

# Supporting Workers without College Degrees in Minnesota:

Lessons for the Workforce Development  
Field

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FSI Report 002  
March 2018



**FUTURE  
SERVICES  
INSTITUTE**

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# Executive Summary

To ensure labor market growth and equitable labor market outcomes, the workforce development field must work to better prepare job-seekers for employment while addressing existing racial and ethnic disparities. To help the field address these challenges, the Future Services Institute at the Humphrey School of Public Affairs conducted a survey of Minnesota employers in six industries in 2017. The survey, called the Minnesota Employer Survey (MNES), was designed to provide information on employers' needs and practices surrounding workers in jobs not requiring a college degree, as well as employers' engagement with the workforce development system.

The MNES, alongside findings from Minnesota-specific studies and social science research, revealed the following:

- Employer engagement with the workforce development system is limited. This is true for both public and nonprofit organizations that train workers for employment.
- To fill jobs not requiring a college degree, Minnesota employers are more likely to turn to employee references than job training organizations. This has implications for racial and ethnic disparities in labor market outcomes. Social and residential networks of Americans tend to be racially segregated, and white individuals are more likely than individuals of color to be currently employed in Minnesota.
- MNES employers have limited outreach to underrepresented communities. This is particularly true for small employers. In addition, few employers have implemented diversity programs that support retention among workers of color.
- There is evidence that some employer have practices that may complicate hiring of underrepresented groups, including the presence of hiring tests, failure to regularly review minimum qualifications, and reluctance to hire ex-offenders.
- A large minority of workers are hired into part-time positions and/or in positions with fluctuating schedules. While the average wage reported by MNES employers is relatively high, a large percentage of workers in full-time and part-time/temporary positions are ineligible for benefits and supports, including health insurance, paid leave, and job training.

# Introduction

Minnesota faces a challenge. A state that boasts high educational attainment and employment is also home to striking racial and ethnic disparities in labor market outcomes. Relative to white Minnesotans, people of color in the state have lower rates of elementary school achievement, high school graduation, post-secondary degree attainment, and participation in the labor force. In addition, the state's racial and ethnic disparities in employment are among the largest in the nation.<sup>1</sup>

Addressing these disparities is important, for both economic and moral reasons. From an economic perspective, racial and ethnic minorities represent a growing part of the state's population and workforce. In order to maintain positive growth in the labor force, employers will need to rely on populations that currently have lower average rates of labor market participation, including recent immigrants, individuals of color, and individuals with limited skills or barriers to work activity.<sup>2</sup> From a moral perspective, persistent racial and ethnic disparities run counter to the state's interest in providing all Minnesotans an equal opportunity to succeed.

The workforce development system, which refers to the "system" of private and nonprofit organizations and public agencies that prepare less-skilled or disadvantaged workers for employment, has a strong role to play in addressing racial and ethnic disparities. Workforce organizations interact regularly with individuals who are trying to find jobs and advance in the labor market. Some focus on serving populations of color or those with significant barriers to employment.<sup>3</sup>

Yet the ability of the system to mitigate racial and ethnic disparities depends in part on the level of engagement between workforce development organizations and employers. A large body of research suggests that strong workforce development-employer partnerships are associated with better outcomes for individuals in terms of the duration of work activity and wages. Research also suggests that strong employer partnerships can be effective in helping marginalized populations, including people of color, achieve better labor market outcomes.<sup>4</sup>

To promote engagement between workforce development organizations and employers – particularly around the hiring and retention of less-skilled workers and workers of color – the Future Services Institute at the Humphrey School of Public Affairs at the University of Minnesota conducted a statewide survey of employers in 2017. The Minnesota Employers Study (MNES) targeted employers in six industries that hire large numbers of workers into *non-college jobs*, or jobs not requiring a college degree. The survey focused on employers' experiences with workers in non-college jobs, the practices in place to support a diverse workforce, and the level of engagement with the workforce development system.

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<sup>1</sup> "Disparities (Race)," Minnesota Compass, 2018, <http://www.mncompass.org/disparities/race#1-9515-g>.

<sup>2</sup> "In the Shadow of the Boomers: Minnesota's Labor Force Outlook," Minnesota State Demographic Center, December 2013, <https://mn.gov/admin/demography/data-by-topic/labor-force/>.

<sup>3</sup> Chris Bener, Leete Laura, and Manuel Pastor, *Staircases or Treadmills? Labor Market Intermediaries and Economic Opportunity in a Changing Economy* (New York: Russell Sage Foundation, 2007); Robert Giloth, *Workforce Intermediaries for the 21st Century* (Philadelphia: Temple University Press, 2004).

<sup>4</sup> Sheila Maguire, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz, "Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study," (Philadelphia: Public/Private Ventures, 2010).

This report describes the key findings from the MNES. In addition to offering a snapshot of employer activity as it relates to workers in non-college jobs, the report situates the survey findings within existing social science research to provide context for understanding *how* employer practices matter for the employment and career advancement of less-skilled workers. In addition, by drawing upon national research on workforce development, the report identifies a set of recommendations that can promote engagement between employers and organizations within Minnesota’s workforce development system and greater equity in labor market outcomes.

The report has five sections, focused on the following topics:

- **Section 1** provides background on the demographic and economic changes in Minnesota that pertain to the labor market outcomes of less-skilled workers and offers an overview of the MNES study and sample.
- **Section 2** describes engagement between employers and workforce development entities across the state.
- **Section 3** provides an overview of the outreach and hiring practices of MNES employers
- **Section 4** details retention practices among MNES employers.
- **Section 5** concludes with recommendations to promote engagement around issues related to the education, training, and employment of non-college workers in Minnesota.

# Section 1. Background on Equity Works and the Minnesota Employer Survey (MNES)

## The Importance of Employers to Workforce Development in Minnesota

Employers are central to the success of the workforce development system. In addition to hiring individuals who have participated in education and training programs, employers offer on-the-job training that complements the training provided by publicly funded workforce development organizations. Employers may offer benefits, supportive services, and advancement opportunities. And employers can play a key role in reducing racial and ethnic disparities through hiring and retention practices that support a diverse workforce.<sup>5</sup>

Research suggests that strong employer partnerships are associated with better outcomes for less-skilled workers.<sup>6</sup> Historically, however, the workforce development system has struggled to engage employers in its efforts to train and hire workers. As a result, federal programs that allocate money for worker education and training have increasingly emphasized the centrality of employers<sup>7</sup>

In Minnesota, there is a particularly acute need to strengthen employer partnerships. Now, and in the coming decades, changes in the state's labor force – especially the retirement of the Baby Boomers – will lead to a large number of job openings. The labor market will not produce enough workers to meet this demand without the inclusion of workers moving into the state (primarily through immigration) or the

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<sup>5</sup> Frank Dobbin, Daniel Schrage, and Alexandra Kalev, "Rage against the Iron Cage: The Varied Effects of Bureaucratic Personnel Reforms on Diversity," *American Sociological Review* 80, no.5 (2015): 1014-1044.

