation, fully remote and hybrid roles remove significant financial and logistical barriers that can prevent talented candidates from being able to undertake employment.

Where young tech professionals work >>>





Catering for colleagues with different commitments & cultural backgrounds



One of the key advantages of remote and hybrid working has been its ability to support workers with caregiving responsibilities, such as for children or other family members. 35% of employers acknowledge that remote working has enabled them to hire and retain employees who might otherwise struggle to balance personal and professional responsibilities. This is particularly important in addressing barriers which are often faced by women and those from lower socio-economic backgrounds, who are disproportionately impacted by caregiving demands.

Remote working has also helped to reduce cultural bias in the recruitment process. By focusing less on traditional, office-based interactions, 30% of businesses say they have been able to foster a more inclusive recruitment process, where candidates are evaluated more on their skills and less on their cultural background or geographical proximity. Moreover, remote roles provide more opportunities for individuals living with disabilities, who may face physical or logistical barriers to commuting. As businesses embrace flexible working models, they are opening the door to a more diverse array of candidates.





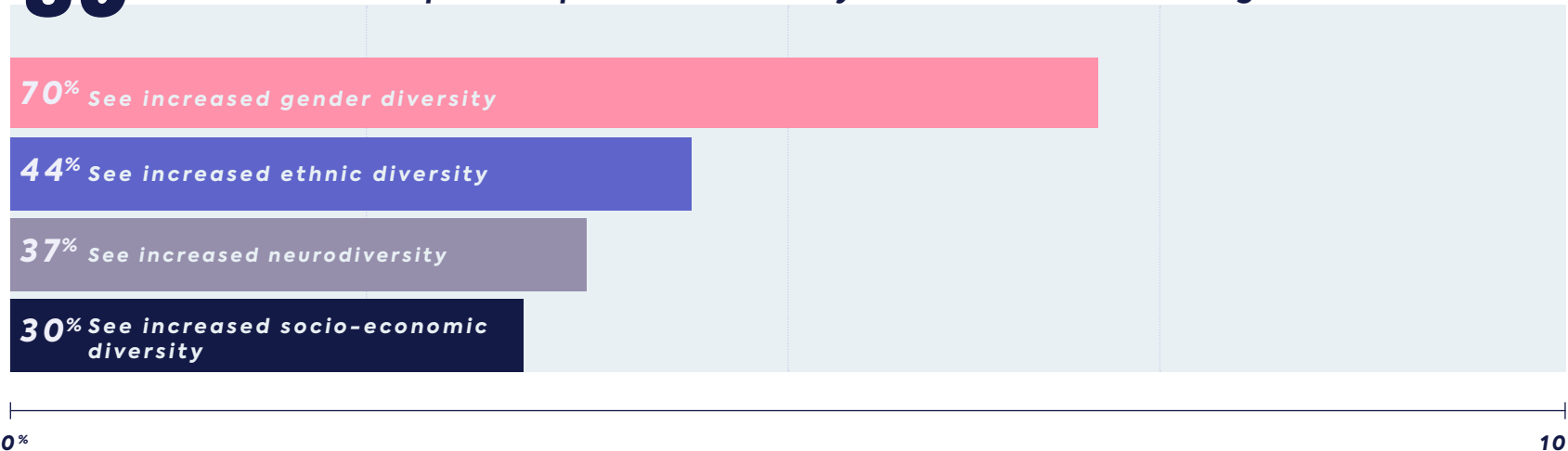
Flexibility benefits employer and employee alike



The positive impact of remote and hybrid working on diversity is clear. 86% of businesses directly attribute the increase in diverse job candidates to these flexible working models, particularly in relation to gender diversity, where 70% of employers report improvements. Similarly, 44% of businesses have seen gains in ethnic diversity, while 30% and 37% report improvements in socio-economic and neurodiversity, respectively.

From the perspective of young tech workers, remote and hybrid roles offer multiple benefits. 94% of young tech workers say they have benefited from these working arrangements in some way. Just under half (49%) of respondents reported that remote or hybrid working made taking a job more financially feasible, while 53% appreciated the wider range of job opportunities it presented. Additionally, 29% felt that working remotely made them more comfortable in their roles, enabling them to integrate into teams without the added pressure of being physically present in the office.

