CLASS, RACE AND GRADUATE RECRUITMENT: BEST PRACTICES

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Foreword



This research into the success of candidates from different socioeconomic and ethnic backgrounds is the most ambitious Rare has yet conducted. The process has been a difficult one given our ambition for the project and the scarcity of the data required to complete it.

This study required a great amount of support and cooperation from our clients. The firms that participated gave up a lot of time providing us with the data and the interviews required. I am exceptionally grateful to these firms as this research could not have been completed without their cooperation. The firms which participated in this research were open about their recruitment processes and happy to leave themselves open to the results of the analysis. This demonstrates a great confidence on their part in the robustness and integrity of their recruitment processes. It also demonstrates a commitment to looking into diversity issues and finding solutions where needed. All the firms have asked to remain anonymous – but the individuals who made the decision to contribute to this research should know that I and the rest of the Rare team are enormously grateful to them for their help.

Sincere thanks are due to Deutsche Bank for their sponsorship of this research. Deutsche Bank's commitment to diversity is well-established and the Bank runs a number of successful programmes which target both people from ethnic minority backgrounds and people from different socio-economic groups. I am very grateful to the Bank for its support in this project.

Raphael Mokades Managing Director



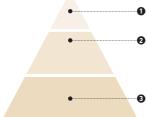
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01 Executive Summary

This study suggests a clear hierarchy of fairness in the graduate process:



 Well designed, carefully managed face-to-face assessments exhibit no discernible bias.

Online methods of assessment, such as psychometric tests and application forms, are superficially fair but do in fact tend to indirectly disadvantage candidates from lower socioeconomic groups and BME groups.

 Badly designed or managed face-to-face assessments can lead to blatant bias.

1.1 Online psychometric tests

Psychometric tests, such as numeracy, verbal reasoning and diagrammatic reasoning tests, are often used by firms as an indicator of ability. If a candidate fails a test their application is automatically rejected and they are not interviewed.

- → The prevailing opinion amongst the recruiters interviewed was that psychometric tests are a reliable and objective method of assessing a candidate's ability. However, the results of this study suggest that psychometric tests seem to present a greater barrier to candidates from lower socioeconomic backgrounds and ethnic minority backgrounds.
- → Experienced graduate recruiters and graduates believe broadly that practice can play a significant role in improving a candidate's chance of success at passing psychometric tests.
- → Opinions from interviews with both recruiters and graduates imply that candidates educated at private school have the edge over their comprehensive school-educated compatriots when it comes to psychometric testing due to their greater experience of rigorous testing.
- → Finally, the graduates interviewed pointed out the large amount of cheating that can occur with online psychometric tests, a fact which only one of the recruiters interviewed picked up on.

1.2 Online applications

Firms use a number of criteria when sifting through applications, including work experience and extracurricular activities. Candidates are expected to draw upon such experiences when answering competency questions.

→ The data analysis conducted suggests that candidates from lower socioeconomic backgrounds are

- likely to be disadvantaged at the initial sift stage of the application process.
- → The information gathered from the interviews with recruiters and graduates suggests that this is attributable to the relative lack of experiences candidates from lower socioeconomic backgrounds have to draw upon when answering questions for application forms and interviews.
- → interviews also suggested that candidates from privileged backgrounds are more likely to receive help with applications and have a better understanding of the industry they are applying to due to their contacts.

1.3 Work experience stipulations

- → Recruiters suggest that firms do tend to take work experience which is not relevant to the industry, such as long term retail positions, into consideration. However, such work experience is likely to carry a lot less weight than relevant work experience, or work experience with a well known top employer.
- → Whilst relevant work experience may be an indicator of genuine interest in the industry, not all candidates have equal access to such opportunities. The graduates interviewed overwhelmingly suggested that candidates with contacts in their industry of interest are likely to have a greater chance at securing relevant work experience sometimes as a result of bypassing the standard recruitment process. This suggests that candidates from lower socioeconomic backgrounds and ethnic minority groups are less likely to have access to such opportunities due to a lack of contacts in top firms.

1.4 Face-to-face assessments

Some of the recruiters expressed a little queasiness about the fairness of face-to-face interviews, particularly when conducted by more senior employees. However, the candidates had more confidence in this type of assessment than in any other type, and the data suggests that this confidence is well placed. Our research shows that it is entirely possible for the face-to-face parts of a recruitment process to exhibit no discernible race or class bias. However, it must be remembered that the quantitative data used in this study was provided by firms strongly committed to diversity. Observations of assessments within some FTSE 100 companies which did not provide data for this study demonstrated the extent to which bias towards certain ethnic groups still prevails within some areas of graduate recruitment.

Recommendations arising from this report are summarised in section 8.

02 Background

2.1 Existing knowledge and research

Existing studies have shown that initial market attainment amongst graduates from ethnic minority backgrounds tends to be worse than that for white graduates¹.

Previous research into the effects of education on recruitment prospects has focused mainly on the differences in attainment between graduates and non-graduates and the different experiences of graduates from top universities compared to graduates from post-1992 universities². The motivation of *Class, Race and Graduate Recruitment: Best Practices* is to look more deeply into the impact of race and class on graduate recruitment prospects.

2.2 Approach for this study

For the purposes of this study, the type of education received at secondary school level will serve as a proxy for class as parents with lower socioeconomic status are less likely than their richer counterparts to send their children to private schools. In addition, class and race are closely connected as, for a number of reasons, members of ethnic minority groups are more likely than their white counterparts to belong to a lower socioeconomic group³. For this reason, any disadvantage experienced by members of a lower socioeconomic group is likely to be shared by members of ethnic minority groups.

This study focuses on the success of candidates with at least 320 UCAS points and educated at Russell Group Universities and how they fare at each stage of the recruitment process for internships and graduate placements with top employers. It investigates whether a candidate's race, or the type of secondary school he or she attended, has a significant effect on the likelihood of success or failure.

 $^{^1} http://www.prospects.ac.uk/cms/ShowPage/Home_page/Labour_market_information/Graduate_Market_Trends/Ethnicity_and_graduates_early_outcomes_Winter_05_06_/p!edcbFXe$

² Why the Difference? A Closer Look at Higher Education Minority Ethnic Students and Graduates, Helen Connor, Claire Tyers (Institute for Employment Studies), Tariq Modood (University of Bristol) and Jim Hillage (Institute for Employment Studies), 2004.

³ Office for National Statistics. Social Focus in brief: Ethnicity 2002. Editor, Amanda White.