<sup>6</sup> Christopher T. King and Health J. Prince, "Moving Sectoral and Career Pathways Programs from Promise to Scale," in *Transforming U.S. Workforce Development Policies for the 21st Century*, ed. Carl Van Horn, Tammy Edwards and Todd Greene (Kalamazoo: W.E. Upjohn Institute for Employment Research, 2015), 195-229; Macquire et al., "Tuning In to Local Labor Markets," 2010.

<sup>7</sup> Federal workforce policies began to emphasize the centrality of employers in 1982, when the Job Training Partnership Act mandated the participation of employers in local advisory committees and increased the role of these committees in workforce program administration. In 1998, the Workforce Investment Act (WIA) further increased the role of employers by granting local advisory committees policy-making authority. Employers assumed even greater prominence in the Workforce Innovation and Opportunity Act (WIOA), which replaced the WIA in 2014. Under WIOA, this focus is reflected in new employer engagement requirements and metrics, altered reimbursement rates and employer contribution requirements for training programs, and efforts to encourage states and localities to develop workforce strategies that more directly integrated employers, such as sector-based strategies. Burt S. Barnow and Shayne Spaulding, "Employer Involvement in Workforce Programs: What Do We Know?" in *Transforming U.S. Workforce Development Policies for the 21st Century*, eds. Carl Van Horn, Tammy Edwards and Todd Greene (Kalamazoo: W.E. Upjohn Institute for Employment Research, 2015), 231-264.

labor market participation of Minnesota residents who are not currently working, including those with barriers to work activity.<sup>8</sup>

Already, there is evidence that Minnesota employers are struggling to find workers, particularly in industries with a large number of non-college jobs.<sup>9</sup> Yet despite strong worker demand, unemployment remains relatively high for some groups. For example, the unemployment rate in December 2017 was 5 percent for Hispanics and 7.5 percent for Blacks – well above the state’s average of 3.1 percent.<sup>10</sup>

There are reasons to suspect that stronger partnerships between employers and workforce development organizations will allow the system to better connect individuals with jobs, thereby helping the state meet the increased demand for workers:.

1. Engaging employers in the workforce development system can help align labor market supply with demand. Even informal partnerships can provide information to job training organizations about the skills and industries that are in demand, thereby increasing the likelihood that job training programs will help workers acquire the relevant skills and training to find jobs and advance in the labor market.<sup>11</sup>
2. Partnerships can provide employers with information about the barriers and strengths of workers and the supports necessary to promote success at work. This information may be particularly valuable to employers who are less familiar with working with diverse populations, including workers of color, immigrant workers, and workers with barriers to employment.

Perhaps for these reasons, Minnesota has prioritized building business-led sector partnerships tasked with aligning skills with in-demand careers in workforce development plans.<sup>12</sup> Employer partnerships, particularly those focused on building partnerships between workforce organizations and employers within a single industry (termed *sectoral partnerships*) are growing.<sup>13</sup> Yet this research shows that while the need is acute, the overall breadth and depth of employer partnerships remains limited.

## Equity Works and Employer Engagement

It is against this backdrop of racial and ethnic disparities, changing demographics, and heightened labor market demand that the Future Services Institute (FSI) created the Equity Works program in 2016. The program aims to cultivate, through organizational interventions and leadership training, workforce development practices that address the equity crisis impacting communities of color and American

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<sup>8</sup> Dave Senf, "Minnesota Job Outlook to 2024," *Minnesota Employment Review* (June 2016), <https://mn.gov/deed/newscenter/publications/review/june-2016/mm-job-outlook-2024.jsp>.

<sup>9</sup> Tim O'Neill, "Creativity in a Tight Labor Market," *Minnesota Employment Review* (June 2017), <https://mn.gov/deed/newscenter/publications/review/june-2017/spotlight.jsp>.

<sup>10</sup> "Alternative Measures of Unemployment," Minnesota Department of Employment and Economic Development, accessed January 15, 2018, <https://mn.gov/deed/data/current-econ-highlights/alternative-unemployment.jsp>.

<sup>11</sup> Barnow and Spaulding, "Employer Involvement in Workforce Programs," 2015.

<sup>12</sup> "Minnesota Combined State Plan for WIOA," State of Minnesota, March 2016, <https://mn.gov/deed/about/what-we-do/objectives-plans/wioa.jsp>.

<sup>13</sup> Governor's Workforce Development Council "Building Partnerships to Overcome Barriers: Developing Skills to Thrive in a Changing Economy," State of Minnesota, November 2014, <https://www.leg.state.mn.us/edocs/edocs?oclnumber=903490385>.

Indians in Minnesota. The program includes a peer learning community for workforce development direct service providers, a leadership institute for individual “change-makers” in the workforce development field, and ongoing efforts to bring together diverse stakeholders across the field.

The employer survey grew from efforts to promote engagement across diverse stakeholders. Early in the development of Equity Works, it became clear that although employers are widely understood to be critical to the workforce development system, little is known about how they hire and support workers in non-college jobs. There are fundamental questions unanswered in the field:

- When a Minnesota employer needs to hire a worker for a job not requiring a college degree, where do they look? What do they require of job applicants?
- Once a worker is hired by an employer, what benefits and supports are offered to that worker? And how successful are employers in finding and retaining these types of workers?

To answer these questions, FSI conducted a statewide survey of Minnesota employers, focusing on six industry sectors that hire large numbers of workers lacking a college degree, including food services and accommodations, construction, health care and social assistance, manufacturing, retail trade, and select professional services. The online survey was designed to capture information on the general characteristics of the company, outreach and hiring practices, and individual and job-related information about the last worker hired into a position not requiring a college degree. To help promote the survey, FSI partnered with the Greater Twin Cities United Way and the Minnesota Department of Employment and Economic Development (DEED), both respected institutions in the field of workforce development.

The survey team drew a sample of approximately 4000 businesses in Minnesota, oversampling businesses in healthcare, manufacturing, and retail trade.<sup>14</sup> In August 2017, letters and emails were sent asking business owners or human resources personnel to complete the online survey. Over a period of six weeks, over 200 businesses responded to the survey, the majority responding to an emailed request. While a small number completed less than half of the survey, 179 employers completed the full survey. Of these employers, 143 had hired a low-skilled worker in the past two years.

Because relatively few employers responded to the survey, the MNES findings should not be considered representative of the general behavior of employers within the state. Rather, the results should be interpreted as suggestive of broader patterns that may exist among employers in the six industries sampled. Whenever possible, the MNES findings are presented alongside existing data on Minnesota employers and findings from social science research, in order to place the survey results in a broader context and facilitate interpretation of survey findings.

## MNES Respondents

Table 1 breaks the survey sample into all employers and those that recently hired a worker for a non-college job. This table shows that 80 percent of MNES employers report hiring a worker into a job not requiring a college degree in the last two years. Following statewide characteristics, most respondents (71 percent) work at organizations with between 10 and 50 employees and operated from a single site

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<sup>14</sup> Of the 4000 businesses in the sample, 250 were invalid, yielding a final sample of 3,750.