86% of leaders report improved diversity from flexible working models >>>

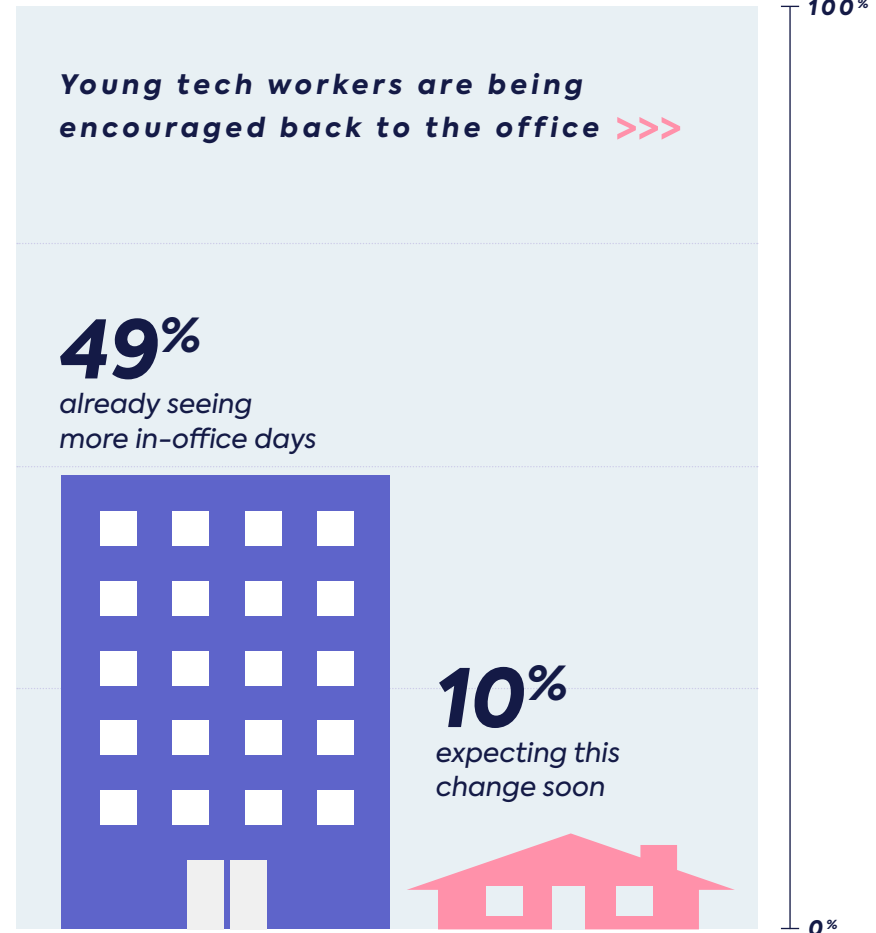




Is working from home here to stay?



Despite the benefits, our findings indicate that the balance between remote and office-based working is beginning to shift again. In the last year, 49% of young tech workers have seen an increase in the number of days they are required to attend the office, and a further 10% expect this to happen soon. As businesses look to re-establish a greater office presence, it is crucial that they strike the right balance to avoid compromising the diversity improvements made through remote working. While many workers acknowledge the value of being in the office for learning, career development, and team building, it is the flexibility of hybrid and remote work that has been so instrumental in building diverse teams.





Getting the balance right



The risk of reverting to solely office-based roles is evident. Among those young tech workers who have recently experienced a shift towards more office days, 58% reported increased family pressures, while 37% said they had experienced increased financial pressures. Alarming, 32% said that the move to more office-based work had led them to consider looking for new job opportunities that would allow them to maintain the flexibility of remote or hybrid working.

While remote work benefits both employers and employees, leaders must also consider that in-person collaboration remains essential. According to a recent survey from EY, although many professionals enjoy remote working, they still see the office as an important touchpoint. The survey found that employees value the office for social connection, separating work from home, and collaborating with colleagues.

Working together in person helps employees build relationships and feel like they are part of something bigger. The office becomes more than just a place to work—it serves as a cultural hub where teams bond and collaborate more effectively. This sense of connection is crucial for innovation and building a strong sense of belonging.

The most successful companies will be those that stay flexible and adapt their approach over time. By embracing a tailored strategy that reflects both business goals and employee preferences, leaders can create a dynamic work environment where flexibility and connection thrive side by side.





Recruitment Trends & Challenges in Tech

>>> *LACK OF TECH SKILLS*

>>> *SOFT SKILLS ARE IN SHORT SUPPLY*

>>> *DIVERSITY PROGRAMS CAN HELP EXPAND THE HIRING POOL*

>>> *HARNESSING DATA TO MEET RECRUITMENT CHALLENGES*

>>> *THE FUTURE OF DIVERSE TECH RECRUITMENT*

Scott Coleman-Allan

Senior Director, Global Talent Acquisition,
mthree



The tech landscape is set for substantial growth, with 93% of businesses planning to grow their tech teams over the next 12 months. Therefore, identifying a strong pipeline of talent is an increasing, business critical priority.

This pressing need is also accompanied by a desire to find recruits with a wider range of skills and perspectives, to support both organizational creativity and innovation, as well as boost capabilities around specific tech areas where businesses are seeking to grow and develop their services.