As all of the data analysed in *Class, Race and Graduate Recruitment: Best Practices* refers to candidates who have been educated at Russell Group Universities with at least 320 UCAS points, it can be confidently asserted that any difference in levels of success between candidates from different ethnic groups or educational backgrounds is a result of this group membership as opposed to another external variable.

This is a stark and important contrast to other reports which assert race or class discrimination exist in a process, attributing this to the fact that candidates from post-1992 universities are less likely to succeed, and are also more likely to be from ethnic minority backgrounds or educated at state secondary schools. What these reports tend not to say is that these candidates are also likelier to have worse A Level grades – a fact which might also explain the apparent 'discrimination'.

2.3 Methodology

This study was carried out between March 2010 and November 2011 and draws on data amassed since 2005.

A number of top employers kindly provided data on 9774 candidate applications to both internships and graduate programmes, including law firms, investment banks and public sector organisations.

Data was only considered for inclusion in this study from candidates applying for graduate opportunities who were educated at secondary level in England. Schools were categorised using the BBC Schools League Table which holds details on all schools in England. Data referring to candidates educated abroad or in Scotland, Wales or Northern Ireland were excluded from the sample to ensure the candidates within the data samples were comparable on the basis of the education they received.

The research also draws on the Rare team's experience of observing the face-to-face stages of FTSE 100 and other leading firms' recruitment processes.

Eighteen structured interviews support the data analysis and observations in *Class, Race and Graduate Recruitment: Best Practices* – seven with recruiters from top employers and eleven with graduates who had made applications to top firms. A range of recruiters and graduates were selected. Recruiters from top law firms, investment banks and public sector organisations were interviewed, with a number having extensive experience in the graduate recruitment space. The graduates interviewed had a range of educational and ethnic backgrounds and had applied for a number of roles in different industries.

The names of the firms who have participated in the study have been removed and the identities of the recruiters and graduates who participated have been changed.

2.4 A typical graduate recruitment process

Graduate recruitment processes vary according to company and industry, but tend to include a number of the following processes.

Online Processes

The initial stages of the process tend to take place online.

- → Application form and/or CV and cover letter. Aim: To assess each candidate's motivation for applying to the company and position, and the strength of his or her competencies, such as the ability to work in a team.
- → Online psychometric tests, including numeracy, verbal reasoning and situational judgement tests.
- → Personality questionnaires.

Face-to-Face Processes

After the online stage of the recruitment process, successful candidates are asked to take part in a number of face-to-face assessment processes, sometimes as part of a day-long assessment centre.

- → Re-testing at assessment centre
- → Interviews
- → Group tasks
- → Written assessments
- → Presentations

03 The Data

Gathering the data required for *Class, Race and Graduate Recruitment: Best Practices* was an extremely difficult task and points to the fact that a number of firms are not currently able to track particular groups through each stage of the recruitment process to check that the process does not disadvantage any particular group. The original intention of this report was for it to be based primarily on quantitative evidence; however, the data required to complete the activity was found to be scarce and so a solely quantitative approach proved impossible.

When asked if they would like to participate in the study, a number of firms explained that they did not hold data on candidates' ethnicity or the type of school they attended.

Some of the firms were willing to provide such data, but when looking into their databases they discovered that its extraction would prove too difficult and time consuming to do.

3.1 Has your firm ever tracked the performance of particular ethnic or socioeconomic groups through your recruitment process?

Recruiter View

The majority of the recruiters interviewed said that their companies had never analysed the success of different ethnic or socioeconomic groups at different stages of the recruitment process. The main reason offered for this was the fact that the databases in place were simply not capable of providing the data required for such analysis. Recruiter 2, referring to the possibility of tracking this data, claimed: 'If we could, I'd be doing it right now!'

"If we could [track the performance of ethnic minority groups and lower socioeconomic groups throughout my firm's recruitment process], I'd be doing it right now!" Recruiter 2

Recruiter 1 outlined some of the legal problems that could be stopping such analysis from being carried out. According to legal advice once received by Recruiter 1's company, there was a legal risk attached to looking into diversity issues. This legal risk stemmed from the fact that if a company were to identify that something about its process disadvantaged candidates from a particular group and did not act upon these findings with the aim of improving the situation, it could be liable for this. This legal advice resulted in the company refraining from looking into

diversity issues in the form of in-depth data analysis. Recruiter 1 said that the prevailing attitude towards such analysis has now changed within this firm, which could imply that change will come sometime in the future, in the event that the resource and data issues can be overcome.

There is value in conducting such analysis. Recruiter 4 said that in a previous firm worked at, the firm managed to conduct an in-depth review of their recruitment process and found that there was a disparity between the performance of ethnic minority candidates and white candidates, with ethnic minority candidates underperforming. She claimed that the results of this analysis enabled the firm to look into addressing these issues and reforming the process to ensure that no group was disadvantaged by the process when applying.

Rare recommends...

- → Firms should collect data on candidates' ethnicity, educational background, and success at each stage of the recruitment process.
- → This data should be recorded in a way which allows it to be easily extracted from the database, so that analysis can be conducted on the success of each group at each stage of the recruitment process. This will enable firms to ensure their recruitment processes are fair for all candidates, regardless of background.

Additionally, and as outlined in our previous section:

→ All comparisons drawn from the data collected should be drawn for candidates who are otherwise similar – that is, who attend the same universities and have the same grades – to ensure that the correct variable is being assessed.

04 The Application Process

The recruiters and graduates interviewed for this study were asked a number of questions about their opinions on different types of assessment methods used within recruitment processes. They were asked to express their opinions on certain statements and to recount their own personal experiences of each assessment method. For a number of the different assessment methods, some interesting trends emerged.

4.1 Online psychometric tests

Many firms use psychometric tests within the early stage of the recruitment process. There are a variety of tests which can be used, including verbal reasoning, numeracy, diagrammatic reasoning and also personality tests.

4.1.1 Is online testing fair?

Recruiter Views

The recruiters expressed great confidence in online tests as a method of assessment. An overwhelming majority of the recruiters interviewed agreed with the statement: 'Online tests are fair because they are class and colour blind'.

"I have worked in graduate recruitment for over ten years and [I believe that] online tests are 'the most objective assessment tool." Recruiter 7

"The element of anonymity provided by an online test is the reason for online tests being fair." Recruiter 6

In addition to these claims, a significant number of the recruiters mentioned the fact that their firms work closely with the test providers to check on a regular basis that the tests used do not discriminate against any particular group.

