



Understanding the Employer Role in Addressing Disparities

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Presentation Overview

- Understanding workforce disparities
- Results from the Employer Workforce Diversity survey
 - Employer perceptions of diversity
 - Best practices in diversity management and their use by Minnesota employers



Understanding Disparities



Labor Market Information

- Labor Market Information is the foundation for informed, market-responsive planning and decision making.
- Each state produces employment and economic statistics in cooperation with the U.S. Department of Labor's Bureau of Labor Statistics (BLS).
- LMI includes industry employment statistics, unemployment rates, wages and salaries, job projections and much, much more!

mn.gov/deed/data

Minnesota
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

For **JOB SEEKERS** For **BUSINESS** For Local **GOVERNMENT** About Us Data A-Z Index

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MONTHLY UNEMPLOYMENT FIGURES

	UNEMPLOYMENT RATES		
	March 2016	February 2016	March 2015
Minnesota			
Seasonally Adjusted	3.7%	3.7%	3.6%
Not Seasonally Adjusted	4.6%	4.4%	4.4%
U.S.			
Seasonally Adjusted	5.0%	4.9%	5.5%
Not Seasonally Adjusted	5.1%	5.2%	5.6%

Up Close on Unemployment

Minnesota's unemployment rate held steady at 3.7 percent for the fifth consecutive month in **March** on a seasonally adjusted basis.

The labor force participation rate rose again, up three-tenths of a percentage point to 71.2 percent with 12,000 people entering the labor force. This is the highest labor force participation rate since September 2010.

The national unemployment rate rose one-tenth of one percentage point to 5.0 percent in March.

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We've Got Your Number

Nothing tells a story like numbers. And here is where we let them do the talking. Our data and data tools provide a comprehensive, nuts-and-bolts look at Minnesota's economy and workforce.

Current Economic Highlights The freshest available snapshot of Minnesota's economic performance on several job and employment fronts.

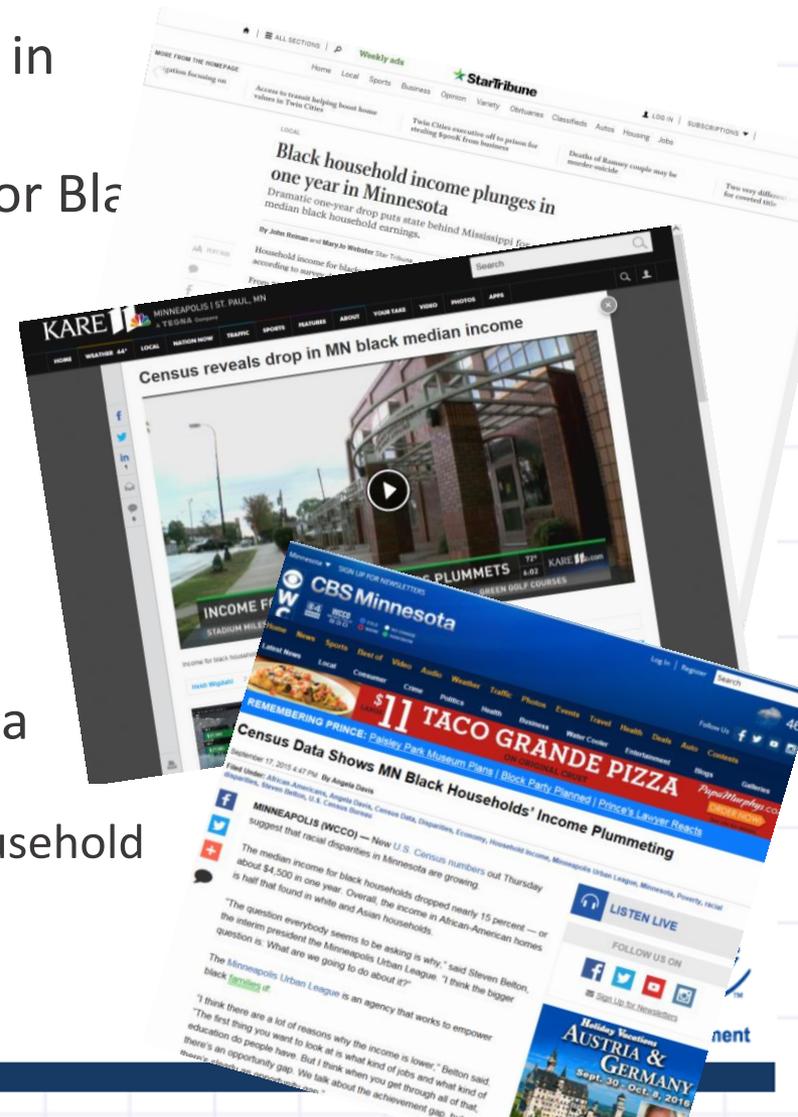
Data Tools Dig deep into data on employment, unemployment, wages and occupations, regional and state comparisons and more.

Export and Trade Statistics Quarterly and annual reports and analysis of the state's top export markets and industries. Includes current and past years.



Minnesota Headlines

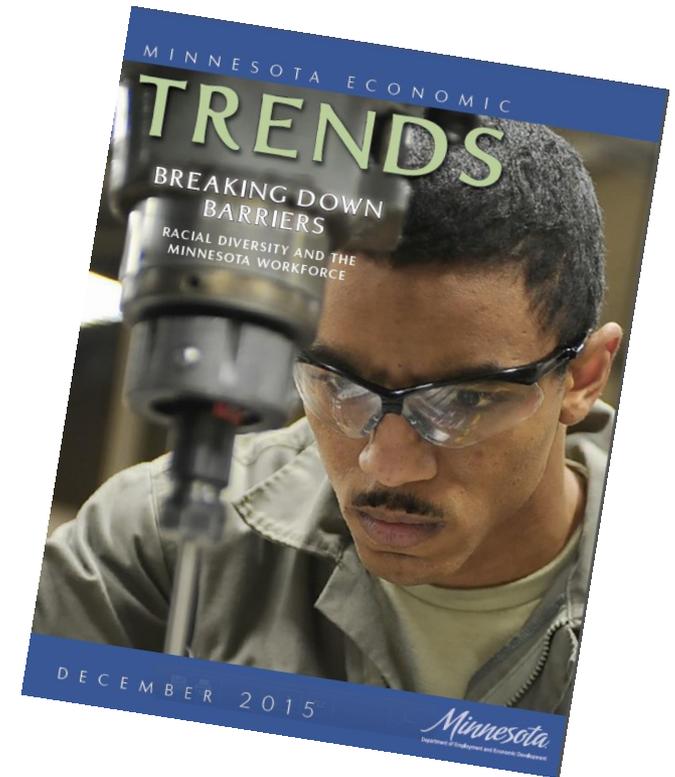
- Household income for Blacks plummeted in the past year
- From 2013 to 2014, the median income for Black households in the state fell 14%
 - That was a decline from \$31,021 to \$27,026
- The statewide poverty rate for Black residents rose from 33% to 38%, compared to a stable state rate of 11%
- Income and poverty for all other racial groups in Minnesota remained stable
- The median Black household in Minnesota is now worse off than in Mississippi
 - Minnesota ranked 45th in median Black household income, Mississippi ranked 44th (\$27,252)
 - *Overall = \$61,481 versus \$39,680*