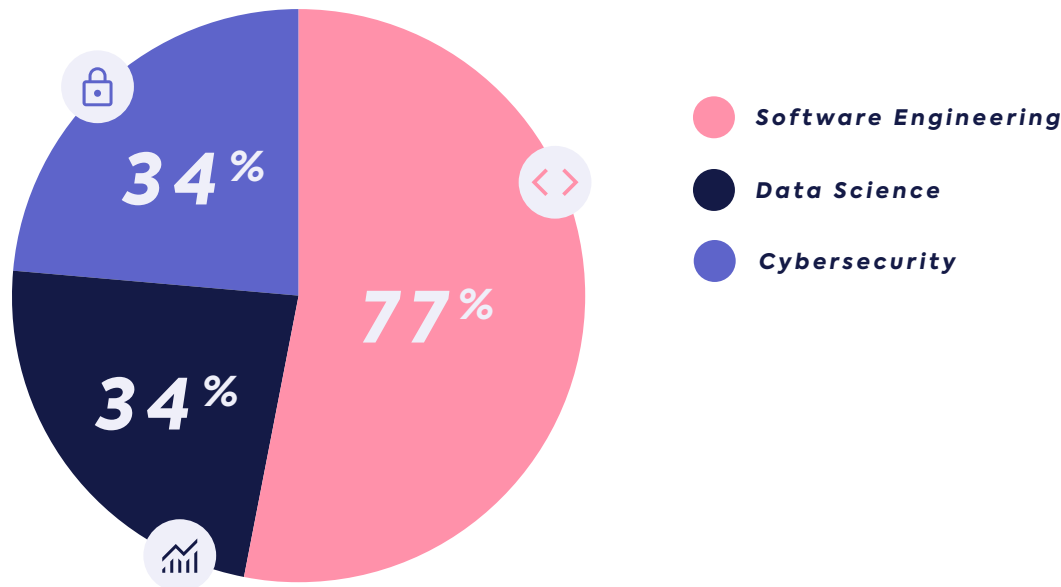
Lack of tech skills



The vast majority (84%) of businesses face challenges when recruiting entry-level tech talent, with over half (58%) reporting a significant shortage of specific technical skills, such as comprehensive knowledge of key tech disciplines. The most notable skill gaps for entry-level hires are in software engineering (77%), cybersecurity (34%), and data science (34%), making these areas the biggest recruitment challenges for tech employers.

This highlights the need for more targeted education and training programs for in-demand skills, ensuring that the next generation of tech professionals are equipped to meet evolving business needs and career requirements.

Biggest technical skills gaps >>>



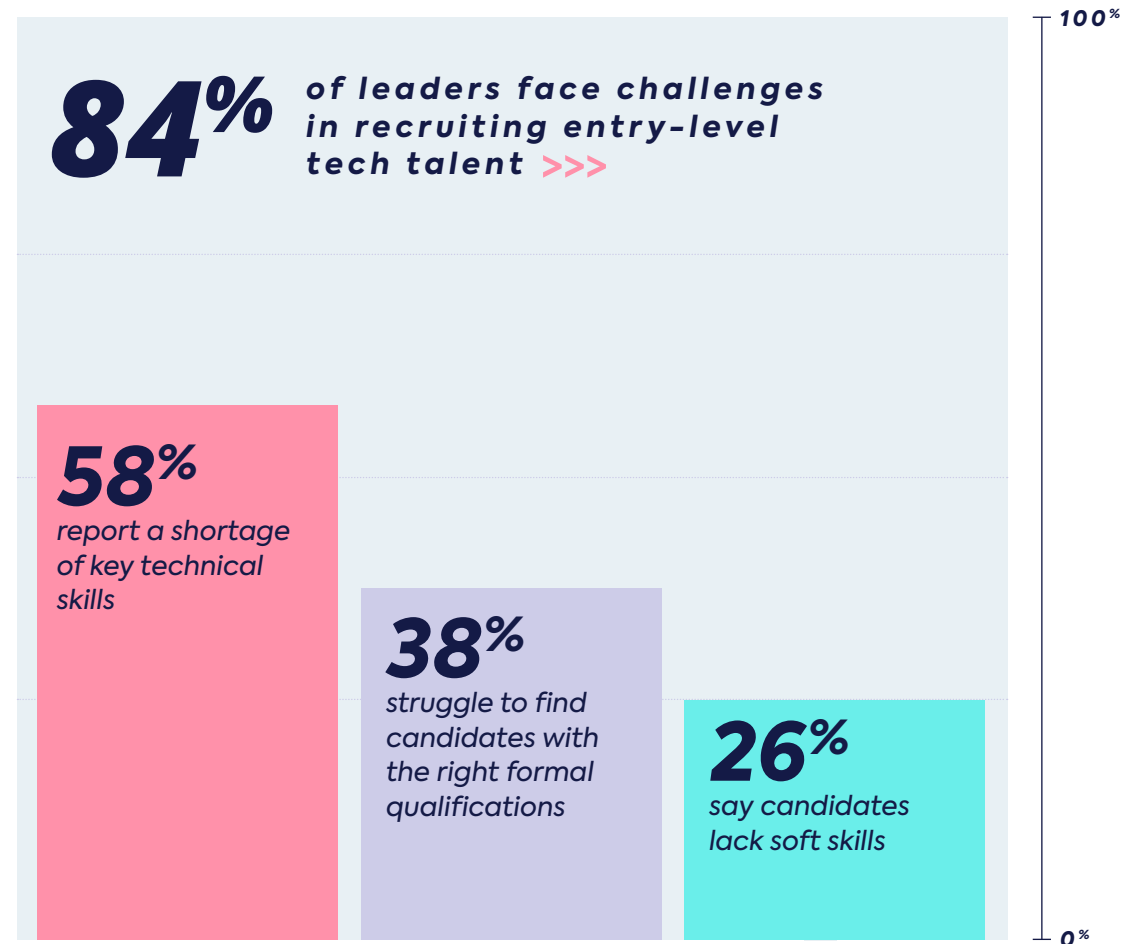


Soft skills are in short supply



Just over a quarter (26%) of employers say candidates are lacking the necessary soft skills (e.g. communication or problem-solving) they desire from new recruits.

Recruiting new talent with the required level of professional (or 'soft') skills has been a challenge for many organizations in recent years, with many reporting that their younger employees lack basic interpersonal skills for the workplace. This is likely to be related to the lack of in-person learning opportunities and social interaction experienced by the **'Covid generation'** of students. Also, with widespread access to digital platforms, social media is increasingly being associated with **hindered communication skills** and an **inability to focus**.





Diversity programs **can help expand the hiring pool**



54% of businesses see diversity recruitment as a key tool for improving their pipeline of available talent. Bringing in talent from different backgrounds and providing them with the right training to thrive in a professional setting can help to resolve skills deficits while building a more representative tech sector in tandem.