4.1.2 Indirect bias?

"If you are not from a certain school of thought or educational background then you won't have much chance to get used to the language used in online tests – there is less chance for familiarisation." Recruiter 4

However, the data analysis carried out on applications which involved a psychometric test suggests that online tests may indirectly disadvantage candidates from particular groups. Whilst being interviewed, Recruiter 4 revealed that an in-depth analysis of a previous employer's recruitment process had highlighted the fact that the online tests used had a tendency to favour middle class candidates and white candidates. Candidates from ethnic minority backgrounds tended to "do poorly" on tests, regardless of their socioeconomic background. Recruiter 4 stated: "If you are not from a certain school of thought or educational background then you won't have much chance to get used to the language used in online tests – there is less chance for familiarisation."

Graduate view

Femi shared the same opinion as Recruiter 4. He argued that the tests are not class blind as "in private schools, aptitude testing is drummed into students."

"I went to an inner city comprehensive school and was not taught how to approach tests of this nature. A number of private schools teach subjects such as critical thinking which arm students with some of the skills required to succeed in online tests... The tests do not put everybody on a level playing field. People should be tested with their educational background kept in mind."

4.2 Does practice make perfect?

"An average candidate who practises the tests could perform better than an excellent candidate who has never seen the tests before." Recruiter 4

In addition to questions on fairness, there is the question of whether online tests mainly test ability, or the amount of practice one does for them.

4.2.1 Do you agree with this statement: 'Online tests largely test how much practice you have done'?

There was a disconnect between the opinions of the recruiters and the opinions of the graduates. Whilst the recruiters were split over the statement, an overwhelming majority of the graduates agreed with the statement.

Recruiter Views

Those recruiters who disagreed argued that whilst there is a familiarity issue surrounding the

tests – i.e. practice can help a candidate get to grips with the format – practice has diminishing marginal returns and therefore can only help a candidate up until a certain point.

However, the recruiters who agreed with the statement seemed to hold the view that practice does "make perfect". Recruiter 4 stated: "An average candidate who practices the tests could perform better than an excellent candidate who has never seen the tests before". The recruiters who expressed the opinion that practice is important followed it up by insisting that their firm was always open to candidates about the need to practice for tests and the places in which practice tests can be found.

Graduate views

The graduates interviewed agreed overwhelmingly that 'practice makes perfect', mentioning that the 'first test is always the worst' and that by the time they had reached their last test they knew what to expect. Anna, who had experienced a number of online tests claimed that "[despite my ability to do maths] if I was to do one [an online numerical test] now, it would be poor", alluding to the notion that it is necessary to practice before the tests to get used to the time constraints and the required way of thinking.

A number of candidates also referred to the fact that if one has attempted a number of online tests whilst making applications, it is common to see questions recurring as a number of firms use the same test providers.

4.2.2 Online psychometric tests: Cheating the system

Recruiter Views

Only one of the recruiters interviewed, Recruiter 5, talked about the possibility of cheating. He claimed that online tests are fair "unless people cheat" and concluded that online tests "are not something I'd like to make a decision on."

Graduate Views

A number of the graduates interviewed mentioned the fact that people cheat on online tests and a few graduates in particular told some particularly vivid stories about the cheating they had witnessed and heard about.

"Online tests are fair in that they offer everyone the same opportunity to cheat." Dominic, a graduate

When asked whether online tests are fair, Dominic, who has applied to positions in both the public sector and the financial sector, laughed and replied: "Online tests are fair in that they offer everyone the same opportunity to cheat." He then went on to explain the many ways he has witnessed people cheating on online tests. He said that groups of people would get together to take the tests to ensure they could help one another, whilst other people would quite simply get other

people to take the tests for them. In addition to this, people have been known to create multiple fake accounts for a particular application so that they can take the test over and over again until they begin to do well on it. When they are confident that they will pass the test, they then go on to make a real profile and take the test seriously.

Online psychometric tests: A cheater's checklist of options

- → Take the test by committee
- → Get others to take the tests on your behalf
- → Create multiple fake accounts for a particular application process so that you can take the test over and over again. Once you are confident of passing the test, create a genuine profile and take the test properly.

Michael, another graduate, echoed Dominic's experiences and stated: "I know a lot of people that cheat on those tests." He too knew of candidates who had made multiple accounts to enable them to practice the test until they could pass it.

Rare recommends...

- → The threat of random re-testing is not sufficient to deter people from cheating.
- → Candidates who pass online psychometric tests should always be re-tested at interview.
- → Knowing for certain that they will be re-tested will ensure that more candidates will take online tests honestly when applying and that those who do not will be caught out at the re-test.

4.3. Work experience requirements

4.3.1 Is relevant work experience required?

Recruiter View

"Relevant work experience is a good way to differentiate yourself from the other candidates." Recruiter 4

All recruiters interviewed responded saying that relevant work experience was not a specific requirement. However, a number of recruiters did add that relevant work experience was undeniably helpful when applying to their firms, especially when applying for a graduate post.

They mentioned the fact that relevant work experience is taken as evidence that the candidate has a genuine interest in the industry and the position that they are applying for.

Recruiter 4 was clear that having been on a first year programme gives a candidate a much better chance of getting a place on a summer internship. "Relevant work experience is a good way to differentiate yourself from the other candidates," it was claimed.

4.3.2 What consideration is given to unglamorous paid work?

Recruiter Views

An overwhelming majority of the recruiters said that such experience is considered by assessors.

"Assessors need to be trained to ensure that they can notice the worth of such work experience." Recruiter 1

"Any experience is better than no experience [...] It's when I see someone with no experience that I get worried as this suggests they have absolutely no concept of what is required of you when you work." Recruiter 2

"Law is a client-based service and therefore any experience that involves having to communicate with customers is valuable." Recruiter 6

In addition to this, a number of the recruiters interviewed mentioned the fact that assessors assess a candidate's competencies as opposed to their actual work experience. Competencies are skills such as communication skills and team working skills which can be demonstrated in a variety of ways.

"In such a competitive environment, such work experience is unlikely to have much impact." Recruiter 3

Despite these opinions, it did become clear that unglamorous paid work is not considered to be on an equal level with relevant work experience by top employers. Recruiter 4 mentioned the fact that "in such a competitive environment, such work experience is unlikely to have much impact."

Recruiter 5 expressed the same opinion in a more open way and said that something like long-term retail experience "is a complete waste of time." He said that internships at top firms are a massive advantage and much more beneficial than unglamorous paid work.

4.3.3 What work experience did you have when applying to top employers? Did you feel this experience was taken into consideration by the assessors?

Graduate View

"Oh, you were a receptionist? Was that interesting? Probably not..." Tolu, a graduate

A number of graduates said that despite their work experience not being relevant to the industry, they were able to use it to answer competency questions. However, a majority of the graduates who did not have relevant work experience when applying to positions did not feel confident that their other work experience had much of an impact on their application.