Economic Trends

- While the state economy has made a strong comeback from the recession, not all racial and ethnic groups in Minnesota have shared in the recovery
- December 2015 issue of **Minnesota Economic Trends** focused on racial disparities in Minnesota
 - population and labor force
 - wage and employment disparities
 - workforce diversity by region and industry
 - employment outcomes from higher education by race

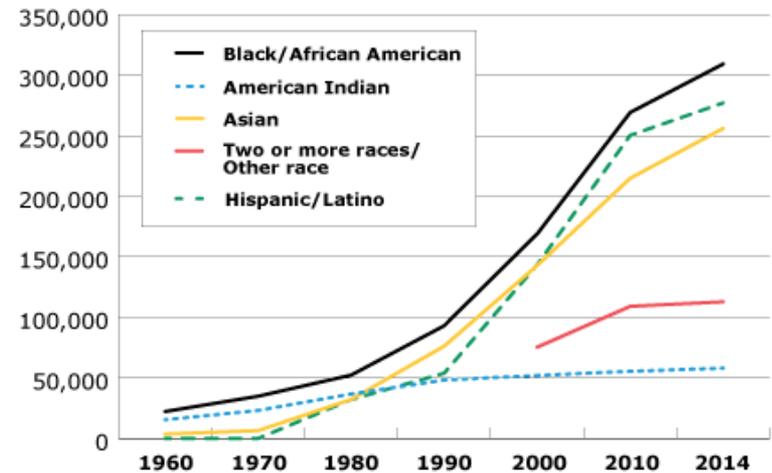




Populations of Color are Essential to the State's Long-Term Success

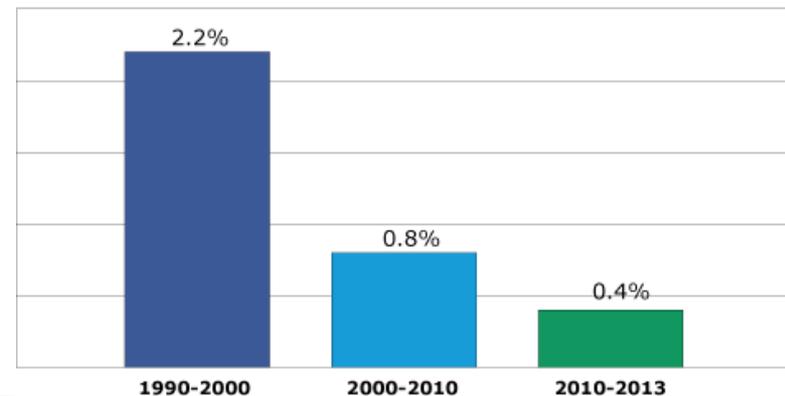
- In 2014, Minnesotans of color reached 1 million residents for the first time, making up 19% of the state's population
- Consider these numbers against 1990, when people of color totaled 274,000 – 6% of the state's population
- Black Minnesotans now total more than 300,000 while Asian and Latino populations have each grown to more than 250,000

Figure 1: Populations of Color in Minnesota



Source: U.S. Census Bureau, Decennial Census and Population Estimates Program

Figure 2: Minnesota's Average Annual Labor Force Growth (Ages 16-64)



Source: U.S. Census Bureau, Decennial Census and American Community Survey



Employment is Stuck in Neutral

- Wage and employment disparities for minority workers have changed little over 20 years in Minnesota
- While racial employment, earnings and income disparities have existed historically, the gaps have become more visible in recent years due to more and better data being available
- Minority workers now account for a higher share of workers in Minnesota, but...
 - the increase in minority employment has occurred disproportionately in lower-paid jobs;
 - Relative pay has declined for Black, American Indian, and workers of Two or More Races;
 - But increased rapidly for Asians.



Wages are Stuck in Neutral

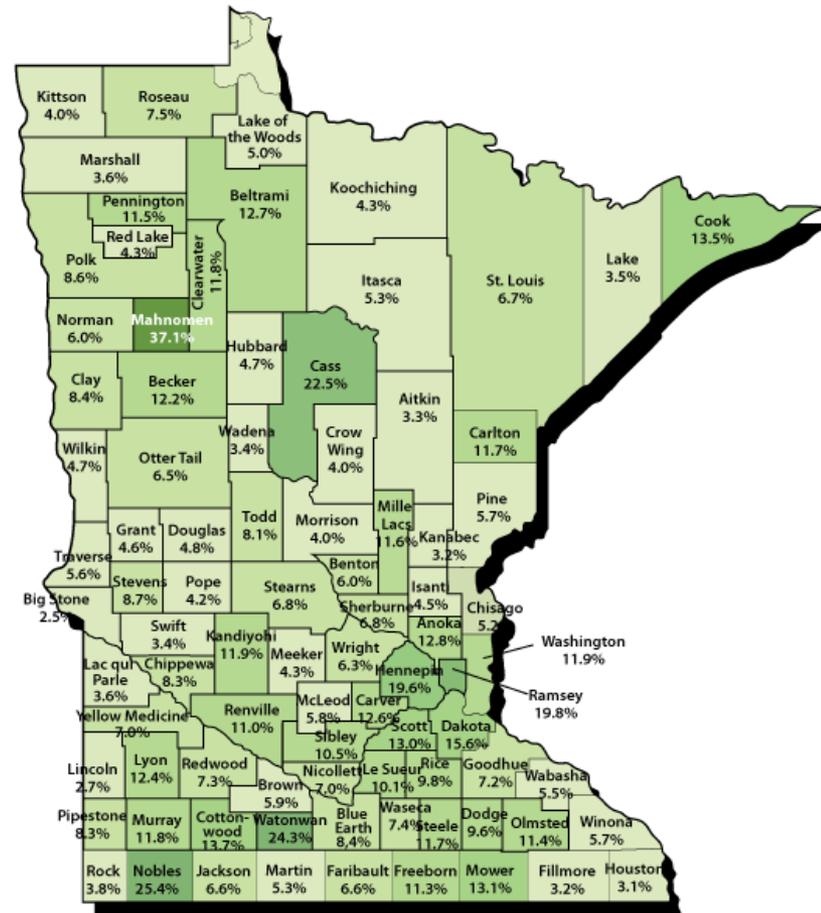
- There has been almost no decline in the wage income gap for minority groups in Minnesota since 1995 despite the minority workforce accounting for an expanding share of Minnesota workers.
- These racial and ethnic earnings differences arise from many factors, including differences among the groups in age distribution, educational attainment, occupational and industrial mix of jobs held, and the degree of discrimination encountered in the workplace.
- Minority workers hold 14% of all jobs in the state but only 11% of very high wage industry jobs and 19% of very high wage industry jobs
 - Asian workers hold a large share of very high wage jobs (4.8%) compared to their share (3.9%).
 - Black workers hold a high share of very low wage jobs (8.1%) relative to their share of all jobs (5%).