Harnessing diversity to meet recruitment challenges



As such, more organizations are implementing measures to try to improve the diversity of tech teams.

Of the current measures being employed, diversity targets and anti-bias training for managers came out on top, with just under half (49%) of businesses using these measures. Neutral job descriptions were third (40%), followed by requesting diverse shortlists from recruiters in fourth place (39%).

These initiatives have gained traction over the last year, with the number of companies utilizing such methods increasing across each category. As a result, hiring processes are helping to transform tech teams, mitigate unconscious biases and ensure a more equitable evaluation of candidates based on their skills and qualifications.

The impact of these recruitment methods on the sector is clear. Since introducing an anti-bias hiring strategy, the vast majority (98%) of the organizations surveyed reported an improvement in the number of candidates hired from historically underrepresented groups, with just 2% stating there has been no improvement.

As we'll see later in this report, these changes are not going unnoticed by the young people entering tech employment for the first time.

How employers are taking action to increase diversity >>>





The future of diverse tech recruitment



As the tech industry continues to grow and evolve, these recruitment trends and challenges underscore the importance of adaptable, inclusive hiring practices. By implementing anti-bias strategies, businesses can build more diverse, skilled, and innovative tech teams.

Ultimately, the future of tech recruitment lies in creating inclusive environments that value diversity of thought, experience, and background.



Broadening the Talent Pool: Expanding Recruitment Pathways

>>> *FINDING PREVIOUSLY HIDDEN TALENT*

>>> *LOOSENING DEGREE REQUIREMENTS*

>>> *ON THE RIGHT PATH*

Khadijah Pandor,
Head of Partnerships, mthree



Expanding recruitment pathways is essential for increasing diversity and addressing skill shortages in tech. More employers are now considering candidates from a wider range of universities and loosening degree requirements altogether, with 54% looking to reduce this requirement in the coming year. This shift is helping companies discover previously overlooked talent and address critical skill gaps in areas like software engineering and cybersecurity. By focusing on practical skills and broadening recruitment strategies, we can build a more inclusive and adaptable workforce, positioning the industry for long-term success in an evolving landscape.





Finding previously hidden talent



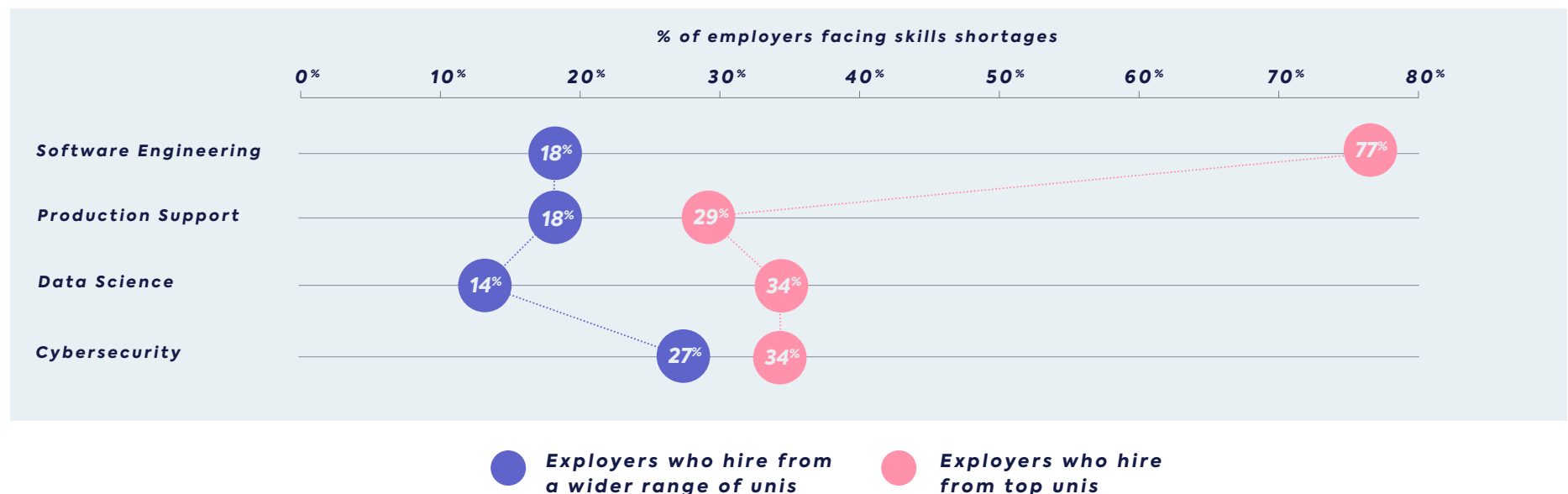
By looking beyond the most prestigious institutions, organizations are discovering talented individuals who may have been previously overlooked.

In fact, employers removing this restriction from their search report significantly fewer skill shortages. Our research shows improvements across eight out of nine tracked skill areas over the last year, with particularly large improvements in Software Engineering, Production Support, Data Science and Cybersecurity related skills.

In comparison, employees maintaining a focus solely on 'top universities' saw much higher skills shortages across these key areas.

Given the long-standing discourse surrounding the value of leading universities, the presumption that a direct correlation exists between candidates' skills levels and the institution they attended is unsurprising. However, the benefit of adopting a broader approach is clear.