Case Study 1: Samuel

"I felt my work experience had a great impact on my success at applying for programmes at financial institutions. The first time I attempted to apply for summer internship schemes, I did not have any relevant work experience and was not offered a position. Over that summer, I found a temping position which was relevant to the industry I was applying to. The next year, I reapplied to summer internship programmes and was accepted onto a programme. I felt this relevant work experience contributed to my success. Investment Banking is so competitive that you need relevant work experience when applying."

Case Study 2: Tolu

"My work experience was given little consideration when applying for positions. When applying for a position in marketing I found that my relevant extracurricular experiences were taken greatly into consideration and provoked a lot of conversation. However, I had also worked in a number of retail positions and as a receptionist. This work experience was barely mentioned in the interview, it was only mentioned when the interviewer glanced over my CV and said, 'Oh, you were a receptionist? Was that interesting? Probably not…'"

4.3.4 The costs and benefits of travelling and volunteering

"It would be better for a candidate to volunteer or travel than to do a long term retail position." Recruiter 5

A number of recruiters, whilst mentioning the fact that unglamorous paid work is considered but is not particularly important, went on to mention the fact that they are always pleased to see that someone has done some travelling or volunteering.

Case Study 3: Dami

"Whilst I had no relevant work experience for the positions I was applying for, the interviewers all seemed to be very impressed by the fact that I had worked at Camp America for eight weeks in Indiana, teaching children water sports. I feel that this helped me to stand out from the other candidates."

Rare View

Whilst the value of travelling and volunteer work is undeniable, there is a cost to such activities. An individual (or his or her family) needs to be relatively well off to do either. For an individual to travel they need to be able to fund their travelling and also go for a number of weeks or months without a source of income. In the case of volunteering, an individual needs to be able to work for free, normally for an extended period of time. Individuals from lower socioeconomic groups are less likely to have this sort of capacity. Some need to work over their holidays to ensure that they can pay the rent for their university accommodation the following term; others actually have to work through university to pay for their everyday living costs. In such cases, unglamorous work experience such as a long term retail position may be indicative of exceptional qualities – mainly, the ability to support oneself through university whilst dealing with all the stresses of academic life and performing at a high level. There is a strong argument that someone with AAA at A Level and a First at university who has come from a state school and has worked as a bank cashier has got more impressive achievements to her name than someone with AAA and a First who has been privately educated and spent his holidays travelling. Clearly, long-term retail work is not impressive per se, but when someone works significant hours in a customer service role while also excelling at university, there is a clear message about that person's ability and effectiveness. Greater contextual consideration is required by assessors in order to give such work experience its due consideration.

4.4 Application forms

4.4.1 Please identify any trends you have seen in the quality of applications forms handed in by particular groups.

Recruiter 1 claimed that candidates from privileged backgrounds tend to find it easier to find out what is needed for a good application form due to their connections. Recruiter 2 had noticed that candidates educated at state schools and those without a network of people who are from the industry they are applying to produce application forms of a lower quality than their more privileged counterparts.

"Candidates from disadvantaged backgrounds have a tendency to not fill out application forms properly as they are not aware of the standard required of them." Recruiter 5

"Sometimes it is possible to tell that a candidate has had coaching in making applications. Candidates from private schools tend to be coached more; not many coached candidates come from state schools." Recruiter 6

Recruiter 5 claimed that candidates from disadvantaged backgrounds have a tendency to not fill out application forms properly as they are not aware of the standard required of them. He went on to give examples of candidates from disadvantaged backgrounds using slang and 'text speak' in their application forms. In addition to this, he claimed that candidates from disadvantaged backgrounds tend to have fewer experiences to draw on when answering questions on the application forms.

Graduate View

An overwhelming number of the graduates interviewed claimed that they found filling out application forms difficult.

"At first I was pretty poor at filling in application forms. However, after speaking to some friends who had completed applications in the past I realised that I in fact needed to tailor each answer to the company I was applying for and to quote specific facts and figures." Femi, a graduate who was educated at an inner city comprehensive school.

Nicole, who applied to a number of marketing roles, got so overwhelmed whilst attempting to complete application forms for graduate programmes whilst in her final year of university that she took a year out after graduating to focus on making applications. She claimed that she found it difficult to answer the questions within the application forms as they were all quite similar which made it difficult to think of different examples from her life to draw upon.

Rare recommends...

- → Assessors should be trained to appreciate the significance of work experience which is not directly relevant to the industry a candidate is applying for.
- → This training should also encourage assessors to take context into account when assessing the value of work experience, such as long term retail positions, and extracurricular activities, such as travelling and volunteering.
- → The value attributed to experiences such as travelling and volunteering by recruiters should also depend on context.

N.B. This builds on a recommendation made in one of Rare's previous research reports, *High Achieving Black Students*: A *Portrait*⁴. This report recommended that a candidate's paid work experience may be used to compensate for a lack of extracurricular activities or a lack of relevant work experience, if appropriate. It also recommends that progression in paid work, such as becoming a manager on a shop floor, should be taken seriously by employers.

 $^{^4}$ High Achieving Black Students: A Portrait, Nussaibah Younis, Raphael Mokades, 2009. This research presents a profile of the 660 students from black backgrounds who entered university with at least 360 UCAS points at A Level.

05 Is It Who You Know Or What You Know?

"Your statement should read: people from privileged backgrounds are likely to know more people in the know and therefore bypass the selection process and get a job directly!" Recruiter 5's opinion on the benefits of privilege.

The recruiters and graduates interviewed were also asked questions about the effect they felt privilege and 'being connected' could have on a candidate's chances of succeeding with an application.

5.1 Do you agree with this statement: 'People from privileged backgrounds are likely to know more people in the know and therefore do more practice for psychometric tests'?

Recruiter View

The recruiters were completely split on this matter whilst a majority of the graduates agreed. A number of recruiters stated that whilst people from higher socioeconomic backgrounds might do more practice due to the advice they receive from their industry contacts, individuals attending universities with a good careers service may also receive such advice, and the type of university attended is not necessarily related to socioeconomic group. In addition, a number of recruiters stated that their firms were very open about the need to practice for tests and the location of practice tests.

Graduate View

A number of the graduates agreed with the statement that coming from a privileged background would result in a candidate doing more practice. Fatima made the point that whilst she was trying to practice for numeracy tests she found that some of the available practice materials were very expensive and so had to look around for free practice materials.

5.2 Privilege and connections

This question about privilege sparked a lot more conversation however which moved beyond the topic of tests. The majority of recruiters made the point that a candidate with connections to people within the industry will have the benefit of knowing more about the application process and knowing what is required of them when filling out forms and being interviewed.