Greater Minnesota seeing greater workforce diversity

- The number of jobs filled by workers of color increased faster in the Greater Minnesota than the Twin Cities metro area over the past 20 years.
- The Twin Cities is home to just over 60% of the state's jobs and more than 75% of the jobs held by workers of color.
- Mahnomen County in northwest has the highest percentage of jobs filled by people of color, followed by Nobles and Watonwan counties in the southwest, and Cass County in the northwest
- Now 8.3% of jobs in Greater Minnesota

Map 1:
Percentage of Jobs Held by Minority Workers by County, 2014



Source: U.S. Census Bureau, LEHD, Quarterly Workforce Indicators



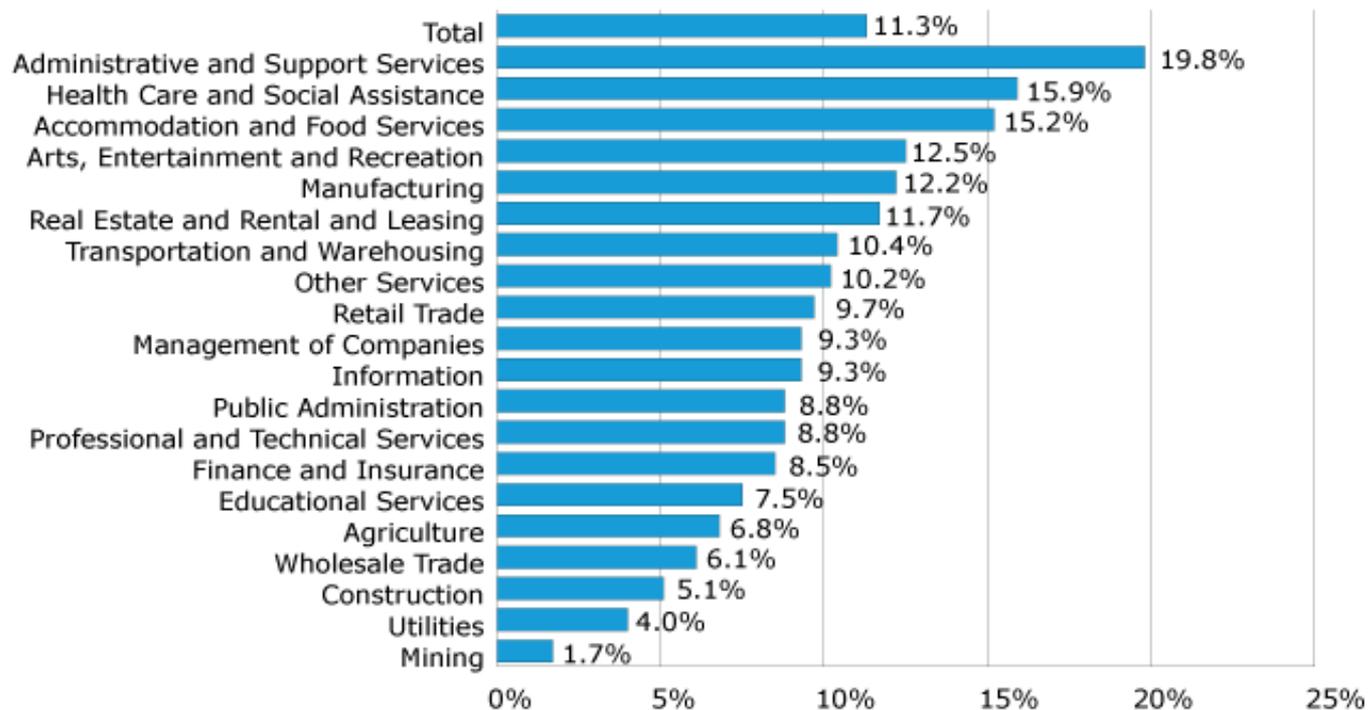
Regional Job Diversity

- More than 85% of the jobs in the state that are filled by African American and Asian workers are located in the Twin Cities
- Greater Minnesota has 57% of the jobs held by American Indians in the state
- Health care and social assistance accounted for 16.8% of total jobs but 31.8% of the jobs held by Black workers.
 - It was the highest-employing industry for Black workers in the state, providing 42,000 jobs.
 - More than 37,000 of those jobs were in the Twin Cities metro area
 - Greater Minnesota health care facilities rely more heavily on Latino workers.
- Regardless of location, every race group gained huge numbers of jobs in health care and social assistance, with most minority groups more than doubling from 1995 to 2014.