Employers who broaden requirements report fewer skill gaps >>>





Loosening degree requirements



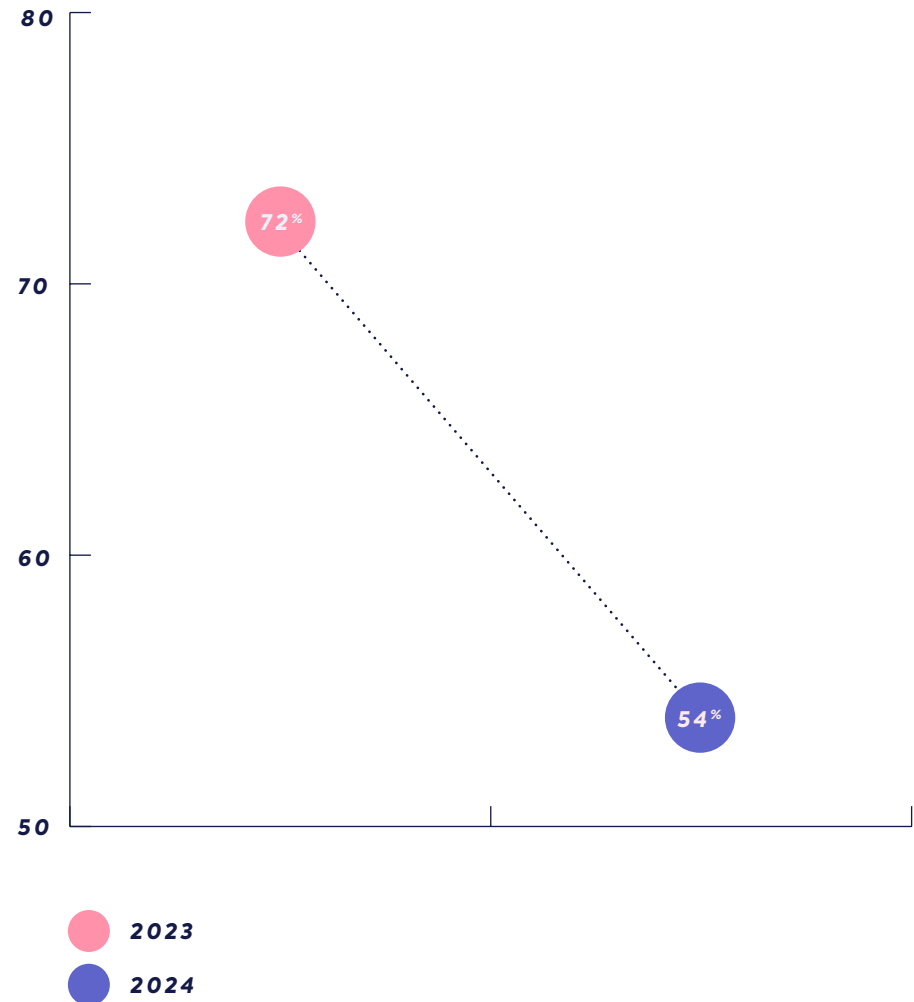
Not only are tech organizations expanding the range of institutions they will accept new talent from, but they are increasingly moving away from traditional degree requirements altogether.

There has been an 18% point fall (from 72% to 54%) over the last year in the number of companies that always require candidates to hold a bachelor's degree. Meanwhile, just under half (44%) of businesses 'sometimes' require one, compared to 26% last year. This reduced emphasis on degree requirements is designed to help ease recruitment challenges.

Many also see this change as a path to greater diversity (even if it isn't their only motivation), with 24% of those loosening minimum qualification requirements citing this as a goal.

What's more, this is a trend that's likely to increase, with 54% of tech employers considering dropping a degree as an absolute requirement for more roles over the next 12 months.

Businesses that require a bachelor's degree for all tech roles >>>





On the right path



With 33% of organizations struggling to attract entry level tech talent from historically underrepresented groups, it's clear that progress is needed to broaden recruitment pathways and effectively nurture talent from all backgrounds.

Given the pace of technological change, focusing on practical skills and adaptability is often more useful than just theoretical knowledge from traditional degrees. Building a more resilient and diverse workforce can help companies drive innovation and prepare for future challenges.

Expanding the talent pool isn't just about solving today's skill shortages — it's about rethinking how the tech industry recruits and develops talent for the long term.

By embracing new ways to find and nurture talent, companies not only secure their own future, but also create a more diverse, vibrant working world that benefits everyone.





Retention Strategies & Employee Engagement

- >>> *MENTORSHIP & ONBOARDING: KEY DRIVERS OF RETENTION*
- >>> *THE ROLE OF RESKILLING & UPSKILLING IN RETENTION & ENGAGEMENT*
- >>> *BUILDING A MORE INCLUSIVE RETENTION STRATEGY*



Steve Ramos,
Talent Manager,
mthree



Mentorship, inclusive onboarding, and growth opportunities are essential for retaining diverse talent. By supporting new and underrepresented employees, companies foster belonging and create a welcoming environment from day one. Reskilling initiatives further show commitment to employee growth, building loyalty and engagement. While these strategies strengthen retention, ongoing challenges highlight the need for continued focus on inclusivity and adaptation.