(51 percent). Most employers are located in non-metro areas. Reflecting the sampling strategy, MNES respondents are roughly divided between healthcare and social assistance, manufacturing, retail trade, and other sectors (business services, food and hospitality, and construction).<sup>15</sup>

The survey data reveal that a large majority of companies that hired in the past two years are owned by white men. Only 14 percent are owned by women, 7 percent by people of color, and 1 percent by first-generation immigrants. The racial and ethnic characteristics of employees in non-college jobs roughly approximate state characteristics. On average, MNES employers report that 84 percent of employees are white, 16 percent are workers of color, and 5 percent are Hispanic ethnicity (of any race).

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<sup>15</sup> Defined as the Minneapolis-Twin, Duluth-Superior, Fargo-Moorhead, Grand Forks, Rochester, and St. Cloud metropolitan areas.



**Table 1. Descriptive Characteristics of MNES Employers**

	All MNES employers (N=179)	MNES employers hiring in past 2 years (N=143)
Hired worker for non-college job in past 2 years	80.0%	100%
<i>Region</i>		
Metro	43.6%	44.1%
Non-Metro	56.4%	55.9%
<i>Size of employer</i>		
Less than 50 employees	71.4%	69.7%
50+ employees	28.7%	30.3%
<i>Multi-site</i>		
Operates at a single site	59.0%	57.3%
Operates at multiple sites	41.3%	42.7%
<i>Sector</i>		
Health Care/Social Assistance	25.7%	26.6%
Manufacturing	28.5%	30.8%
Retail Trade	20.7%	18.9%
Other (Construction, Food/Hospitality, Business)	25.1%	23.8%
<i>Ownership</i>		
Woman-owned business	13.4%	13.8%
Minority-owned business	5.0%	6.5%
Immigrant-owned business	1.1%	1.4%
<i>Race/Ethnicity of Employees in Non-College Jobs</i>		
White		83.8%
Minority race		15.9%
Hispanic Ethnicity		5.4%

\* Numbers may not sum to 100 due to missing data

## Section 2. Employer Engagement in the Workforce Development Field

The first topic that the MNES sought to explore was the level of engagement between employers that hire workers for non-college jobs and public, private, and nonprofit organizations that prepare individuals for employment. The MNES data show clearly that limited engagement exists between these sets of actors.

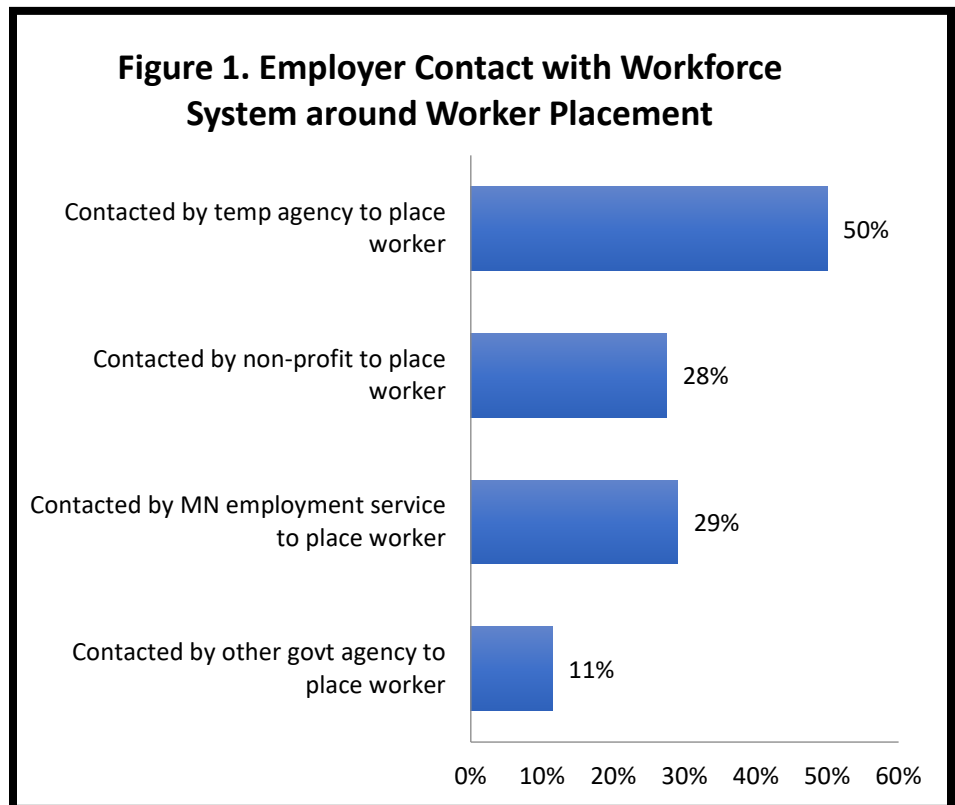
Among MNES employers, 7 in 10 report difficulty in hiring applicants for non-college jobs. Yet only 3 in 10 had ever been contacted by a Minnesota employment service about worker placement (see Figure 1).<sup>16</sup> Slightly less than 3 in 10 reported any contact with a nonprofit organization about worker placement. In contrast, half had been contacted by a commercial temporary agency.

These data indicate that to the extent that employers engage with external actors around worker placement, they are more likely to engage with a temporary

placement agency than either a public agency or nonprofit organization. Such findings are consistent with other findings at the state level and underscore the need to strengthen engagement between employers and workforce development organizations.<sup>17</sup>

In addition to directly assessing the level of engagement between employers and workforce development organizations, the MNES also sought to investigate how employers find workers for non-college jobs. If Minnesota employers do not regularly engage with public or nonprofit organizations around worker placement, where do they find workers for these types of jobs?