Workforce Diversity by Industry

Percent of people of color employed by industry in Minnesota, 2014



Source: U.S. Census Bureau, LEHD, Quarterly Workforce Indicators



Racial Disparities in Education

- Higher education in Minnesota is more diverse:
 - The share of blacks who enrolled in a post-secondary institution in Minnesota grew from 5.9% in 2007 to 14% in 2013
 - The share of Latinos grew from 2% to 4.2%
 - The share of white students dropped from 85% to 73%
- Despite the narrowing of racial gaps in college enrollments, racial disparities are evident when it comes to completing college:
 - More than 60% of white and Asian students obtained a bachelor's degree or higher, while 46% of Blacks and American Indians and 51% of Latinos received a bachelor's or higher
- Racial disparities in educational outcomes are hard to measure because they often interact with socio-economic factors such as family income, family educational background and quality of prior schooling.



College Completion and Employment

- Black completers are extremely concentrated in nursing and residential care facilities (17%) and social assistance (8%), where skill and pay levels are lower compared with hospitals and doctor's offices.
- Latino graduates are spread out across many of the same industries as whites, but are uniquely concentrated in restaurants (6%).
- Temporary help industries employ much higher rates of people of color – 9% of Asian, 8% of Black, 5% of Latino – and only 3% of white graduates.
- Some factors that impact choice of major are preparation, prior exposure, interests, availability of role models, and perception of hiring practices and workplace acceptance within the sector.
- ***Completion of a college degree does reduce racial wage disparities, but not enough to eliminate them altogether.***



Eliminating Racial Disparities is Crucial to Our Success

- Our workforce will expand by an average of just over 4,000 people per year over the next 15 years.
- These projections are based on assumptions that participation rates by our older age groups will experience some pretty healthy increases over the next 15 years.
- If that doesn't occur, our labor force will shrink over the next 10 years before finally starting to grow between 2025 and 2030.
- The reasons for these stark differences by race in growth of working age populations are at least twofold:
 - The white population is “aging out” into retirement at a much faster rate than people of color.
 - There continues to be a significant influx of foreign-born immigrants who are typically of working age.



We must act now

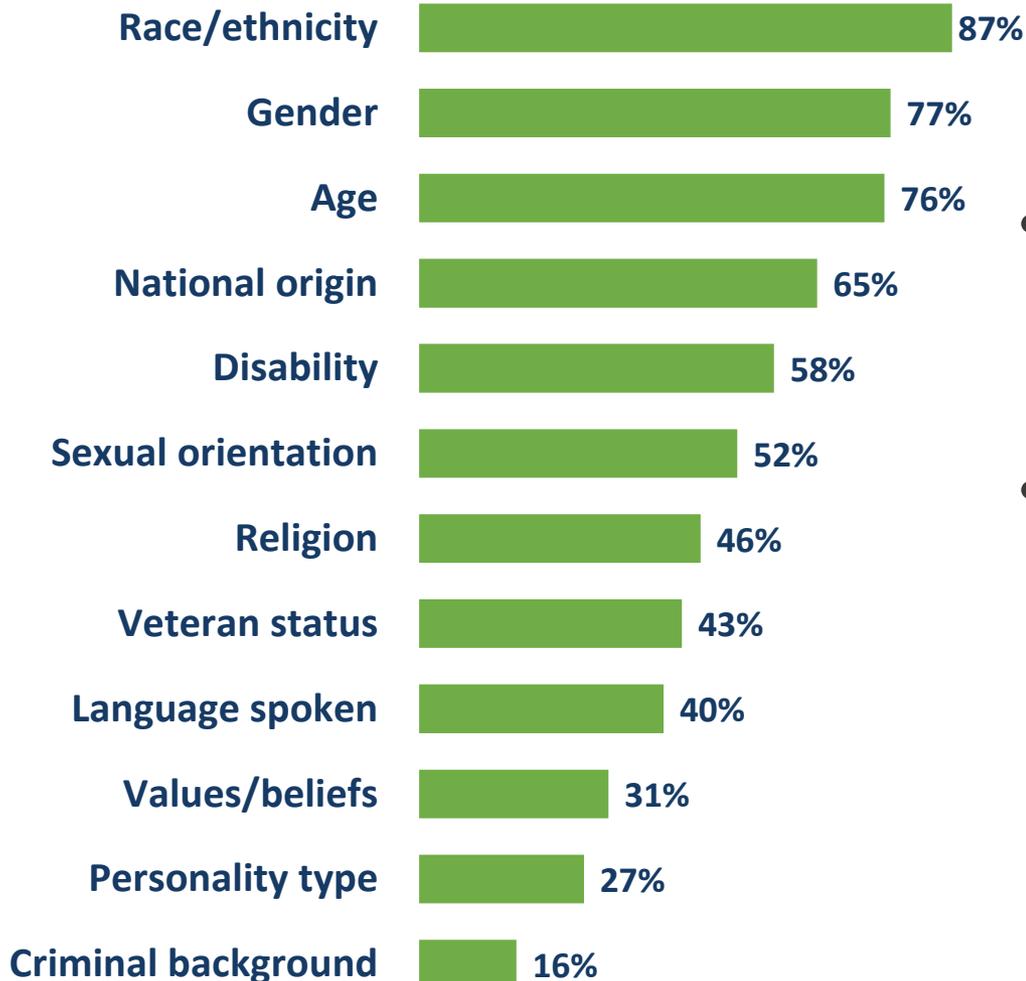
- U.S. Census Bureau estimates that there are nearly 50,000 more resident Minnesotans who will reach the age of 65 by 2030 than there are resident youth who will reach 16 by that time
 - The number of people available through natural growth in our working age population will fall well short of the needs of businesses looking to grow.
- The challenges we face over the next 15 years are so great we'll need to tackle them with a multi-pronged approach to attract and retain workers, of all demographic characteristics.
- Recognize the rapidly increasing share of existing workers who are people of color, it becomes obvious that we must solve this problem of persistent racial disparities once and for all.
- ***If disparities continue, businesses and the economic well-being of every resident of our state also will be affected.***



Employer Perceptions of Diversity



Definitions of Diversity



- Recognizing that diversity is more than race/ethnicity
- Employers chose from a list of 12 options to define diversity



Definitions of Diversity

- Firms employing less than 50 workers are more likely to say they don't talk about diversity
- Firms employing 250 or more workers are more likely to use a broad definition of diversity:
 - Race/ethnicity, gender, national origin, age, disability, sexual orientation, religion, veteran status, language spoken
 - Race/ethnicity, age, gender



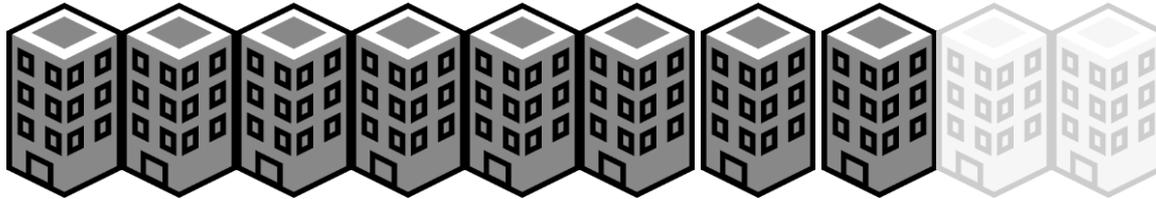
Are Businesses Diverse?