Mentorship & onboarding: key drivers of retention

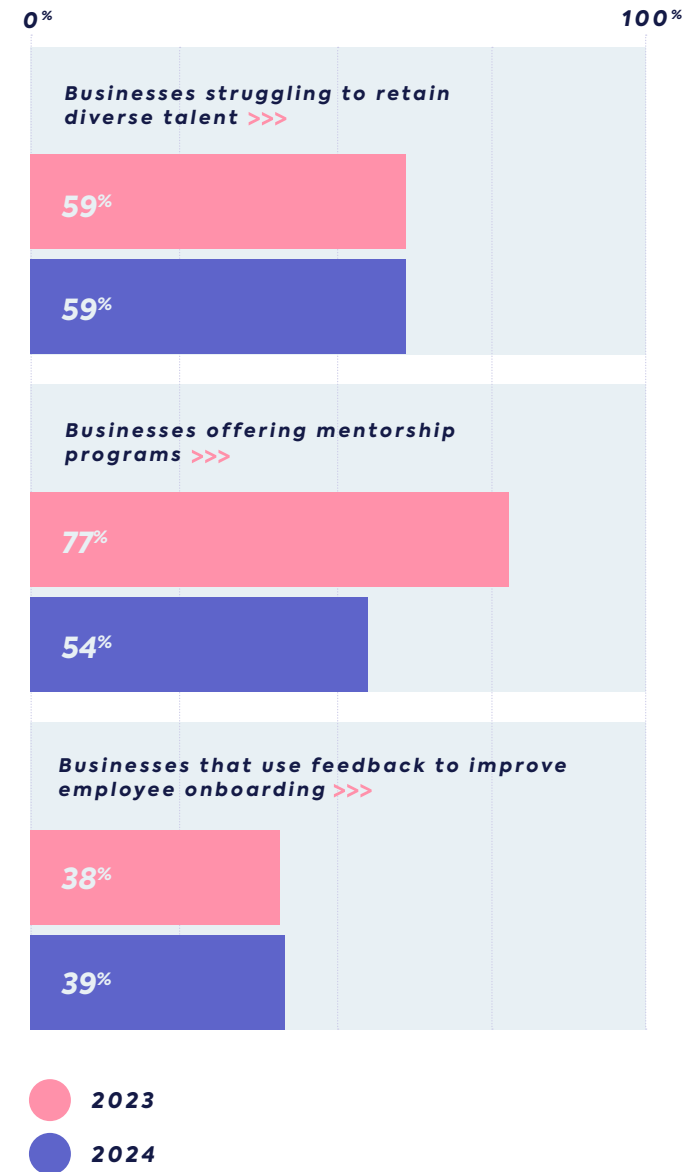


This year's research highlights several key opportunities for leaders to drive meaningful improvements.

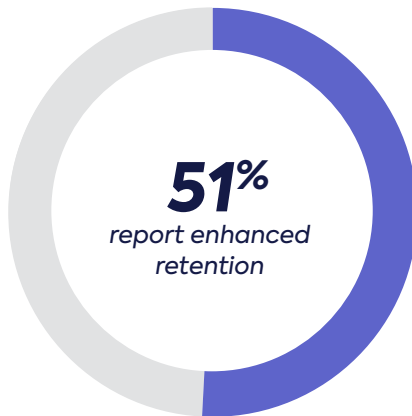
Notably, there's been a significant decline—from 77% to 54%—in businesses offering mentorship programs. Mentorship is essential, especially for new hires from underrepresented backgrounds, as it helps them navigate the early stages of their careers. Reinvigorating these programs would provide much-needed guidance and support, enhancing workplace integration and boosting talent retention.

Another critical factor in retention is leveraging feedback from diverse hires to refine the onboarding experience. Over the past year, 39% of businesses have used this feedback in their onboarding practices, a modest 1% increase from the previous year. By actively listening to the experiences of employees from historically underrepresented groups, organizations can tailor their onboarding processes to be more inclusive. This approach helps employees feel supported from day one, reducing early turnover and fostering a more welcoming work environment.

For the 59% of businesses facing challenges in retaining diverse tech talent, focusing on these areas could lead to substantial improvements.



**Reskilling's impact
on businesses >>>**



The role of reskilling & upskilling in retention & engagement



Reskilling and upskilling opportunities are becoming increasingly important in retaining diverse talent. **93% of tech employers now offer reskilling or upskilling programs to their existing employees, recognizing the value of continuous development.** These programs not only provide employees with the opportunity to expand their skill sets, but also play a key role in keeping employees engaged and motivated, ultimately contributing to higher retention rates.

The impact of these programs is clear: 79% of businesses report that reskilling and upskilling initiatives have directly improved employee retention. By offering employees the chance to enhance their skills, businesses create pathways for career progression, reducing the likelihood of employees seeking opportunities elsewhere. Furthermore, such programs signal to employees that their development is valued, fostering a culture of growth and long-term commitment.

In addition to boosting retention, reskilling and upskilling programs have a significant impact on employee engagement. 51% of businesses report that these initiatives have improved engagement, as employees are more likely to feel invested in their work when they have access to ongoing learning and development opportunities. In today's competitive talent market, maintaining high levels of engagement is crucial for reducing turnover, particularly among diverse talent who may otherwise feel marginalized or undervalued.



Building a more inclusive retention strategy



59% of businesses still struggle to retain diverse talent, suggesting that current strategies may need to be expanded or adapted to better meet the needs of all employees.

Diversity retention targets, which are used by only 32% of businesses, could play a more prominent role in this regard. Similarly, the use of unconscious bias training for managers, currently employed by just 18% of organizations, could help create more inclusive environments that encourage long-term retention.