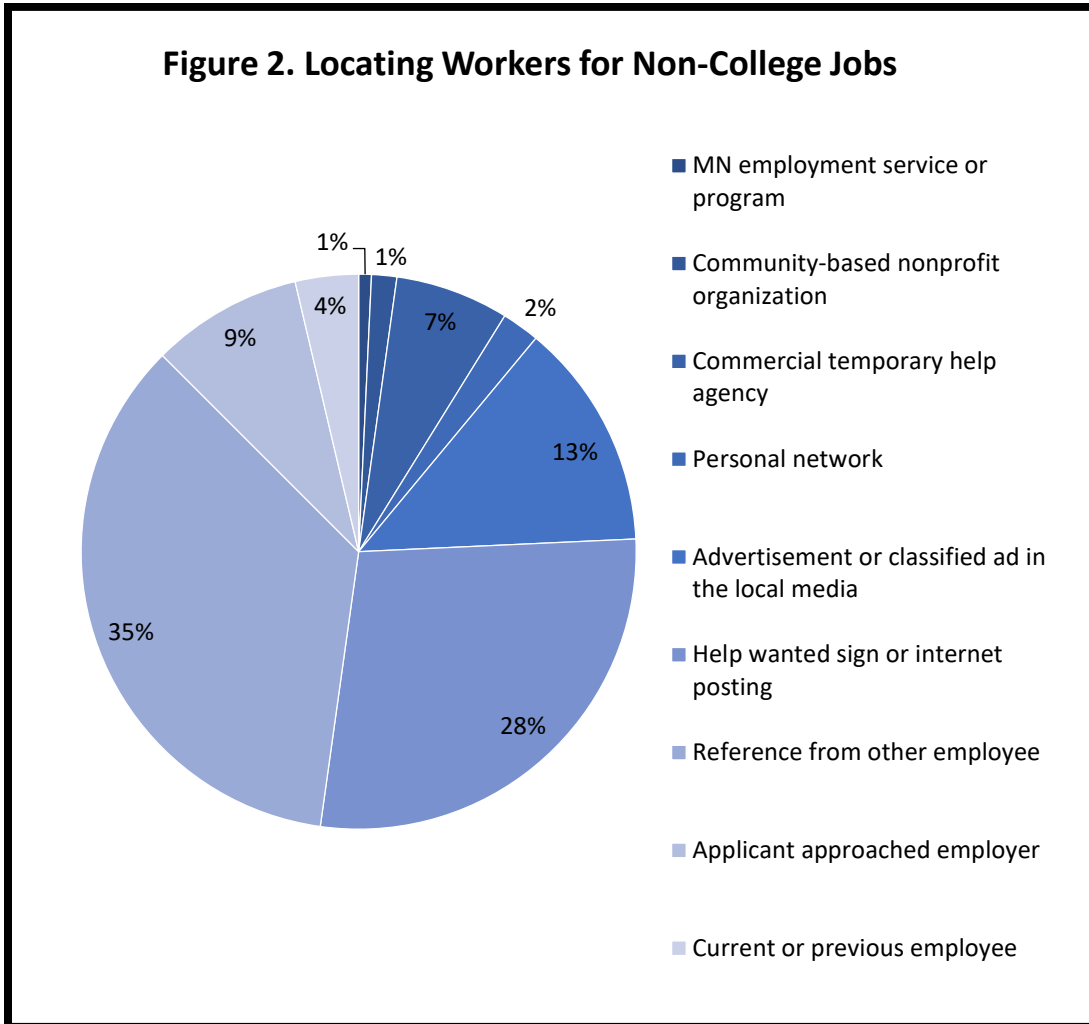
To answer this question, the MNES asked employers where they located the last worker hired into a non-college job. Figure 2 shows that large percentages of employers located their last worker through a



<sup>16</sup> Just under 1 in 10 employers (N=179) reported that a current employee was part of a workforce development or employment program.

<sup>17</sup> Governor's Workforce Development Council, "Building Partnerships to Overcome Barriers," 2014.

reference from an existing employee (35 percent), a help-wanted sign or internet posting (28 percent), or an advertisement or classified ad in the local media (13 percent). Relatively few employers report finding their last worker through a Minnesota employment service or program (1 percent) or a community-based nonprofit organization (1 percent).



These findings are consistent with existing research, which finds that few employers identify workers for non-college jobs through public or community-based agencies and that workers rely heavily on friends, relatives, and acquaintances to find employment, particularly in the low-wage labor market.<sup>18</sup>

With respect to racial and ethnic disparities, the fact that more than one in three employers located their last worker through a current employee is significant because social and residential networks of

<sup>18</sup> Gregory Acs and Pamela Loprest, "Understanding the Demand Side of the Low-Wage Labor Market," (Washington D.C.: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation, 2008); Harry J. Holzer, *What Employers Want: Job Prospects for Less-Educated Workers* (New York: Russell Sage Foundation, 1996); Yannis M. Ioannides and Linda Datcher Loury, "Job Information Networks, Neighborhood Effects, and Inequality," *Journal of Economic Literature* 42, no.4 (2004), 1056-1093.

Americans tend to be segregated by race.<sup>19</sup> As a result, it is likely that a current employee who recommends a friend or neighbor for an open position is recommending someone of the same race. To the extent that current employees are white – and MNES employers report that on average, approximately 84 percent of current employees in non-college jobs are white – such hiring practices have the potential to exacerbate already existing racial and ethnic disparities in employment.<sup>20</sup>

The MNES data provide support for the argument that there is limited engagement between employers and job training organizations in Minnesota. When employers seek to fill non-college jobs, they do not often rely on the workforce development system. Yet the findings also highlight the importance of employee references in helping employers fill open non-college positions. Though the results must be interpreted cautiously due to the low survey response rate, such findings are consistent with national research that reveals the importance of networks in worker placement.<sup>21</sup>

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<sup>19</sup> Thomas DiPrete, Andrew Gelman, Tyler McCormick, Julien Teitler, and Tian Zheng, "Segregation in Social Networks Based on Acquaintanceship and Trust," *American Journal of Sociology* 116, no.4 (2011), 1234-1283.

<sup>20</sup> Julie A. Kmec, "Ties that Bind? Race and Networks in Job Turnover." *Social Problems* 54, no.4 (2007), 483-503.

<sup>21</sup> Acs and Loprest, "Understanding the Demand Side of the Low-Wage Labor Market," 2008.

# Section 3. Employer Outreach & Hiring for Non-College Jobs

## Employer Outreach to Underrepresented Communities

Recruitment practices targeting minority communities can mitigate disparities by helping employers attract and recruit applicants that have been underrepresented in hiring pools, including immigrants and people of color. Social science research offers strong evidence that such practices are associated with increases in workplace diversity at management levels.<sup>22</sup>

**Table 2. Percent of employers using the following outreach practices to reach non-college workers:**

Participation in hiring events focused on communities of color	13.5%
Advertising the position in more than one language	5.2%
Advertising the position in community or cultural centers	17.2%
Encouraging members of underrepresented groups to apply in job postings	18.7%
Using blind application screening processes	5.1%

However, the available data suggests that targeted recruitment practices are not widespread among Minnesota employers. A 2016 survey by the Minnesota Department of Employment and Economic Development (DEED) found that just over 1 in 5 employers participated in hiring events focused on minority communities, with medium and large employers more likely than small employers to do so.<sup>23</sup>

Findings from the MNES are generally consistent with findings from DEED's 2016 survey.<sup>24</sup> Table

2 shows that in the MNES, less than 1 in 5 employers report participating in targeted hiring events (14 percent), advertising open positions in ethnic or community centers (17 percent), or including statements encouraging minority applicants (19 percent). Even fewer report advertising positions in more than one language (5 percent) or using blind applicant screening processes to minimize unintended biases (5 percent).

Mirroring DEED's findings, medium and large employers in the MNES are considerably more likely to have targeted minority outreach practices. In addition, employers that report difficulty in hiring and retaining

<sup>22</sup> Dobbin, Schrage, and Kalev, "Rage against the Iron Cage," 2015.