The graduates interviewed overwhelmingly agreed with this opinion. Anna mentioned that, because her dad's friend worked at a company that she was applying to, she was able to get hold of a number of reports which were very helpful when preparing for interviews. Dominic also mentioned the fact that knowing people in the industry that he was trying to get into was a "big help" when preparing for interviews. When asked if she had known anyone within the companies she was applying to, Dami, who was educated at a comprehensive school, said: "No, this was a completely new world to me."

"People that know people don't need to do tests." Michael, a candidate who has experienced the benefits of having contacts.

"If they're bad it doesn't matter who their parents are." Recruiter 6

In addition to this, an overwhelming number of graduates interviewed mentioned the fact that individuals from privileged backgrounds are likely to just walk into a job. This opinion was confirmed by some of the recruiters. When asked about the connection between privilege and practising for tests Recruiter 5 responded, "Your statement should read: people from privileged backgrounds are likely to know more people in the know and therefore bypass the selection process and get a job directly!" Recruiter 2 mentioned the fact that at one of her previous firms "it was like a free for all," with people being hired simply on the basis of a referral from a manager or someone senior within the firm. This resulted in a number of problems for HR in later years when some of these recruits had to be fired. All of the recruiters interviewed were adamant however that such things did not happen in their current firms. Recruiter 6 said, "If they're bad it doesn't matter who their parents are."

5.3 Getting in through the back door

Case Study: Michael

"People that know people don't need to do tests. I obtained positions at four different investment banks through contacts, often bypassing most, or all, of the application process. This acted as a snowball effect as after these initial placements it was a lot easier to go on and secure positions elsewhere."

Rare recommends...

→ Recruitment processes should be consistent at all times. Candidates with contacts should not be allowed to bypass stages of the recruitment process, as a result of connections, as this disadvantages candidates who do not have such connections.

06 What The Data Says – A Comparison Of Two Firms

Analysis was conducted using data from two competitor firms in the same industry to see if candidates from different educational backgrounds fared differently throughout the process.

Firm A Firm B **Recruitment Process: Recruitment Process:** → Application form and CV submission → Application form and CV submission → Psychometric test → Interview → Interview Sample size: Sample size: → 759 candidates → 1135 candidates Grade requirement: Grade requirement: → At least 320 UCAS points (equivalent to → At least AAA at A Level (360 UCAS points) ABB at A Level)

6.1 The sifting stage

In both recruitment processes for Firm A and Firm B, candidates educated at comprehensive schools are more likely to be rejected at sift than their privately educated peers.

Firm A: Candidates educated at comprehensive school were 16% more likely than those educated at private school to be rejected at sift.

Firm B: Candidates educated at comprehensive school were 17% more likely than those educated at private school to be rejected at sift.

It could be argued that candidates who have achieved the equivalent of 320 UCAS points (ABB at A Level) are likely to perform worse overall during recruitment processes when compared to candidates with AAA at A Level. This line of argument would suggest the above finding is merely the result of the sample including candidates with these lower grades. However, analysis of the performance of just the candidates with AAA at A Level in these processes revealed a similar trend – that candidates educated at comprehensive school are disadvantaged by online application forms regardless of their A Level grades.

6.2 Online psychometric tests

In the case of the candidates who survived the initial sift and went on to take the psychometric test during the second firm's process,

Firm A: This firm has no psychometric test in place as part of its graduate recruitment process.

Firm B: Candidates educated at comprehensive school were 41% more likely than those educated at private school to be rejected after taking the test.

Due to the difficulty experienced in collecting large and suitable data samples in this area, this result is based on a small data sample as only 85 candidates were rejected post-online test. As such, this result is unreliable on its own. However, this result appears to suggest that online tests do disadvantage candidates from lower socioeconomic backgrounds, especially when considered in conjunction with the evidence gathered from the interviews. For example, Recruiter 4's previous company's analysis of its recruitment process revealed how online tests disadvantaged black minority ethnic (BME) candidates and candidates from lower socioeconomic backgrounds. In addition, when asked about online tests a number of graduates were aware of the advantages of more privileged candidates.

6.3 The face-to-face stages

For both types of recruitment process, the type of school attended did not significantly affect the success of the candidates at the face-to-face stages of the recruitment process.

6.4 Testing the trend - Graduates from the top 5 UK universities

It could be argued that the apparent disadvantage experienced by candidates educated at comprehensive school at both initial sift and test is merely the result of the fact that the candidates educated at private school are smarter than those educated at comprehensive school. However, the same analysis was conducted on the data sample from Firm A for candidates who had attended one of the top 5 English universities (Oxford, Cambridge, LSE, UCL and Warwick). Given the standards of these universities, it can be assumed that the candidates who attended these universities all excel intellectually; regardless of the type of school that they attended. The trends that emerged from this analysis reflected the trends exhibited in the analysis of the entire sample:

→ The sifting stage: Candidates educated at comprehensive schools were 28% more likely than their privately educated counterparts to be rejected at initial sift.

→ The latter stages: Candidates educated at comprehensive schools were 13% more likely to be rejected at test having survived the initial sift. This disadvantage disappeared at the face-to-face stage of the process.

6.5 Comparing the performance of white and BME graduates

Analysis was also conducted to see if the success of white candidates and BME candidates differed at different stages of the graduate recruitment process. A sample of 1074 candidates was taken from the data provided by a firm which required candidates to complete an application form and assessment day. All of the candidates in this data sample had achieved AAA at A Level.

- → At the initial sift stage, BME candidates were 14% more likely than white candidates to be rejected.
- → There was no apparent disadvantage at the latter face-to-face stages of the application process.

In addition, a combined data sample from three different firms, all providing data on candidates with AAA at A Level, was analysed to determine if the face-to-face assessment stage of the recruitment process demonstrated bias towards or against a particular ethnic group. 1000 lines of data were analysed and the results showed that there was no significant bias shown towards BME or white candidates at the face-to-face assessment stage.

These results demonstrate that, as was the case for class, the face-to-face stages of the recruitment processes appear to be fairer for candidates from all ethnic groups than the initial online stage of the recruitment process.

07 Interviews And Assessment Centres

7.1 Who performs best?

7.1.1 Do you agree with this statement: 'Face-to-face interviews tend to result in interviewers picking people like themselves'?

The aim of this question was to try to identify whether certain socioeconomic and ethnic groups were at a disadvantage during the recruitment process due to their underrepresentation within companies.

