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CASTING A WIDER TALENT NET

News

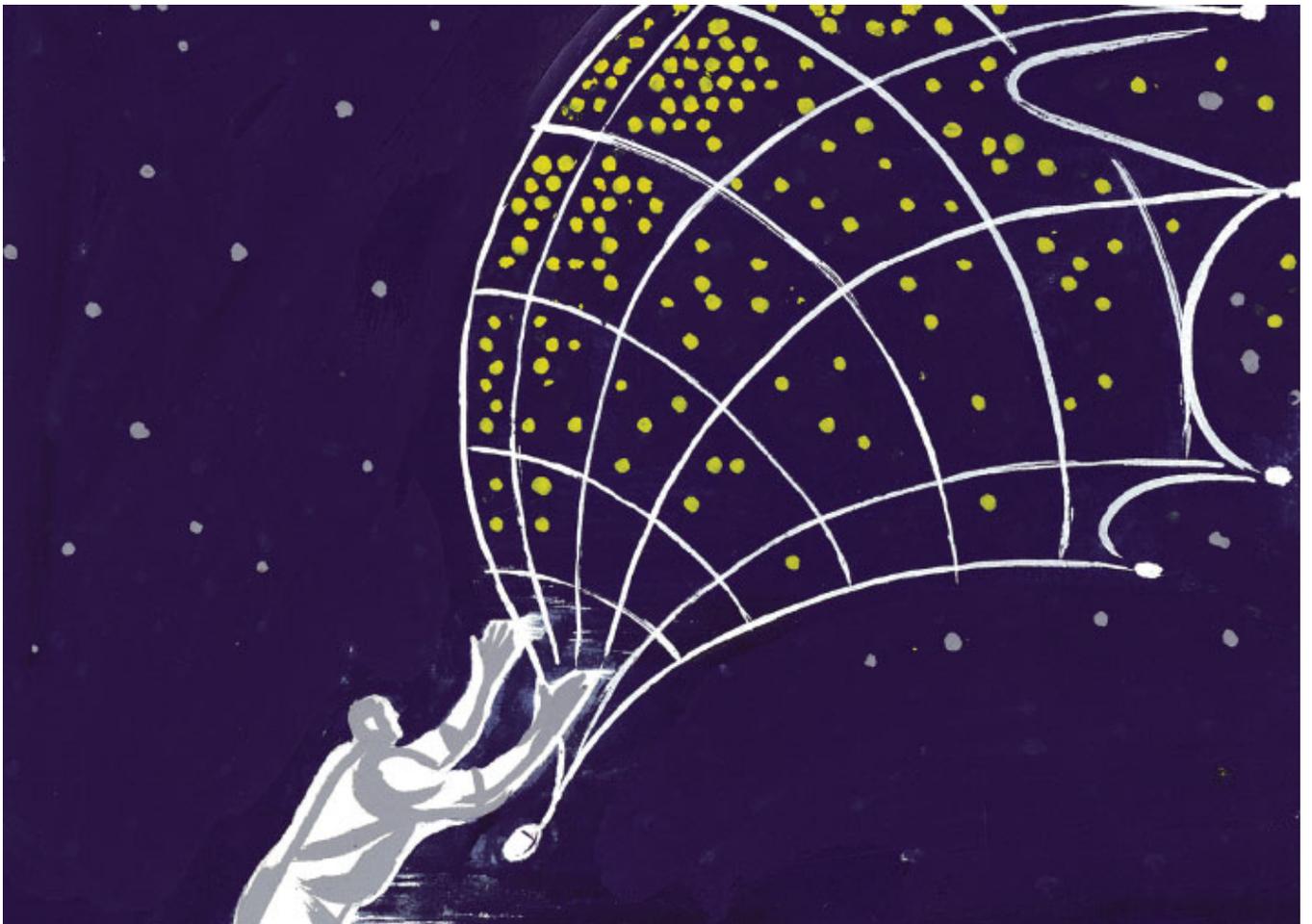


Illustration by Alex Nabaum

Casting A Wider Talent Net

Minnesota companies need to look beyond their comfort zones to attract workers in a competitive marketplace.



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FRAN HOWARD

Twin Cities-area companies need to be creative when it comes to recruiting and retaining an increasingly diverse workforce.