<sup>23</sup> "Results from the Workforce Diversity Survey," Minnesota Department of Employment and Economic Assistance, accessed January 15, 2018, <https://mn.gov/deed/data/research/workforce-diversity/>.

<sup>24</sup> Although the MNES survey asked specifically about engagement and outreach practices involving less-skilled workers, the results are consistent with the findings from DEED's diversity study. In general, where the MNES and DEED diversity study asked about the same practices, the MNES found lower percentages. This may be driven by the particularities of the MNES sample (especially the fact that small employers are overrepresented in the MNES), or it may reflect a lower incidence of such practices to recruit and retain less-skilled workers.

workers for non-college jobs report higher use of such strategies relative to those that do not experience difficulty in hiring and retention, but these differences are not statistically significant.

Within the social science literature, there is debate about whether employer behavior or skill deficiencies among workers of color play a larger role in explaining racial and ethnic disparities in labor market outcomes.<sup>25</sup> Skill deficiencies matter because changes in the economy have increased the number of jobs that require an advanced skill set.<sup>26</sup> Upward trends in high-skilled jobs are expected to continue, with jobs that require a postsecondary degree or higher growing at a faster rate than jobs that require a high school diploma or less – both in Minnesota and nationwide.<sup>27</sup>

While research suggests that racial and ethnic differences in human capital skills do contribute to labor market disparities, particularly at higher levels, many jobs in Minnesota do not require more than a high school education.<sup>28</sup> In addition, current projections indicate that the number of non-college jobs in Minnesota will continue to exceed the number of jobs that require higher levels of educational attainment.<sup>29</sup> For this reason, the MNES sought to investigate the types of skills, credentials, and requirements that are salient to employers hiring for non-college positions.

## Skills, Credentials & Other Requirements

Among MNES respondents, English language proficiency was viewed as the most important attribute of job applicants, with over half reporting that this skill was either extremely important or required. More than 4 in 10 felt similarly about a high school diploma or GED. Only a small minority of employers reported that such skills were unimportant. Relative to English language proficiency and a high school diploma, it is interesting that previous experience or training was considered by MNES employers to be less important: a majority of employers stated that having experience or training was important, but most considered these attributes “somewhat” rather than “extremely” important.

Over the first year of Equity Works, the FSI team heard from community-based workforce development providers that employers’ reluctance to hire ex-offenders, alongside unrealistic or unnecessary “minimum qualification” requirements for job applicants, made it difficult for less-skilled workers to find jobs. The survey, therefore, examined the willingness of employers to hire ex-offenders, as well as the incidence of hiring tests and minimum qualification requirements among employers.

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<sup>25</sup> Derek A. Neal and William R. Johnson, "The Role of Pre-market Factors in Black-White Wage Differences," *Journal of Political Economy* 104, no.5 (1996), 869-895; Devah Pager, Bart Bonikowski, and Bruce Western, "Discrimination in a Low-Wage Labor Market: A Field Experiment," *American Sociological Review* 74 (2006), 777-799.

<sup>26</sup> Timothy F. Bresnahan, Erik Brynjolfsson, and Lorin M. Hitt, "Information Technology, Workplace Organization, and the Demand for Skilled Labor: Firm-Level Evidence," *Quarterly Journal of Economics* 117, no.1 (2002), 339-376.

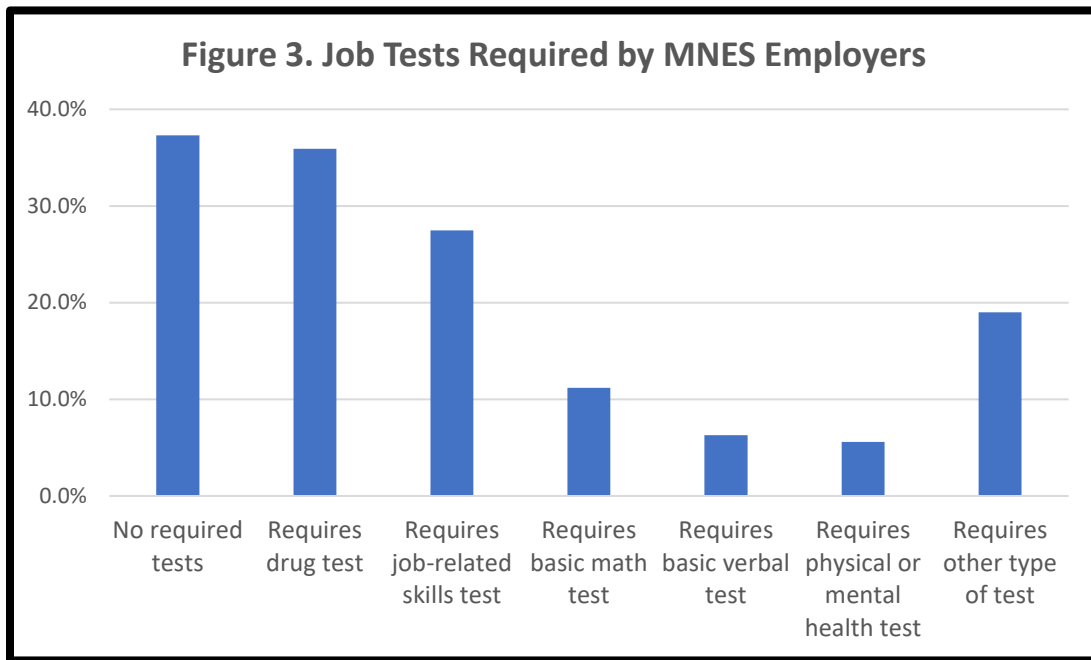
<sup>27</sup> "Occupations that need more education for entry are projected to grow faster than average," US Bureau of Labor Statistics, October 24, 2017, [https://www.bls.gov/emp/ep\\_table\\_education\\_summary.htm](https://www.bls.gov/emp/ep_table_education_summary.htm).

<sup>28</sup> Steve Hine, and Matt Bombyk, "Educational Needs of the Workforce," *Minnesota Economic Trends* (December 2016), [https://mn.gov/deed/assets/Educational%20needs\\_tcm1045-270161.pdf](https://mn.gov/deed/assets/Educational%20needs_tcm1045-270161.pdf).

<sup>29</sup> Rachel Vilsack, "Training for the Future: Education, Employment Projections, and Wages," *Minnesota Employment Review* (October 2013), <https://mn.gov/deed/newscenter/publications/review/october-2013/training-future.jsp>.

Among MNES employers, approximately 3 in 10 employers reported a willingness to hire ex-offenders and just under half reported a willingness to hire under certain conditions (for instance, depending on the nature of the crime).<sup>30</sup> While there is an extensive body of research on the negative effects of a criminal record on obtaining employment, particularly for workers of color,<sup>31</sup> only 2 in 10 survey takers reported a lack of willingness to consider applicants with a criminal record.

With respect to job tests, Figure 3 shows the use of hiring tests by MNES employers. The data show that a majority of employers report using some type of hiring test, with the most common being a drug test or job-related skills test. Few report requiring basic verbal or math tests, or physical or mental health tests. In fact, nearly 4 in 10 do not require any type of test.