Recruiter View

The majority of recruiters agreed with this statement. All of those who agreed with the statement stressed the fact that it is human nature to form a bond quickly with a similar person and highlighted the importance of training all interviewers to be aware of their unconscious bias and to overcome it

Graduate View

A majority of the graduates interviewed agreed that interviewers are likely to pick people similar to them. Fatima alluded to bias by saying that if a young black girl was to be interviewed by two sixty year old white men they would be unlikely to hire her.

7.1.2 Have you seen any particular groups being favoured by the interview process?

Recruiter View

A number of recruiters mentioned trends based on both class and race when asked this question. Trends around class were seen to be much more significant than trends around race. One recruiter mentioned the fact that privileged candidates tended to be a lot more confident than their less privileged counterparts.

"Male candidates from not so great schools have a tendency to lack confidence. This was probably due to the fact that they have been exposed to fewer opportunities whilst growing up. Candidates with more opportunities available to them tend to be more comfortable in interviews as they have often received some sort of interview coaching." Recruiter 6

Recruiter 7 echoed these opinions.

"Candidates from deprived backgrounds tend to be a lot greener when answering questions in an interview. This might be down to the fact that they have probably been involved in fewer extracurricular activities over their lifetime, giving them fewer experiences to draw upon." Recruiter 7

Recruiter 5, when asked about interviews, quite honestly said "it's a nightmare." He went on to speak about the many "external barriers" which can make it difficult for an interviewer to truly assess a candidate's potential and abilities. He mentioned the fact that it can be much more difficult for a candidate from a disadvantaged background to communicate with and build rapport with an interviewer. He said that something as simple as dressing appropriately for an interview does not come easily to some candidates. For example, he mentioned the fact that some candidates arrive in oversized shirts and garish ties and that this can automatically affect whether or not it is easy to imagine placing the candidate within the company, even though it is a possibility that those may be the only suitable clothes that a candidate possesses. He also mentioned that in some cases there are cultural barriers which get in the way. For example, in his experience, Asian candidates tend to be a lot more understated and quiet than candidates from other ethnic backgrounds, making it harder to assess them against their peers.

Graduate View

Michael, who was educated at private school, mentioned the fact that once he had an understanding of what interviewers were looking for he "*felt lucky*" as he had a number of experiences to draw from when answering interview questions.

7.2 Who should conduct an interview?

On a different note, there was an obvious disconnect between the opinions of the recruiters and the graduates on who ought to conduct an interview.

7.2.1 Do you agree with this statement: 'The best way to test a person is for two senior members of staff to interview him or her, one-on-one, for an hour'?

None of the recruiters agreed with this statement whilst a majority of the graduates did. The main point of contention was whether or not a senior member of staff ought to interview candidates.

Recruiter View

Recruiters overwhelmingly felt that senior members of the staff were not necessarily the best people for the job of interviewing candidates. Recruiter 1 argued that senior members of staff

were more prone to unconscious bias whilst Recruiter 3 argued that junior members of staff are also able to identify talent. Recruiter 5 lacked confidence in the methods used by senior members of staff when interviewing candidates. He said, "I still meet managers all the time that think they can tell within two minutes if the candidate is right for the job. They have no qualms in saying or believing that." He argued that it takes a lot longer than two minutes to truly assess a candidate.

Graduate View

Graduates, on the other hand, seemed to favour interviews with senior members of staff. Bridget, who has been interviewed at a number of law firms, claimed that "senior people know what they are looking for". Femi spoke about his experiences in a particular interview. He was being interviewed by a woman who worked in HR and could tell that she was still training herself. The interview was regimented and the interviewer was looking for standardised things. He argued, "Looking for a structured answer can result in the interviewer missing a candidate's natural enthusiasm for the company or the position." He went on to argue that senior people tend to care a lot less about the structure of an answer and more about a candidate's potential.

7.3 How should interviews be conducted?

The question of the best type of interview arose during the interviews. Candidates and recruiters spoke about their experiences of face-to-face, telephone, one-on-one and panel interviews.

7.3.1 Panel interviews

The most significant opinions were expressed in response to questions about panel interviews. Recruiter 4 mentioned the fact that a panel of interviewers which is not diverse may be very intimidating for certain candidates. She gave the example of an ethnic minority candidate being interviewed by a panel of five or six white interviewers. Samuel, who has made over twenty applications to financial institutions, mentioned the fact that he found his panel interview very difficult as one of the interviewers was visibly uninterested.

7.3.2 One-on-one interviews

However, the point was also made by Recruiter 4 that a one-on-one interview can create opportunities for interviewers to ask inappropriate questions. This opinion was backed up by an anecdote told by Bridget. She mentioned the fact that a friend of hers had an awful experience at an interview as the interviewer had asked her, "How would you feel being the only black person in the office?", and made a point of how difficult this could be. Her friend was not surprised when she was not offered a place at the firm.

7.4 How fair are interviews?

As stated beforehand, the data analysis conducted for this study suggests that the face-to-face assessment stages of graduate recruitment processes do not disadvantage candidates from particular socioeconomic backgrounds or ethnic groups.

Rare View

Whilst this is an excellent result for the firms which provided the data used in this analysis, we would not suggest that this is reflective of the situation in all top companies. The firms which provided data for this study are all very much committed to diversity within graduate recruitment and the fact that they were happy to provide data on their recruitment processes demonstrates their confidence in the fairness of their processes. We would suggest that the firms featured in this study are best in class in terms of non discrimination in the graduate recruitment.

7.4.1 Poor practices in face-to-face assessment

Not all face-to-face processes are as fair as those of the firms that provided data for this study. Over the past few years Rare has observed a series of assessment processes in FTSE 100 or equivalent companies. Group exercises and interviews were observed with the aim of identifying whether these processes disadvantaged or favoured people from particular backgrounds. The findings demonstrate the situation we suggest exists within graduate recruitment today – a number of fair processes but also a number of processes which discriminate against candidates from particular backgrounds.

The vast majority of these firms had fair, transparent processes which did not disadvantage or favour candidates from particular backgrounds. However, over the years there have been cases in which clear bias has been demonstrated. Although they are isolated incidences, they could be illustrative of wider issues in the graduate processes of some of the leading firms.

Examples of bad practice: CASE 1

"Straightaway I could see him working with us...all the way through I was thinking where we could put him."

A white interviewer passed a white candidate on two competencies, despite the fact that the candidate did not have the qualities specified by the assessment criteria. Whilst being assessed for an analytical competency, the candidate made a number of assertions without referring to the data provided – even when prompted by the interviewer to look at the relevant figures. Despite this, the interviewer passed him on this competency. When being assessed on a persuasive ability competency, the candidate failed to provide two solid examples as required by the assessment criteria. Despite this, the interviewer passed the candidate on this

competency. The observer later questioned the interviewer's decisions, pointing out that the candidate had not met the requirements of the assessment criteria. The interviewer responded by defending the candidate. After the interview, the interviewer turned to the observer and said: "Straightaway I could see him working with us…all the way through I was thinking where we could put him".