Minnesota's unemployment rate of 3.1 percent is among the lowest in the nation. In addition, tectonic shifts are occurring in the demographics of Minnesota's workforce.

Though many baby boomers are staying in the workforce longer, they are nonetheless retiring at a rapid clip. Between 2011 and 2015, the number of white Minnesota workers who were born in the United States declined, according to U.S. Census Bureau statistics. Meanwhile, two groups of Minnesota workers expanded over that same period—foreign-born residents and people of color born in the United States.

“We are certainly seeing the impact of the demographic shift that has been going on for decades,” says Steve Hine, research director of the Labor Market Information Office at the Minnesota Department of Employment and Economic Development (DEED).

“Employers need to adapt their behavior.”

For decades, women joined the workforce in droves and baby boomers provided a huge influx of workers. Businesses didn't have to work hard to attract candidates for positions they were trying to fill. That has changed, and concern is growing, according to Susan Brower, Minnesota state demographer. Five years ago, Twin Cities companies were skeptical that talent would become increasingly difficult to find, due to the lingering impact of the Great Recession. “Now employers have fewer applicants for each job posting than they did five years ago,” Brower notes. “Employers are coming to terms with the reality of what this all means.”

Demand for workers in the 16-county Twin Cities metro area is high, while Brower says “the trend in slower labor force growth will continue.” Minnesota, like other Midwestern states, tends to lose workers to other states but gains workers due to immigration from other countries.

Between April 2010 and July 2016, 80,206 foreign nationals immigrated to Minnesota, while 38,178 Minnesotans moved to other states, for a net gain of 42,028 people, according to data from the U.S. Census Bureau. This immigration is changing the complexion of the state’s population and workforce. In 1960, fewer than 100,000 people of color lived in Minnesota. Today, there are 1 million people of color—nearly one in every five residents. “Basically, older white workers are being replaced by younger, more diverse people moving into the workforce,” Brower notes. That diversity, while mostly referring to race and ethnicity, also includes sexual orientation, religion and people with various disabilities.

Fewer new workers

Despite the effect of immigration and growth in the overall state population, the flow of people into Minnesota’s workforce has slowed dramatically. Between 1980 and 2000, Minnesota’s labor force expanded—on average—by 40,000 to 54,000 people a year. That annual average growth dropped to 21,000 between 2010 and 2015, and is expected to be only 7,000 more workers a year between 2015 and 2020. Slow growth of just 6,000 workers a year is projected by the Minnesota State Demographic Center for the 2020 to 2030 period. Many new workers will be people of color.

Between 2014 and 2016, Minnesota’s labor force grew by a net 31,000, and 92.6 percent of them were from populations of color, both foreign born and native born, Hine says. And Brower notes that between 2010 and 2016, the share of the working-age population in Minnesota represented by people of color grew from 22 percent to 26 percent.

Flexibility will be key for companies that want to successfully compete for workers in the labor pool. Life-work balance issues need to be considered, and workers in low-paying jobs might need a hand up. “Transportation and child care are huge impediments to people being able to take jobs,” Hine says. “You can’t pay for child care on a minimum-wage job.” And many new immigrants don’t own cars, he says, which means employers

need to be creative. For instance, Amazon sends buses every day to Minneapolis' Cedar-Riverside neighborhood to shuttle workers, primarily Somali-Americans, to the company's fulfillment center in Shakopee.

Role of international immigrants

Because baby boomer retirements are unfolding across the country, multiple metro areas must adapt to this trend, say Brower and Hine. "Recruiting talent will be vitally important to companies' success in the next five to 10 years," Brower says. Many businesses are worried a labor shortage will restrict their ability to grow. "Minnesota companies have begun recruiting from other states, but it is going to be tough," she says. "If people are comfortable at home and have opportunities in their home state, it makes it much harder to recruit them. Other states are in the same situation we are."

The other option—recruiting from outside the United States—holds more promise, but it too has its challenges. Brower says that future growth in the state's workforce will come largely from international immigration. "If the level of immigration slows due to federal regulation, it would be easy to see a very quick decline in the state's labor force," she notes.