- According to their own definitions of diversity, 70% say YES!
- Firms with 50 or more employees are more likely to say they are diverse
- Industries most likely to say they are diverse:
 - Retail Trade (88% say yes)
 - Accommodation and Food Services (84% say yes)



Employing People of Color?

- 8 out of 10 employers say yes!



- Firm size and industry matter
 - 99% of firms employing 250 or more say yes
 - 48% of firms employing less than 50 say yes
 - Over 90% of health care and manufacturing firms say yes

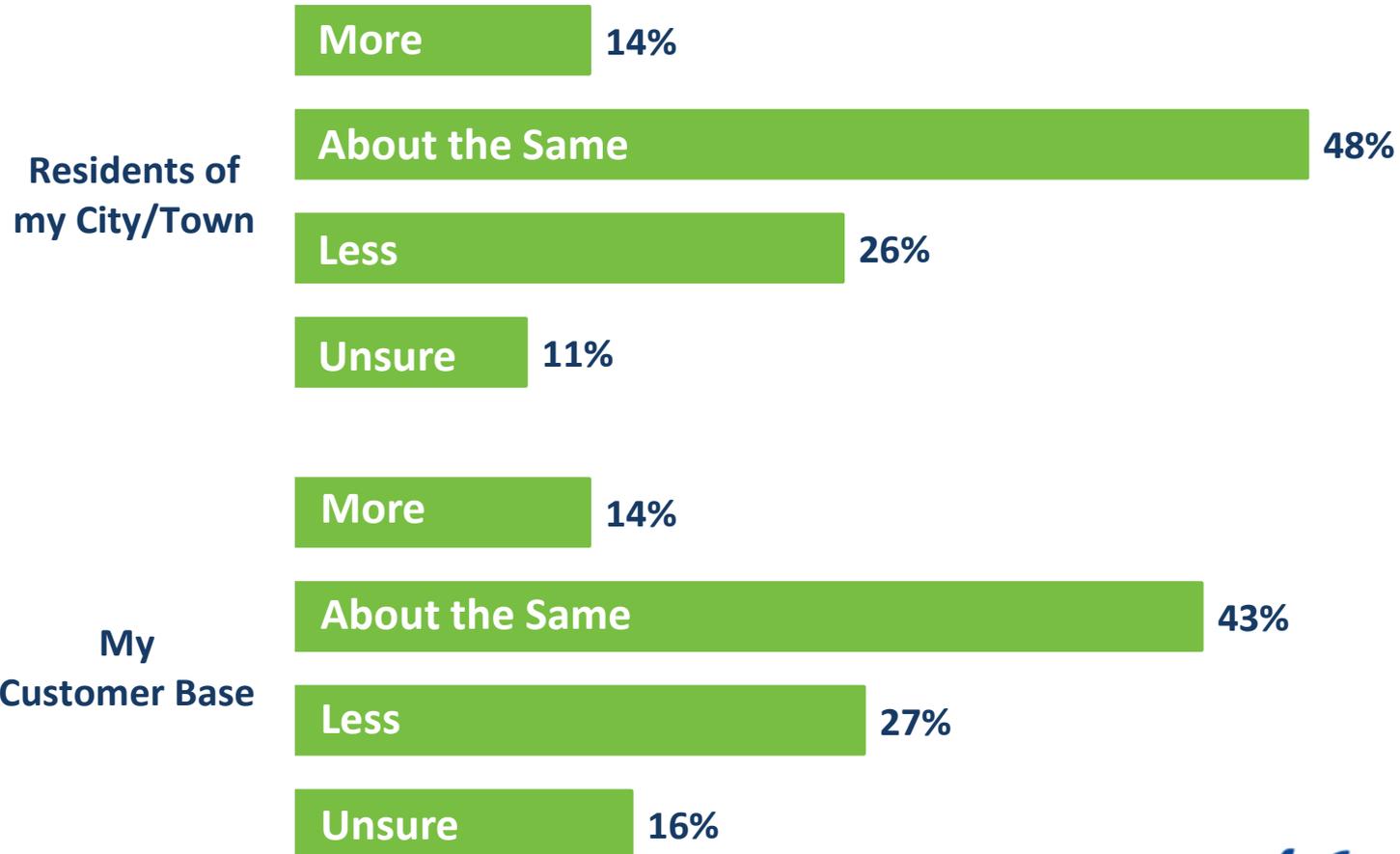


Relative Diversity

- DEED has heard from businesses that increasing racial diversity is difficult in communities with very little racial diversity.
- Asked firms to compare their diversity to their “community”:
 - Residents of their city/town
 - Customer base