Finally, the data show that slightly more than half of MNES employers do not regularly review qualifications for jobs not requiring a college degree. This is consistent with DEED’s diversity survey, which

<sup>30</sup> In 2013, the state of Minnesota enacted “Ban the Box” legislation, which required private employers to refrain from asking about a job applicant’s criminal history in the initial application process. The goal of this legislation was to increase the likelihood that an ex-offender with skills comparable to a non-offender will be given an equal chance to advance in the hiring process, given the well-documented tendency for employers to screen out ex-offenders from available jobs. Yet there is evidence that the absence of observable information about criminal history may lead employers to statistically discriminate against black and Hispanic job applicants, whom they perceive as more likely to have a criminal history. Recent research finds that Ban the Box policies are associated with a decrease in employment for young black and Hispanic men (See Jennifer L. Doleac and Benjamin Hansen, “Does ‘Ban the Box’ Help or Hurt Low-Skilled Workers? Statistical Discrimination and Employment Outcomes when Criminal Histories are Hidden,” *NBER Working Paper No. 22369* (2016)). In the MNES, approximately 3 in 10 employers reported asking about an applicant’s criminal record, while just under 7 in 10 did not.

<sup>31</sup> Devah Pager, “The Mark of a Criminal Record,” *American Journal of Sociology* 108, no.5 (2003), 937-975; Devah Pager, Bruce Western, and Naomi Sugie, “Sequencing Disadvantage: Barriers to Employment Facing Young Black and White Men with Criminal Records,” *The ANNALS of the American Academy of Political and Social Science* 623, no.1 (2009), 195-213.

found that only 55% of employers reported working to ensure that minimum qualifications were truly required.

Such findings paint a nuanced picture of the hiring practices and requirements of employers hiring workers for non-college jobs. On the one hand, there is evidence from MNES employers that commonly-cited barriers to employment are absent for many employers: 8 in 10 employers report a willingness to hire ex-offenders, at least under some conditions, 3 in 10 do not use hiring tests, and 4 in 10 regularly review minimum qualifications. On the other hand, the data show that there is considerable room for improvement, as a majority of employers do not regularly review minimum qualifications and some require tests that may or may not be relevant to the job at hand.



# Section 4. Retention Practices for Workers in Non-College Jobs

## Types of Jobs Available to Less-Skilled Workers

Structural changes in the economy have contributed to deteriorating job quality among less-skilled workers. Globalization, technological advances, deregulation, and changes in financial markets have increased pressure on employers, leading many to cut the wages and benefits of non-college workers.<sup>32</sup> Such changes have led to the rise of *nonstandard jobs*, which includes part-time, temporary, and contract jobs in what some call the ‘gig’ economy. All of these employment arrangements have lower wages and more limited benefits than full-time jobs.<sup>33</sup> Moreover, workers in both standard (i.e. regular full-time) and nonstandard jobs are increasingly vulnerable to fluctuating work hours and unpredictable schedules, which can have significant negative consequences for worker wellbeing.<sup>34</sup>

To better understand the quality of non-college jobs in Minnesota, the MNES asked employers a series of questions about the wages, hours, and benefits provided to the last worker hired into a job not requiring a college degree. Of the MNES employers who hired in the past two years, more than 6 in 10 hired a worker for a regular, full-time position, with the remaining employers hiring for a part-time or temporary position. Across all employers, the average wage paid to the last hired worker was just over \$17 per hour.<sup>35</sup>

More than 6 in 10 employers reported hiring a worker into a day shift position, though full-time workers were considerably more likely than part-time or temporary workers to be hired for this type of position. Consistent with national research,<sup>36</sup> the data provide evidence of fluctuating schedules, especially for workers in nonstandard forms of employment. MNES employers report that approximately 15 percent of full-time workers and 25 percent of part-time or temporary workers were hired into a job with a rotating schedule.

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<sup>32</sup> Eileen Appelbaum, Annette Bernhardt, and Richard J. Murnane, *Low-Wage America: How Employers are Reshaping Opportunity in the Workplace* (New York: Russell Sage Foundation, 2003).

<sup>33</sup> Arne L. Kalleberg, Barbara F. Reskin, and Ken Hudson, "Bad Jobs in America: Standard and Nonstandard Employment Relations and Job Quality in the United States," *American Sociological Review* (2000), 256-278.

<sup>34</sup> Susan J. Lambert, Peter J. Fugiel, and Julia R. Henly, "Precarious Work Schedules among Early-Career Employees in the U.S.: A National Snapshot," (Chicago: EINet (Employment Instability, Family Well-being, and Social Policy Network), 2014; Julia R. Henly and Susan J. Lambert, "Unpredictable Work Timing in Retail Jobs: Implications for Employee Work-Life Conflict," *Industrial & Labor Relations Review* 67, no.3 (2014), 986-1016.

<sup>35</sup> Differences in type of job and average wage do differ by industry, though small sample sizes limit the inferences that can be drawn from the survey data.

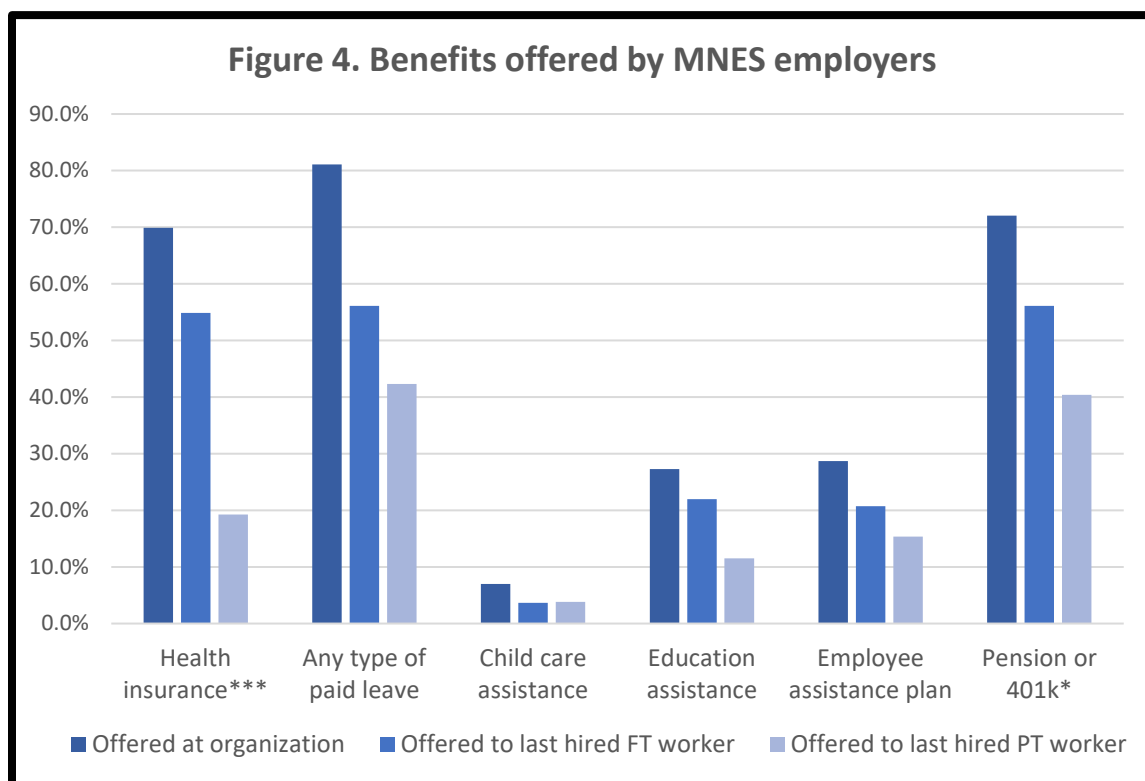
<sup>36</sup> Susan J. Lambert, Peter J. Fugiel, and Julia R. Henly, "Schedule Unpredictability among Early Career Workers in the US Labor Market: A National Snapshot," (Chicago: EINet (Employment Instability, Family Well-being, and Social Policy Network), 2014.