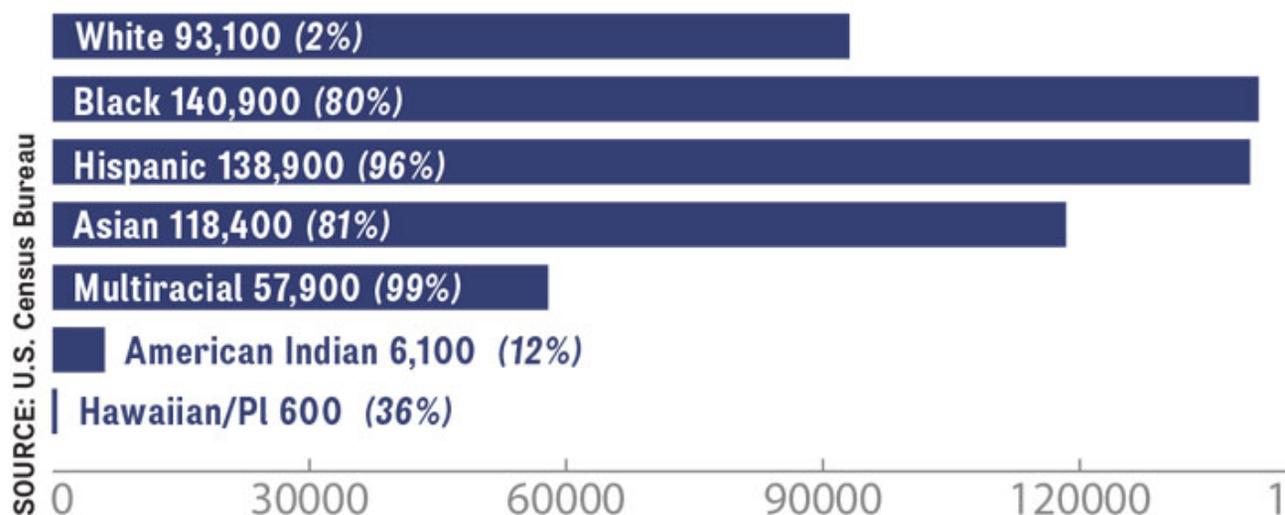
Hine agrees. "Even in the best of circumstances, even without a significant reduction in the number of immigrants allowed into the United States and Minnesota, and even if we can solve the racial imbalances that exist in terms of educational advancement and opportunities in the job market, we are still going to see a dramatic decrease in the rate of growth in the labor market," Hine says. "At current labor force projections, businesses will have to change their priorities if they are going to successfully compete for a shrinking pool of candidates, and those who expect to look to the native-born white

population to fill demand will really have a hard time.”

Populations of Color Driving Growth in Minnesota

Minnesota’s white population grew by 2 percent over a recent 15-year period. Asian, black, Hispanic and multiracial populations expanded rapidly—increasing by 80 to 96 percent.

Population Change, 2000-2015



Diversifying workforces

Diversifying a company’s workforce and creating a corporate culture of inclusiveness is an approach with business advantages. First, companies will be more competitive in recruiting talent from the shrinking and increasingly diverse labor pool. Second, as the consumer base becomes more diverse, companies will have the in-house skills and talent they need to connect with their customer bases. Third, worker productivity will improve.

Make It. MSP. is an initiative of Greater MSP, the Minneapolis-Saint Paul Regional Economic Development Partnership, and others. It is working with companies to help recruit and retain new workers for the area. “In the 16-county metro area, we could be 128,500 workers short by 2020 of what our economy demands. We have more economic opportunities than people,” says Peter Frosch, vice president of strategic partnerships for Greater MSP. About one-third of those 128,500 positions will require high-skilled workers.

Over the next decade, Minnesota DEED projects that jobs will open for more than 10,000 teachers; 10,000 financial managers, accountants and auditors; and 2,500 medical and health service managers.

Moreover, many Minnesotans between the ages of 25 and 44 started but never finished their college degrees. A new program, St. Kate's Complete, will allow companies to eventually tap into this population by providing students from diverse backgrounds and those facing economic hardship greater access to programs offered at St. Catherine University. The St. Kate's Complete program allows graduates of Saint Paul College or Minneapolis Technical and Community College to complete a four-year degree in as little as 24 months.

Net Migration for Midwestern States

Midwestern states tend to lose residents to other states on net, but gain residents from abroad. The following are estimates from the U.S. Census Bureau.