Examples of bad practice: CASE 2

"She was too forceful - she kept using her hands and pointing!"

In another case, a group exercise, with a group made up of two white men, one black man, one black woman and one Asian man, was assessed by two white women. During the exercise the four men all suggested the same course of action and the black woman suggested another course of action. The black woman, despite managing to persuade all of her colleagues to change their minds, failed the group task. When assessed on the competency of influencing people, the black woman was given the same mark as one of the white men, despite the fact that the white man had failed to persuade the group to pursue his suggested course of action. When challenged on this, the assessors argued that personal style was also considered, and that the black woman had lost marks on this for being "too forceful" and "using her hands and pointing". This, as well as being a poor reason for making the decision, was a clear misunderstanding of a culturally specific characteristic. The black woman was also failed on the competency which assesses a candidate's ability to search out all possible options for a plan and think positively. The assessors argued that the black woman had not made any positive suggestions throughout the exercise and had been negative about the task. However, this was untrue. The individual observing the group exercise had taken a note of three significant and positive suggestions made by the black woman. Finally, the black woman was said to have failed on the team commitment competency. The assessors argued that she failed because she had "stuck rigidly to her position" by repeating her beliefs about reputational risk. This reasoning was not extended to the performance of all of the candidates however. One of the white men had also stuck to his position throughout the exercise. However, he was passed on the team commitment competency. The assessors said that they "preferred his personal style".

These observations – which are not from the recruitment processes of any of Rare's clients - suggest that face-to-face assessment methods still have the potential to disadvantage candidates from certain backgrounds much more than any online assessment method as they are not colour

or class blind. Face-to-face assessment methods will only avoid disadvantaging certain groups if they are well designed and the assessors have been trained to overcome their unconscious bias and to be sensitive to cultural differences.

Rare recommends...

→ Assessors should be trained to identify and overcome their unconscious bias and should undergo diversity training to ensure that they have an understanding of the different cultural characteristics which candidates may exhibit.

08 Rare's Recommendations For Fairness In Graduate Recruitment

A summary of Rare's recommendations, based on the findings of this research.

- Firms should collect data on candidates' ethnicity, educational background, and success at each stage of the recruitment process.
- This data should be recorded in a way which allows it to be easily extracted from the database, so that analysis can be conducted on the success of each group at each stage of the recruitment process.
- All comparisons drawn from this data should be drawn for candidates who are otherwise similar – that is, who attend the same universities and have the same grades – to ensure that the correct variable is being assessed.
- Areas which appear to show bias should be carefully reviewed.
- Assessors should be trained to identify and overcome their unconscious bias and should undergo diversity training to ensure that they have an understanding of the different cultural characteristics that candidates may exhibit.
- Candidates who pass online psychometric tests should always be re-tested at interview. The claim that there will be random re-tests is not a sufficient threat to deter people from cheating. However, knowing for certain that they will be re-tested does ensure that more candidates will take online tests honestly when applying - and that those who do not will be caught out at the re-test.
- Assessors should be trained to appreciate the significance of work experience which is not directly relevant to the industry that a candidate is applying for. This training should also encourage assessors to take context into account when assessing the value of work experience, such as long term retail positions, and extracurricular activities, such as travelling and volunteering.
- Recruitment processes should be consistent at all times. Candidates with contacts should not be allowed to bypass stages of the recruitment process.

09 About The Authors



Naomi Kellman

Naomi Kellman is the Research Executive at Rare. Naomi graduated in 2011 with a First class degree in Philosophy, Politics and Economics from Oxford University. During the summer of 2010, Naomi completed an internship at the Department for Education working on government education policy. She subsequently gained a place on the Civil Service Fast Stream, having completed the Intensive Coaching Programme run by Rare. She will be taking up her position with the Civil Service Fast Stream in 2012.



Raphael Mokades

Raphael Mokades is the founder and Managing Director of Rare. Raphael has a First class degree from Oxford University. While at Oxford, Raphael represented the University at basketball, served as his College's JCR President, and organised the biggest ball Oxford has ever seen.

Raphael joined the *Financial Times* in 2001. From 2003 to 2005 he was in charge of diversity at Pearson, the international media company which owns the *Financial Times*. Pearson won two Race for Opportunity awards during this time.

Raphael set up Rare in 2005. The business now works with some of the UK's most prestigious companies, has over 2,500 candidates on its books, and employs sixteen people.

Raphael is a graduate of the Common Purpose Matrix programme and a Fellow of the British American Project.

Raphael has written on business, sport and social issues for both the *Guardian* and *Financial Times*. He has co-authored three Rare research reports, *Recruiting Arabic-Speaking Graduates* (2009) and *High Achieving Black Students: A Portrait* (2009), and *What Top Ethnic Minority Students Want* (2010). He is the author of careers guide for young people *Three Steps to Success*, published by Profile Books which was launched in Autumn 2011.

10 Appendix

The study required that the applications used in the analysis had been made by candidates who had attended Russell Group Universities. The study also required that unsuccessful applications had been rejected by the firm (i.e. the candidate had not voluntarily withdrawn from the process). Applicants who received secondary education abroad were not included within the sample. Schools were categorised as comprehensive, grammar or private using the BBC Schools League Table. The number of candidates educated at more than one type of school within all samples was not statistically significant.

Below are the detailed summaries of the data provided by the firms included in this study.

Firm A

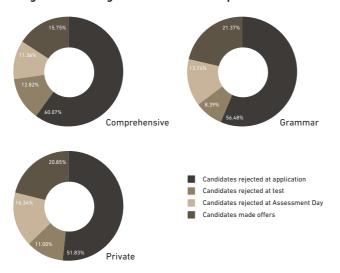
Main Findings

- The online ability test is the stage at which candidates educated at comprehensive school appear to underperform most significantly.
 - a. Candidates educated at comprehensive school are 41% more likely than those educated at private school, and 66% more likely than those educated at grammar school, to be rejected at test, having survived the initial sift.
- 2. The underperformance of candidates educated at comprehensive school appears to be less at initial sift and is statistically insignificant at assessment day.
 - a. Candidates educated at comprehensive school are 16% more likely than those educated at private school to be rejected at initial sift.
 - b. The type of school attended has no significant effect on whether or not a candidate who has passed the online test is rejected after the assessment day or made an offer.