## Benefits, Training, and Other Supports to Increase Retention

In addition to questions about the type of employment offered to the last hired worker, the MNES included a series of questions about employer-provided benefits, such as health insurance or paid leave, and supports to workers, such as informal job training or conflict resolution assistance. Employers were first asked whether a particular benefit or support was available at the organization and then were asked whether the last worker hired into a non-college job was eligible or would become eligible for the benefit or support in the future.

The figures below show the percentage of employers offering a benefit (Figure 4) or support (Figure 5) at the organization, the percentage offering the benefit/support to the last work hired into a full-time position, and the percentage offering the benefit/support to the last worker hired into a part-time or temporary position. In these tables, the first set of bars shows the availability of a benefit across employers, the second set of bars shows the eligibility of full-time, non-college workers for that benefit, and the third set of bars shows the eligibility of part-time, non-college workers. Stars indicate statistically significant differences between the eligibility of full-time and part-time workers for a benefit or support (\*\* $p < .01$ ; \* $p < .10$ ).

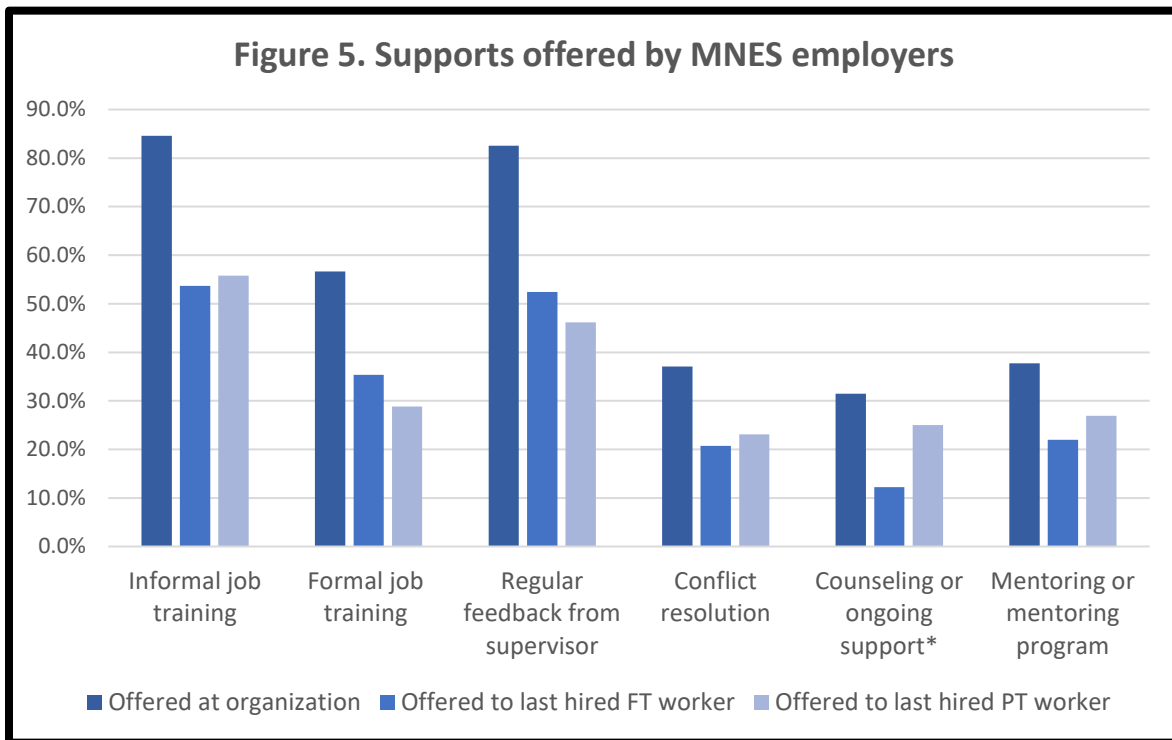
Figure 4 shows that health insurance, paid leave, and pension/401k are among the most common employer-provided benefits: more than 7 in 10 employers offer one or more of these benefits. Child care assistance, education assistance, and employee assistance are considerably less common, with fewer than 3 in 10 employers offering such benefits.



The data also reveals that workers in non-college jobs are frequently ineligible for such benefits, particularly when they are part-time or temporary workers. Moreover, many non-college workers are ineligible for benefits *even when an employer offers a benefit to other workers at the organization*.

For example, Figure 4 shows that while over 80 percent of MNES employers offer some form of paid leave, less than 60 percent of full-time workers and slightly more than 40 percent of part-time/temporary workers in non-college jobs were eligible for this benefit. Differences in the provision of benefits to full-time and part-time employees are statistically significant for health insurance and pension/401k.

Similar patterns exist for employer-provided supports. Figure 5 shows that while 80 percent of MNES employers offer informal job training and regular feedback from a supervisor and more than half provide formal job training, such supports are infrequently offered to non-college workers. The percentage of non-college workers eligible for informal job training and regular supervisor feedback is between 53-55 percent and 30-35 percent, respectively, while the percent eligible for formal job training is approximately 35 percent for full-time workers and 30 percent for part-time workers. A minority of non-college workers are eligible to receive conflict resolution, counseling, or mentoring support – even when such supports are offered by their employer.



The MNES findings are consistent with findings from national research regarding declining job quality for less-skilled workers. A large minority of non-college workers in Minnesota are hired into nonstandard jobs. Nearly a quarter of workers in part-time or temporary jobs lack a consistent schedule. While the average wage reported by MNES employers is relatively high, a large percentage of workers in both full-time and part-time or temporary positions are ineligible for commonly-provided benefits and supports, including health insurance, paid leave, job training, or supervisor feedback.

