

HOW AI CAN DISRUPT BIAS IN HIRING AND IMPROVE QUALITY

Leading Researchers, Top DEI and Human Capital Executives Discuss Opportunities & Challenges

KEY TAKEAWAYS

- **Women are more likely to apply to traditionally male-dominated roles if told that AI is used in candidate assessment.**
- **Managers & recruiters make more accurate candidate assessments when they leverage AI.**
- **AI can enhance both the quality and diversity of candidate shortlists simultaneously.**
- **Training and feedback loops are important for managers & recruiters to effectively adopt AI tools.**

SODI and Monash University held an interactive roundtable on November 13, 2024, with 20 top DEI and Human Capital executives and leading academics to discuss cutting-edge research on Artificial Intelligence (AI) tools and their potential to impact the efficacy and diversity in hiring. With a growing number of companies relying on AI for recruitment, understanding how to design and implement this technology effectively is critical to improving hiring outcomes and fostering diversity.

“...having a space where business leaders and researchers can come together is incredibly valuable for informing evidenced based practice and helping to guide future research so that it addresses the most important questions in bias in hiring.”

- Smita Pillai, Senior Vice President, Talent Development, Inclusion and Innovation Culture, Regeneron

Simon Wilkie, Dean of Monash Business School, opened the roundtable by emphasizing that we need science to guide us in understanding what works and how AI tools can empower people and improve the welfare and functioning of society. He underscored that diversity is a comparative advantage in the age of AI and stressed the importance of collaboration between researchers and practitioners to navigate this revolution.

“...with the emergence of AI, we are facing the greatest change in the structure of our economy since the second industrial revolution.”

- Simon Wilkie, Dean of Monash Business School

HIGHLIGHTS FROM RESEARCH PRESENTED ON AI IN HIRING

AI tools can find great candidates that might otherwise be overlooked.

- Most hiring tools only look for people who already fit past patterns of success. This can limit the ability of an organization to evolve and adapt to a changing world.
- By using AI that actively looks for new kinds of talent (like people with different backgrounds), companies can hire more diverse teams and improve the quality of hires.
- Diversity and high performance are not a trade-off—the right tools can achieve both by capitalizing on previously untapped talent pools, like applicants from underrepresented groups (URGs).

Information on the design of AI and feedback impacts hiring manager and job seeker behavior.

- Managers are often overconfident in their ability to hire better than AI. When shown proof that AI is better at picking candidates, they are more willing to trust and use it.
- Job seekers, particularly male job seekers, are uncomfortable with AI tools that use personal traits, like gender, to make hiring decisions.
- Simply explaining how an algorithm works doesn't make people more comfortable with it. Companies need to do more to show these tools are fair and unbiased.

AI tools can increase diversity and make hiring more efficient by helping to change who gets noticed and hired, especially in fields where some groups are underrepresented.

- In fields like tech, where men are the majority, women are much more likely to be hired when AI is leveraged in the assessment process.
- AI tools can help create shortlists that include more women and other URGs because (1) women job seekers are more likely to opt-in to the recruitment process when being assessed by AI, and (2) AI helps to disrupt recruiters' biases.

FEATURED RESEARCH

HIRING AS EXPLORATION.

Professor Danielle Li, MIT

Li, Danielle, Lindsey R. Raymond, and Peter Bergman. "Hiring as exploration." Review of Economic Studies (Accepted).

AVERSION TO HIRING ALGORITHMS: TRANSPARENCY, GENDER PROFILING, AND SELF-CONFIDENCE.

Professor Dorothea Kübler, WZB

Dargnies, Marie-Pierre, Rustamdjan Hakimov, and Dorothea Kübler. "Aversion to hiring algorithms: Transparency, gender profiling, and self-confidence." Management Science (2024).

DOES ARTIFICIAL INTELLIGENCE HELP OR HURT GENDER DIVERSITY? EVIDENCE FROM TWO FIELD EXPERIMENTS ON RECRUITMENT IN TECH.

Professor Andreas Leibbrandt, Monash University

Avery, Mallory, Andreas Leibbrandt, and Joseph Vecci. "Does artificial intelligence help or hurt gender diversity? Evidence from two field experiments on recruitment in tech." (2024). CESifo Working Paper No. 10996.

IMPLICATIONS & CONSIDERATIONS FOR BUSINESS LEADERS:

1. Signaling that AI is used in the assessment process can minimize candidate concerns about bias, especially if it is a stereotyped role.
 - Consider including information about the use of AI in recruitment materials.
 - Some jurisdictions may require a gender-blind tool.
2. Leveraging AI can help managers and recruiters be better assessors of candidates.
 - Feedback loops and training on AI supported decisions are important to overcome hesitation to incorporate AI in decision-making.
3. Selecting AI recruitment tools that are designed to explore candidates with backgrounds that are different from historical hires can improve diversity and quality of hires. It can also help companies better prepare to address the needs of a changing world.
 - The success metrics used to determine quality of hires and how these are used in the algorithm needs to be carefully considered.
4. Involving functional experts and stakeholders can strengthen development of an AI augmented recruitment process. Consider including Communications, Legal and Compliance, Technology, Learning & Development, Human Resources, and Diversity.

ABOUT SODI

The Science of Diversity & Inclusion Initiative (SODI.org) brings together industry leaders and top behavioral scientists to form a “living laboratory.” This coalition of innovators designs, tests, and scales new solutions to advance diversity, inclusion, and belonging.

ABOUT MONASH

Monash Business School is a global academy for leaders, innovators and change-makers. It is internationally recognized for excellence in research and education as ranked by some of the most prestigious and highly regarded international rankings of world universities.

If you are interested in learning about SODI’s future events, roundtables, and convenings, please register at <https://sodi.org/request/>.