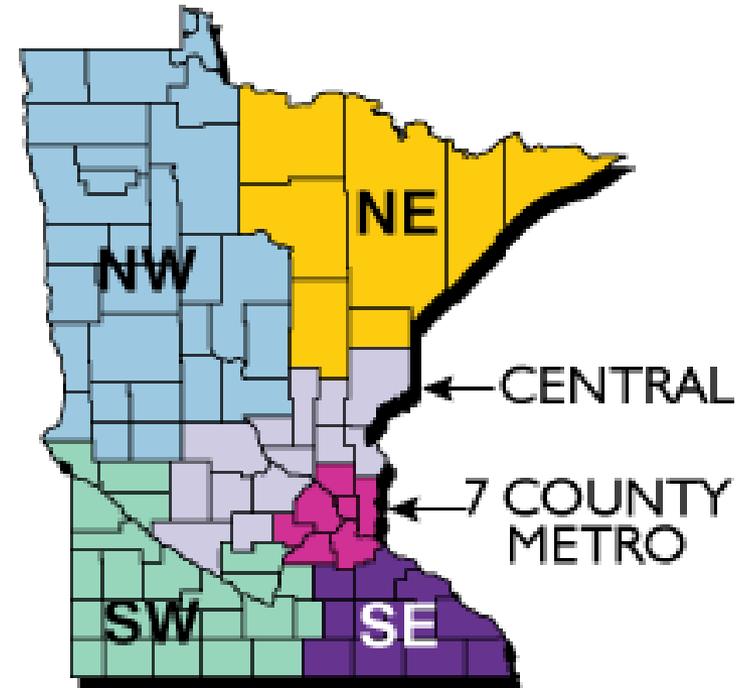
Relative Diversity





Relative Diversity

- Firms with less than 50 employees most likely to say they are about as diverse as their community
- Firms in Central and Northwest Minnesota most likely to say they are about as diverse as their community.
 - 7-County Metro was least likely





Relative Diversity

- Industry sectors most likely to be less diverse than their communities:
 - Education
 - 46% say less diverse than city/town
 - 59% say less diverse than customer base
 - Public Administration
 - 48% say less diverse than city/town
 - 51% say less diverse than customer base
- Customer base for these industries is the general public!



Perceptions of Other Businesses

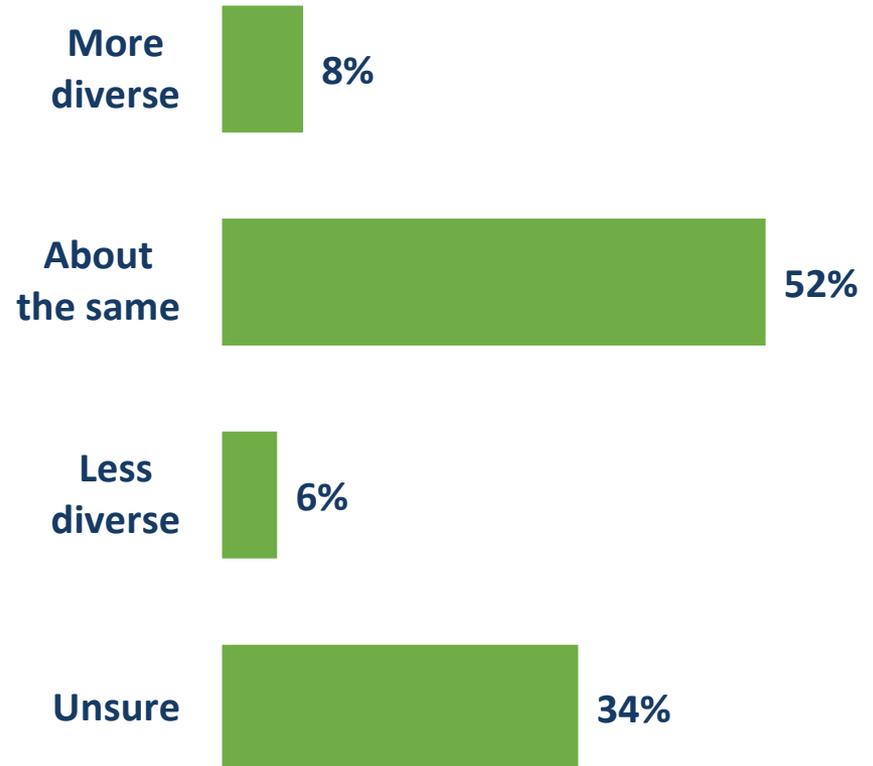
- Look at “critical mass” argument:
 - If a lot of other businesses are diverse, maybe I should be...
 - If a lot of other businesses are working on this, maybe I should be too...
- Series of questions on the survey on the workforce of other businesses
 - How does the diversity of my workforce compare to my direct competitors?
 - Are employers in my region or industry actively seeking to increase the racial diversity of their workforce?



Perceptions of Other Businesses

- Over half say they are about as diverse as direct competitors
- Industries most likely to say they are about as diverse as their competitors:
 - Utilities (71%)
 - Agriculture, Forestry, Fishing, and Hunting (71%)