Addressing Diversity in the Workplace: Progress & Challenges

- >>> *SLOW PROGRESS IN REDUCING DISCOMFORT & INCREASING REPRESENTATION*
- >>> *PERSISTENT CHALLENGES: TREATMENT & ONBOARDING*
- >>> *CHAMPIONING EFFECTIVE DIVERSITY EFFORTS*
- >>> *MAINTAINING MOMENTUM FOR FURTHER PROGRESS*



Pranav Shastri

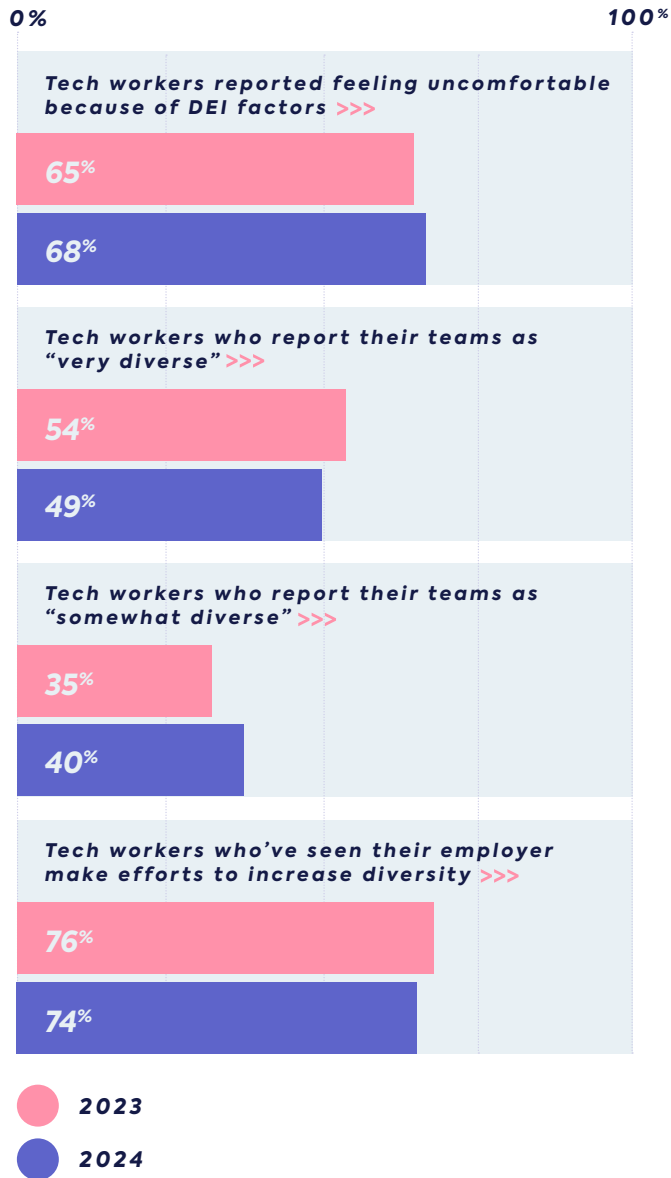
Senior Director,
Academy, AI Innovation & Products,
mthree



It's encouraging to see progress, with 44% of young workers noticing increased efforts from their employers to improve diversity.

Yet, significant challenges remain, especially in areas like onboarding and addressing biased treatment. By expanding unconscious bias training and strengthening support for new hires, employers can build on this momentum and move closer to a truly inclusive workplace where every employee feels valued and supported.





Slow progress in reducing discomfort & increasing representation



Many workers still experience discomfort due to diversity-related factors in the workplace. This year, 68% of young tech workers reported feeling uncomfortable because of their gender, ethnicity, socio-economic background, or other identity aspects. This suggests that while efforts to foster more inclusive workplaces are underway, significant progress is still needed.

The vast majority of tech teams are being described as "diverse" with 89% of young workers reporting diversity within their teams, however fewer reported them as being "very diverse" (down from 54% to 49%).

The fact that 74% of young workers have observed their employers making concerted efforts to increase diversity, whether through recruitment or targeted programmes, speaks to the impact of these initiatives. These efforts range from implementing diversity-focused hiring practices to creating a more inclusive culture that encourages diverse perspectives.



Persistent challenges: **treatment & onboarding**



Despite some advances, there are still areas that need attention. Poor treatment from managers and a lack of effective onboarding processes remain significant challenges for many young tech workers. Among those who have experienced discomfort, 41% attribute it to a lack of a sense of belonging, while 31% a lack of support for additional needs for diverse hires as a key issue.

These findings suggest that while businesses are making progress in recruitment, they must continue to focus on improving how new hires (especially those from diverse backgrounds) are integrated and supported within their organisations.

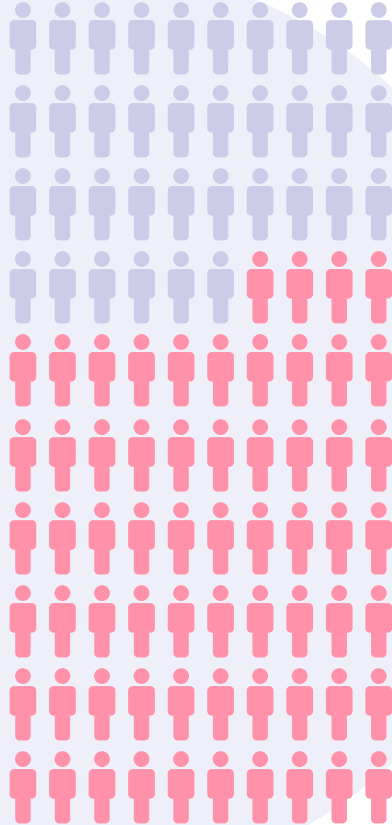
Additionally, poor onboarding (30%) and aggressions or micro-aggressions from colleagues (30%) continue to affect young workers' sense of inclusion. These challenges underscore the importance of fostering a workplace culture that is not only diverse but also actively inclusive, where all employees feel valued and supported.