April 2010 to July 2016 (Cumulative)

	Net Migration		
	Total	International	Domestic
North Dakota	56,271	9,475	46,796
Minnesota	42,028	80,206	-38,178
Iowa	24,643	35,326	-10,683
South Dakota	21,072	9,563	11,509
Nebraska	14,572	24,303	-9,731
Indiana	4,511	63,671	-59,160
Missouri	-6,804	51,332	-58,136
Wisconsin	-20,083	43,853	-63,936
Kansas	-34,632	35,867	-70,499
Ohio	-70,390	112,592	-182,982
Michigan	-87,519	128,353	-215,872
Illinois	-361,646	178,520	-540,166

SOURCE: U.S. Census Bureau

Welcoming newcomers

But maximizing the current labor force is only part of the overall solution, because growth in the labor force will come increasingly from international immigration. While many Minnesotans pride themselves on being “Minnesota nice,” they need to be better at welcoming newcomers to the state, experts say. “We need to increase the percentage of people who stay. It is not a choice between attraction and retention. It has to be about both,” Frosch says. It’s like the “Start seeing motorcycles” bumper sticker, he adds—Minnesotans need to start seeing newcomers.

After six months, a newcomer typically has his or her new position under control and wants to get involved in the community. “Invite them to your home, your place of worship, a community event, or just to do something after work,” Frosch says. Retention of professionals of color has proven particularly challenging for Minnesota businesses. “They move to and leave the MSP region at higher rates than white professionals,” he notes. “They come for economic opportunity and leave because they didn’t find the connections they were looking for.”

Abdifatah Ali, a post-doctoral research fellow at the Carlson School of Management’s Department of Work and Organizations, has dedicated his career to studying how companies can be successful as their workforce increasingly diversifies. It isn’t easy. “Organizations and people in leadership first need to develop a diversity objective. Why do they want to be diverse? If the organization cannot answer why, it will continue to have a problem,” he says.

Once a company has defined its diversity objectives, it needs to review its human resources practices. Are people of color and those with disabilities and other differences afforded the same pay and opportunities as their white—sometimes white male—counterparts? “If people of color look up the corporate ladder and don’t see anyone that looks like them, it tells them a lot about their future with that company,” Frosch notes. “Promotion of people of color is a commitment that needs to be sustained.”

A company might do a fantastic job marketing to diverse candidates through its website and company brochures that show images of people of color, but if the culture within the company is not inclusive, the firm likely will not be able to retain those workers. If the corporate culture is not one of inclusion, workers of color tend to disengage, may start showing up for work late, and ultimately leave the organization, Ali says.

To create an atmosphere of inclusion, companies first need to recognize biases and admit there is a problem. Ali suggests giving employees, particularly those more resistant to change, the Implicit Associations Test, and then, if needed, bring in a consultant for diversity training. “The challenge with diversity training is that effectiveness is low, which corresponds with individuals being ready to accept and implement some of the things diversity training recommends,” he says.

Buy-in at the top

“It has to be a top-down effort,” Ali says. “What is leadership doing to foster an inclusive atmosphere? If leaders take a stand, there will be challenges and some resistance, but with top-down support, over time that organization will become more inclusive.”

Inclusiveness allows people to show different aspects of themselves at work, through flexible dress and behavior codes, such as allowing Muslim employees space and time to pray, transgender workers use of identity-appropriate bathrooms, single parents and older workers flexible hours, and ergonomic alternatives to sitting at a desk all day for those who are physically challenged.

“Inclusive climates have less conflict and tension, allowing people’s differences and talents to really come to light and shine,” Ali says. “The growing evidence is that an inclusive climate affects the bottom line. When individuals are in an organization where their identity is being respected and they are valued for their differences, the company can leverage those differences.”

A recent study by researchers at Rutgers University and the University of Houston found that as a large U.S. retailer rose on a diversity scale, black and Hispanic employees throughout 743 of the company’s stores performed better. For part-time black associates, sales per worker increased \$20 per hour or \$20,000 per year as the company became more diverse and inclusive. Sales per part-time Hispanic workers rose \$27,000 per year per worker. “The employees were happier, more satisfied, more engaged and more committed,” Ali says. tcbmag

Fran Howard is a St. Paul-based editor and writer.

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