The final topic that the MNES sought to address was the presence of diversity and inclusion practices. The survey asked employers about a common set of practices including diversity evaluations, an affirmative action plan, goals for women or minority suppliers, the presence of a full-time staff who monitors diversity initiatives, an explicit commitment to diversity from leadership, and diversity training for employees. Research suggests that these practices are among the most common diversity and inclusion practices implemented by private employers.<sup>37</sup>

Table 3 shows that of the various practices, affirmative action plans are most common, with close to 4 in 10 employers reporting the use of such a plan. Over a quarter of employers report having either an explicit commitment to diversity

from leadership or diversity training for employees. Consistent with DEED’s 2016 diversity study, such practices are considerably more common among medium and large employers.<sup>38</sup> The fact that most MNES employers are small employers may in part explain the low incidence of such practices. Yet while such practices have become

<b>Table 3. Percent of employers using the following outreach practices to reach non-college workers:</b>	
Diversity evaluations for staff	14.2%
Affirmative action plan	37.9%
Explicit goals for women or minority suppliers	5.6%
Full-time staff who monitors diversity initiatives	12.7%
Explicit commitment to diversity from leadership	26.6%
Diversity training for employees	26.9%

more common over time, national research suggests that, with the exception of an affirmative action plan, less than half of all private-sector workplaces have these practices in place.<sup>39</sup>

It is noteworthy that relatively few employers report having a full-time staff or department charged with monitoring diversity initiatives, as the research literature finds that embedding responsibility and authority over diversity initiatives within organizations is most effective for actually increasing diversity.<sup>40</sup> In the MNES, less than 2 in 10 MNES employers report having such a practice. In DEED’s diversity study, 1 percent of small employers, 11 percent of medium employers, and 34 percent of large employers report the use of this practice.<sup>41</sup> In contrast, diversity training and evaluations are more common, despite the

<sup>37</sup> Frank Dobbin, Soohan Kim, and Alexandra Kalev, "You Can't Always Get What You Need: Organizational Determinants of Diversity Programs," *American Sociological Review* 76, no.3 (2011), 386-411.

<sup>38</sup> Ellen Bendewald and Scott Godfrey, "Workforce Diversity in Minnesota," *Minnesota Economic TRENDS* (March 2017). [https://mn.gov/deed/assets/March%202017%20COMPLETE\\_tcm1045-285642.pdf](https://mn.gov/deed/assets/March%202017%20COMPLETE_tcm1045-285642.pdf)

<sup>39</sup> Dobbin, Kim, and Kalev, "You Can't Always Get What You Need," 2011.

<sup>40</sup> Alexandra Kalev, Frank Dobbin, and Erin Kelly, "Best Practices or Best Guesses? Assessing the Efficacy of Corporate Affirmative Action and Diversity Policies," *American Sociological Review* 71 (2006), 589-617.

<sup>41</sup> Bendewald and Godfrey, "Workforce Diversity in Minnesota," 2017.

fact that research finds that such practices have little impact on the demographic composition of workers and may in some cases have negative effects.<sup>42</sup>

The MNES data offer a snapshot of the practices and programs in place to support less-skilled workers, particularly workers of color. While the average wages reported are relatively high, data on benefits and supports reveal that large percentages of workers in non-college jobs are ineligible for benefits such as health insurance and paid leave, or for supports such as job training or supervisor feedback. Moreover, there is evidence a large minority of workers are being hired into part-time positions and/or in positions with fluctuating schedules.

The absence of employer-provided benefits and supports and low incidence of programs promoting diversity is consistent with national research on the quality of jobs for less-skilled workers. Yet such findings are troubling, as the structural economic conditions that have contributed to poor job quality for less-skilled workers are not easily reversed.<sup>43</sup> In addition, research on the adoption of diversity and inclusion programs suggests that employers with poor records of diversity are unlikely to voluntarily adopt diversity programs.<sup>44</sup> Such findings suggest that the programs in place to support workers in non-college jobs, particularly workers of color, are unlikely to emerge from employers, even in the presence of a tight labor market.

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<sup>42</sup> Kalev, Dobbin, and Kelly, "Best Practices or Best Guesses," 2006.

<sup>43</sup> Appelbaum, Bernhardt, and Murnane, *Low-Wage America*, 2003.

<sup>44</sup> Dobbin, Kim, and Kalev, "You Can't Always Get What You Need," 2011.

# Section 5. Conclusions and Recommendations

The Minnesota Employer Survey provided an opportunity for deeper exploration of the existing research on employment practices among industries with a high proportion of non-college educated workers. Findings from this survey, coupled with other Minnesota-specific studies and existing social science research on employer engagement in the workforce development field, suggest the following:

## For workforce service and support organizations:

1. **Current workers who graduated from workforce development programs may be important for promoting engagement between employers and workforce development organizations.** Because employers rely heavily on employees for referrals for open non-college jobs, former workforce programs participants can strengthen the link between employers and organizations by referring current program participants to job openings. This means that workforce organizations might invest in these graduates (as mentors, perhaps) both to support current program participants and to strengthen employer partnerships.
2. **In addition to job training, workforce organizations should prioritize high school diploma/GED completion for those lacking a high school degree and English language learning for those with limited English.** The data shows that high school degree completion and English language proficiency are among the most important qualification or skill for employers. Moreover, the ability to provide or connect job applicants to English language training will likely grow in importance in the coming decades, as employers increasingly rely on immigrants to fill open positions.
3. **Small employers face difficulties in implementing diversity and inclusion practices in hiring and retention.** Some practices – such as maintaining a diversity department – are cost-prohibitive for small employers. Nonprofit and government programs may help fill these gaps by providing post-employment services for new hires.

## For employers:

4. **Regularly reviewing hiring tests and qualifications will help to ensure that individuals with appropriate skill sets are not unnecessarily excluded from consideration for employment.** Concerns regarding hiring tests and minimum qualifications are prominent among workforce organization staff. The Minnesota Employer Survey indicates that a substantial percentage of employers have requirements that may exclude job applications from consideration without reason, such as the failure to regularly review of minimum qualifications.

5. **One size does not fit all in diversity and inclusion practices in hiring and retention.** While some practices may be cost-prohibitive for small employers, there are a number that require limited investment. Small employers should look for information and training about how best to target and support workers who have been traditionally underrepresented in Minnesota’s labor force from the publicly funded workforce development system.

## For leaders in Minnesota’s workforce development policy field

6. **The field – including funders – must begin to prioritize *retention* as readily as job placement.** The data reveal that many non-college workers are ineligible to receive basic benefits and supports that make staying and advancing in a job possible. In the absence of employer-provided benefits and supports, the responsibility falls to public agencies, non-profits, and funders to connect and allow workers to access supports, even after they have been placed in a job.
7. **To encourage employers to implement worker benefits and supports, as well as diversity and inclusion policies, highlight the efforts of model employers.** Employers that offer extensive benefits and supports, and have implemented diversity programs that have been shown to be effective, may persuade other employers to do the same. This may be particularly important for diversity and inclusion programs, as research suggests that internal pressure (characteristics of staff and corporate culture) is a strong predictor of adopting such programs.