Methodology

Firm A provided information on 7407 candidates' application statuses and the name of the school each candidate attended. All of the candidates featured in the data had attained at least 320 UCAS points at A Level (the equivalent of ABB or above). 3068 entries met the requirements of this study and a sample of 759 entries was taken.

Performance of candidates at each stage of Firm A's graduate recruitment process



Firm B

Education

Main Findings

- 1. Candidates educated at comprehensive school appear to underperform at the initial sift.
 - a. Candidates educated at comprehensive school are 17% more likely than those educated at private school and 27% more likely than those educated at grammar school to be rejected at initial sift.
- 2. Following the initial sift, the type of school attended appears to have no significant effect on whether or not candidates are rejected at interview.
- 3. Following the initial sift and interview, candidates educated at comprehensive school are 30% more likely than those educated at grammar school to be made an offer. Whilst this figure appears significant, it must be noted that candidates educated at grammar school make up only 17% of the sample analysed (193 candidates out of 1135). There was not a significant difference when the comparison was made between candidates educated at comprehensive and private schools.

Methodology

Firm B provided information on 1279 candidates' application statuses and the name of the school each candidate attended. All of the candidates included in the data had achieved AAA at A Level. A sample of 1135 data entries was taken.

Ethnicity

Main findings

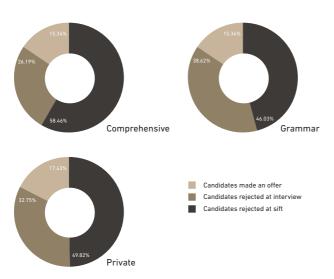
- 1. BME candidates appear to be disadvantaged at initial sift being 14% more likely than white candidates to be rejected at initial sift.
- 2. Following initial sift, white candidates are 18% more likely than candidates from BME backgrounds to be rejected at interview.
- 3. Following initial sift and interview, candidates from BME backgrounds are 38% more likely than white candidates to be made an offer.

Methodology

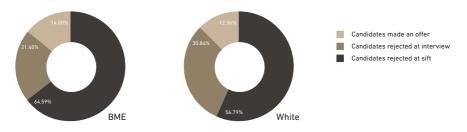
Firm B provided information on 1279 candidates' application statuses and the ethnicity of each candidate. All of the candidates included in the data had AAA at A Level. A sample of 1074 data entries was taken.

The proportion of candidates from specific ethnic groups was too small for the data to be analysed along these lines; therefore the analysis was based on a comparison of the success of BME candidates and white candidates. BME candidates made up 23% of the data sample (247 candidates out of 1074)

Performance of candidates at each stage of Firm B's graduate recruitment process



Performance of candidates at each stage of Firm B's graduate recruitment process



Firm C

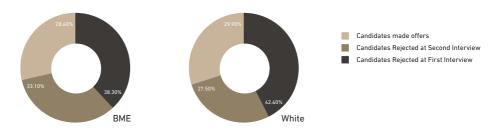
Main Findings

1. BME candidates appear to be slightly disadvantaged at the offer stage, with White candidates being 12.5% more likely to be made an offer having survived the second interview.

Methodology

Firm C provided information on 691 candidates' application statuses and the ethnicity of each candidate. All of the candidates included in the data had AAA at A Level and had passed the numeracy test. A sample of 510 data entries was taken.

Performance of candidates at each stage of Firm C's graduate recruitment process



Firm D

Firm D provided data on the application statuses of 153 candidates, providing information on both educational background and ethnicity. All candidates had achieved AAA at A Level. This sample was too small to be analysed independently, but was included in the combined data analysis mentioned in this study.

About Rare

Rare Recruitment specialises in placing excellent, diverse people in great jobs with some of the best employers in the world. It was founded in 2005 by Raphael Mokades, Oxford graduate, former Head of Diversity at Pearson plc, the world's leading learning company, and published author of graduate careers guide, 'Three Steps to Success'.

The company has in excess of 2,500 candidates on its books, of whom 800 are current students attending 40 universities, including Oxbridge. Of Rare's database, 60% are female, 80% are state school educated, and 94% have at least 340 UCAS points.

Rare offers a bespoke service to students from diverse backgrounds, working closely with them to assess their strengths, weaknesses and motivations, and assisting them in identifying their target industries and organisations. Support is offered throughout the application process and beyond using an extensive range of guides, programmes, seminars and one-on-one training and development sessions.

Website: www.rarerecruitment.co.uk

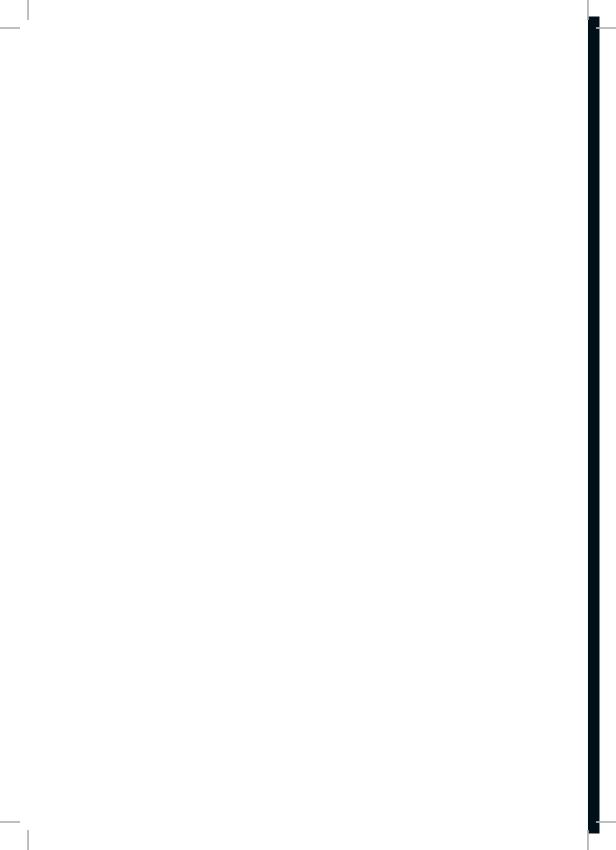
Twitter: @Rare_London

About Deutsche Bank

Deutsche Bank was named "Best Global Bank 2011" in *Euromoney Magazine's* annual Awards for Excellence. It has a truly global reach. Throughout the world, Deutsche Bank is active in many markets, economies and financial sectors, and today Deutsche Bank is one of the worlds' largest investment banks. Employing over 100,000 people and serving 24 million customers in 73 countries, Deutsche Bank's international reach provides its workforce with unprecedented opportunities to develop their careers and achieve their ambitions.

A Passion to Perform. It's what drives them. More than a claim, this describes the way Deutsche Bank does business.

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