Young tech workers face challenges in their roles >>>



64%

of young tech workers described their time in the tech industry as either positive or mostly positive



Championing effective diversity efforts



Despite these challenges, the positive impact of focused diversity initiatives is clear. 44% of young workers report that they have noticed increased efforts from their employers to improve diversity, beyond what has been done historically. This includes initiatives like diversity-focused training and targeted recruitment.

This emphasis contributes to the experiences of many young workers. A combined 64% of respondents describe their time in the tech industry as either positive or mostly positive, with many citing strong enjoyable and interesting work as key reasons for their satisfaction. This indicates that while challenges remain, there is a solid foundation on which to continue building a more inclusive industry.



Maintaining momentum for further progress



As tech employers strive to build more diverse teams, it's crucial to sustain momentum while identifying opportunities for greater impact.

Addressing persistent challenges like biased treatment and ineffective onboarding is essential to maintaining diversity gains. Expanding unconscious bias training for managers and refining onboarding processes to better support all employees can help reduce discomfort that some young workers still experience.

By consistently fostering environments where all employees feel welcomed and valued, tech employers can build on their progress and move toward a future where diversity and inclusion are standard practice rather than exceptions.



Closing thoughts

This year's report highlights employers' progress in fostering diversity and inclusion within their workforces. Across the industry, there is much to celebrate as companies take meaningful steps to address diversity challenges. These positive changes reflect a growing awareness of diversity as an important issue and a deeper understanding of the value that diverse teams bring to businesses. The collective efforts of employers are beginning to shape a more inclusive tech sector, and this transformation is becoming increasingly evident.

A key driver behind this progress has been a greater acceptance of the need for diversity. Companies are recognizing that diverse teams are not just a social good but a strategic advantage, fueling innovation, creativity, and business success. As businesses have grown, so too has their ability to widen recruitment efforts, offering opportunities to a broader range of candidates.

Significant areas for improvement remain, especially in retention strategies that encourage diverse team members to grow and help transform the business long-term. Businesses should focus on fostering environments where diverse talent is not only welcomed but also nurtured and retained.

Notably, investing in mentoring programs is essential, as their decline, highlighted in this report, suggests they may be viewed as expendable when budgets tighten.

With most employers still struggling to retain diverse talent, such measures need to be seen as essential to secure initial investments in these candidates and create lasting change in how tech teams are perceived.

This journey is not without challenges. Important debates remain around the evolving nature of work and qualifications. For example, the future of remote and hybrid work continues to spark discussion on balancing flexibility with in-office collaboration. Similarly, questions about the role of formal qualifications persist, as skills and experience can be gained in diverse ways.

The experiences of employees are also gradually changing. As companies reshape their cultures, employees are starting to see the benefits of a more inclusive approach, with many reporting positive changes in how they are supported. This incremental progress reflects tech employers' commitment to lasting change.

Overall, the advances highlighted in this report should encourage tech employers. The progress shows the industry is on the right path, underscoring the importance of sustaining and deepening these efforts. By prioritizing diversity and inclusion, tech companies can unlock greater potential, driving both business success and social progress. While the work is far from over, the steps taken so far offer a strong foundation for a more inclusive future in tech.





Methodology

Employee: The employee sample consisted of 1,356 respondents between the ages of 21 and 25. To recruit for the employee/consumer sample within the US, a panel of consumers from across the nation was asked to participate in an online survey. All respondents lived in the US at the time they took part in the survey.

Employer: The employer sample consisted of 228 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 to participate. To recruit for the employer sample within the US, a panel of individuals from across the nation were asked to participate in an online survey. All respondents resided in the US at the time they participated in the survey.

About mthree

mthree helps organizations succeed by building job-ready teams with the most in-demand skills.

We bridge the skills gap at every level in technology, business and banking. Whether we're deploying trained emerging talent and seasoned experts or reskilling existing employees, we provide the people and skills you need across the globe.

In this era of rapid change and economic uncertainty, traditional hiring methods can only get you so far. Innovating your workforce strategy to access highly skilled talent without taking on significant risk has never been more important. At mthree, we help you achieve this in three ways.

Our Alumni program delivers custom-trained emerging talent. Through our 'Hire Train Deploy' model, we place job-ready graduates into your team for 12 to 24 months. Afterwards, you can convert them to your employees at no extra cost. The vast majority continue their careers with our clients.

Our Expert program offers high-impact professionals with 4-15+ years of experience. Experts are deployed as mthree employees, allowing you to quickly expand expertise without increasing headcount. We take on all the recruitment and onboarding risks, allowing you to focus on the bigger picture.

Our Reskill program provides custom training for your existing employees. Whether you're looking to upskill tech teams in AI or help customer service specialists transition into IT support, we offer a catalogue of training courses that are tailored to your specific needs.

Together, our talent and reskilling programs build pipelines of skilled talent – complementing traditional strategies like recruitment, internal graduate programs, and big consultancies.



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