My Direct Competitors





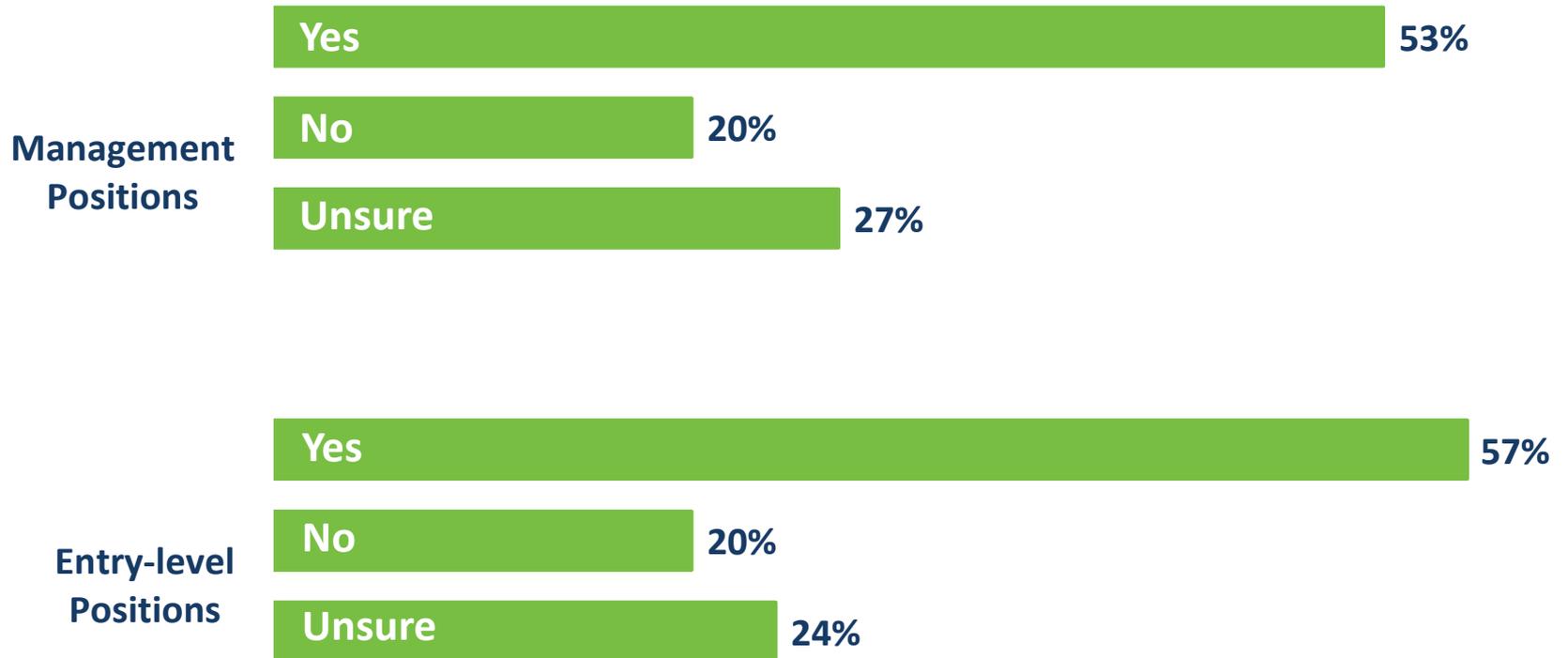
Perceptions of Other Businesses

- About 1 in 3 employers say they are unsure about how their diversity compares to their competitors
 - About 6 in 10 unsure if employers in their industry or region are actively trying to diversify their workforce
- Industries most likely to say employers in their industry or region are actively try to diversify:
 - Construction
 - Education
 - Public Administration



Are businesses actively diversifying?

Yes – For both entry-level and management positions





Are businesses actively diversifying?

- Three out of four construction firms say they are actively seeking to increase racial diversity in entry-level positions.
- Firms employing 250 or more most likely to be actively trying to increase racial diversity in both position types:
 - Entry level: 77% v. 29% (<50 employees)
 - Management: 78% v. 23% (<50 employees)
- Firms in the 7-County Metro are most likely to be actively trying to increase racial diversity in both position types.



Best Practices in Diversity Management



Best Practices in Diversity Management

Agenda

- What is diversity management?
- Why would an employer actively increase diversity?
- What are best practices in diversity management?
- What are the limitations of the best practices literature?
- What best practices are most common among MN employers?
- Where to from here?



Best Practices in Diversity Management

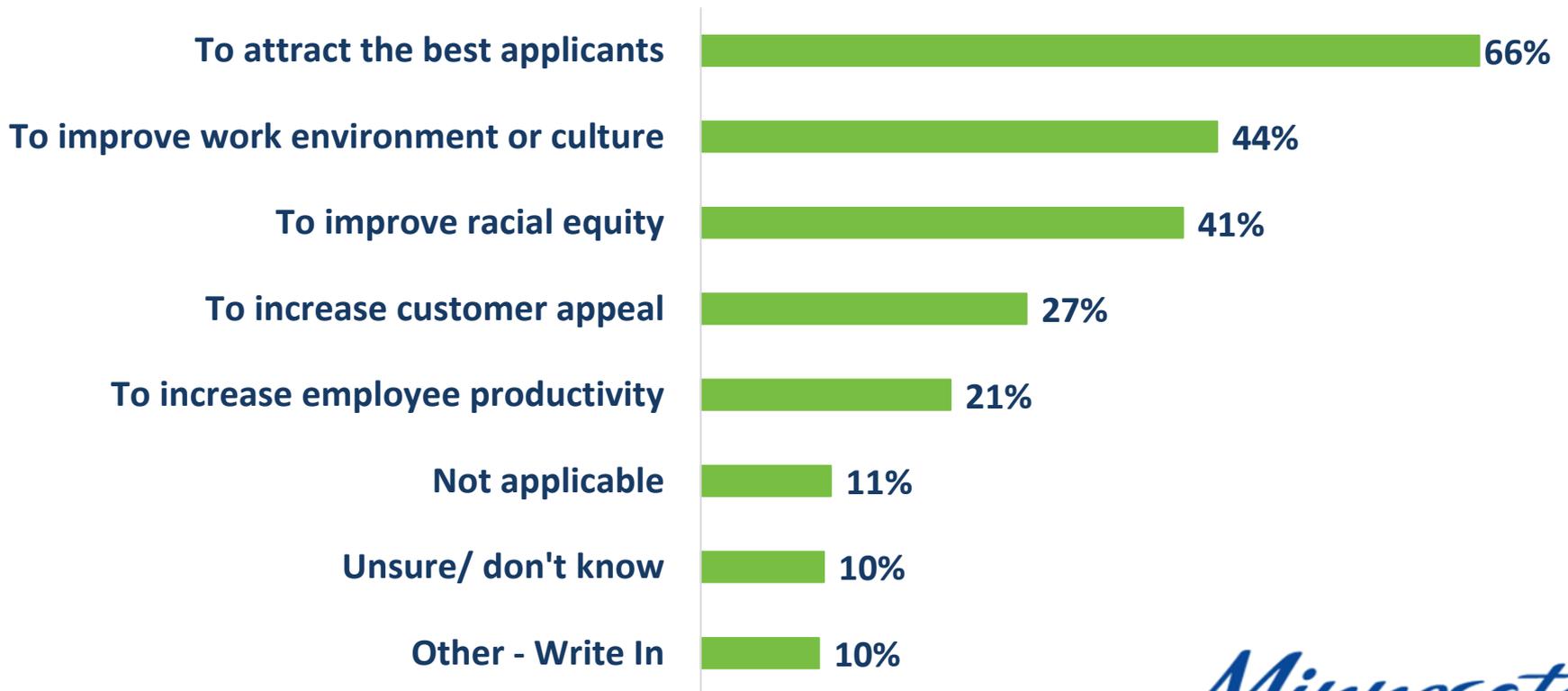
What is diversity management?

- Diversity management is more than EEO/AA compliance.
- Diversity management “refers to organizational efforts to aggressively recruit, hire, and retain individuals from a variety of backgrounds and facilitate good working relationships among them”.



Best Practices in Diversity Management

Percent agreeing with the reason why their organization would seek to increase racial diversity





Best Practices in Diversity Management

What are best practices in diversity management?

- Broad recruitment strategies
- Candidate selection strategies to mitigate bias
- Support, training, and mentoring
- Strong commitment from leadership
- Accountability to goals



Best Practices in Diversity Management

What are the limitations of the best practices literature?

- Much of it draws on hunches rather than data
- Much of it focuses on large firms



Best Practices in Diversity Management

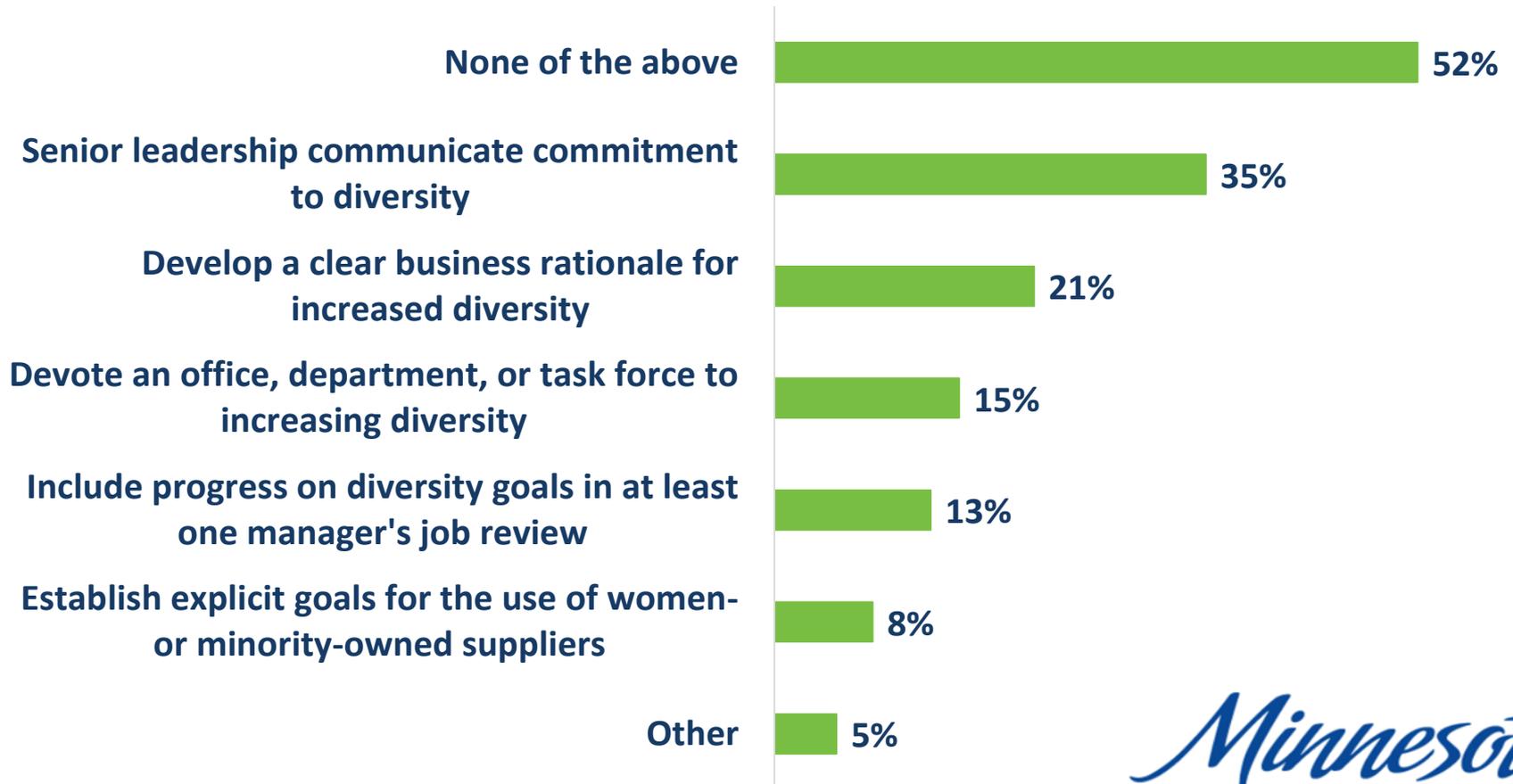
Percent agreeing their organization has used the following recruitment and retention strategies in the past three years





Best Practices in Diversity Management

Percent agreeing their organization has used the following leadership strategies in the past three years





Best Practices in Diversity Management

	Percent of small firms agreeing	Percent of medium firms agreeing	Percent of large firms agreeing
Ensure that stated minimum qualifications are truly required and not simply preferred	42%	56%	68%
Pay for professional development of employees	36%	49%	61%
Make diversity training available to all employees	13%	32%	53%
Participate in hiring events focused on people of color	6%	17%	45%
Support a formal mentoring program among employees	17%	24%	36%
Other	3%	5%	9%
None of the above	37%	19%	6%



Best Practices in Diversity Management

	Percent of small firms agreeing	Percent of medium firms agreeing	Percent of large firms agreeing
Senior leadership communicate commitment to diversity	14%	35%	59%
Develop a clear business rationale for increased diversity	9%	18%	37%
Devote an office, department, or task force to increasing diversity	1%	11%	34%
Include progress on diversity goals in at least one manager's job review	1%	9%	29%
None of the above	76%	53%	27%
Establish explicit goals for the use of women- or minority-owned suppliers	5%	7%	13%
Other	3%	4%	8%



Best Practices in Diversity Management

	Percent of small firms agreeing	Percent of medium firms agreeing	Percent of large firms agreeing
To attract the best applicants	54%	65%	78%
To improve work environment or culture	23%	43%	65%
To improve racial equity	22%	39%	61%
To increase customer appeal	15%	26%	42%
To increase employee productivity	15%	19%	30%
Other - Write In	5%	10%	14%
Not applicable	18%	10%	6%
Unsure/ don't know	20%	9%	3%



Best Practices in Diversity Management

Where to from here?

- Is there a compelling case for smaller firms to diversify?
- What diversity management practices are relevant to smaller firms?
- What role for DEED in increasing awareness of diversity management among smaller firms?
- How to prepare employers to work with the diverse participants you serve?



Questions?

- Contact Information

- Cameron Macht (cameron.macht@state.mn.us)
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- Scott Godfrey (scott.godfrey@state.mn.us)

- Websites for more information

- Labor Market Information mn.gov/deed/data
- Workforce diversity in Minnesota mn.gov/deed/diversity