TalentNEO

Connecting Employers and Jobseekers Through a Common Language - Skills.

TalentNEO Update: Skill assessments show promise as a means to reduce hiring disparities by race, more data needed

Across the country and across sectors, everyone is talking skills. Skills-gap, upskilling, soft skills, skill building, and many more buzz words have infiltrated workforce development, education, and talent conversations. Ultimately, the same 3 questions come up: what skills do companies need, what skills do people have, and how do we connect qualified people to companies who need them? TalentNEO attempted to answer these questions with a simple tool—**a skill score**.
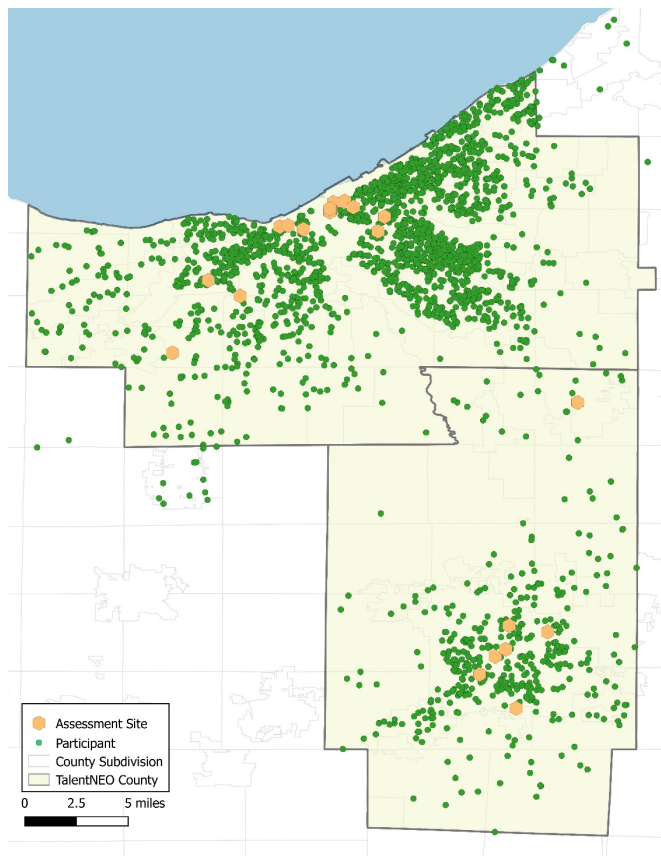
Launched as a demonstration project in Northeast Ohio in 2015, TalentNEO hypothesized the use of this objective tool can add value to the workforce system by opening access to quality career paths for individuals while increasing the pool of qualified applicants for the business community.

Diagram 1 – Testing Network

Specifically, skills scores help:

1. Businesses: by using an objective measure of the cognitive skill of candidates, businesses can uncover hidden talent that might have been screened out if using only traditional educational credentials;

2. Individuals: jobseekers can better understand the skills needed for the jobs they want, can more efficiently target efforts to improve their skills to get to better jobs, and can more easily communicate their skills to businesses;

3. Community partners: can better understand participants' strengths and the skills needed by the business community and are better able to
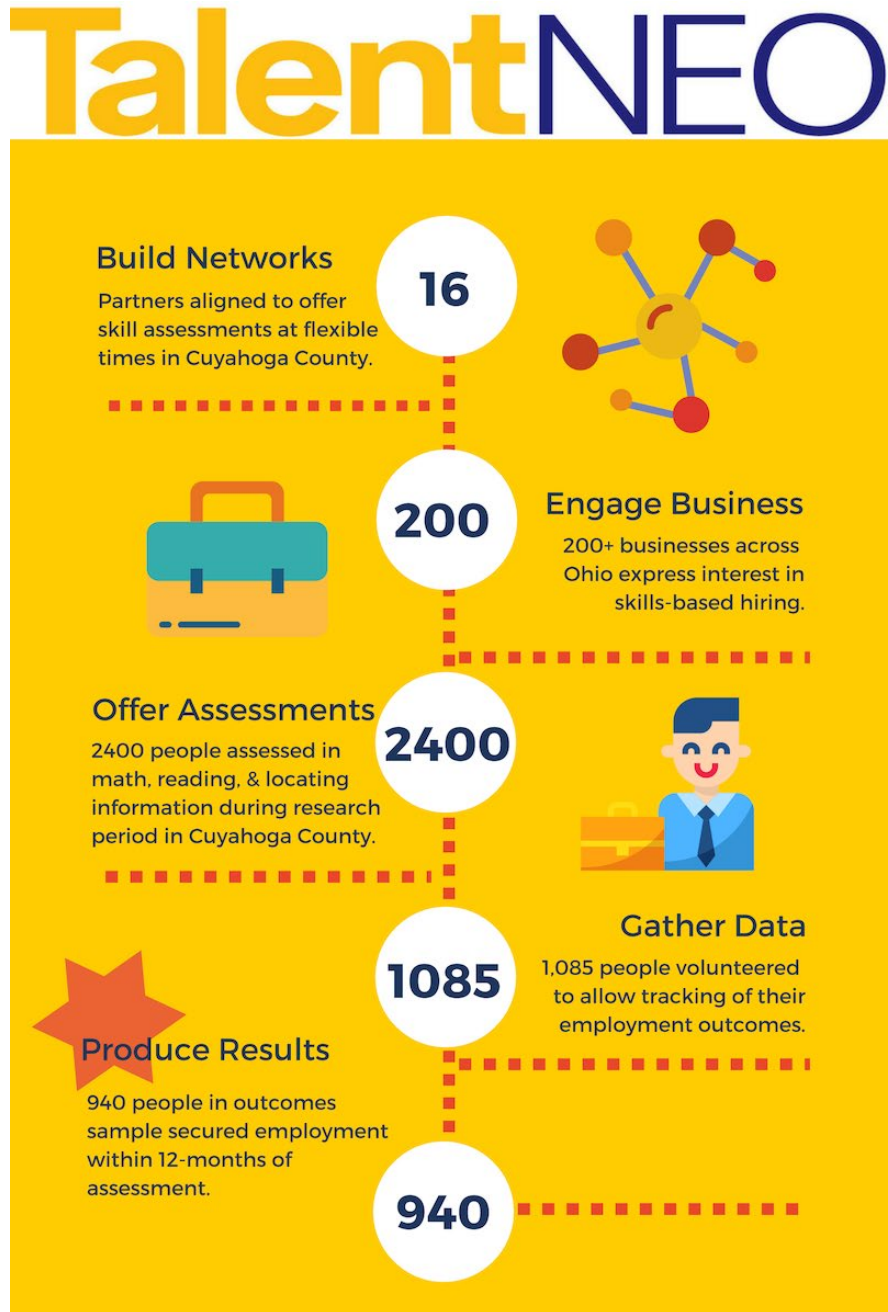
communicate with each other, job-seekers, and businesses to support job seeker preparation and matching with business needs.

Between November 2015 and March of 2017, 2400 individuals took a skill assessment and received a skill score at one of 12 sites across Cuyahoga County (see diagram 1). Of these, 1085 individuals gave permission for their employment outcomes to be tracked over time. The result: 940 of these 1085 individuals (87%!) were working within the first 6 months after their assessment.

Again: 940 people were employed less than a year after they engaged with TalentNEO!

That's 940 people in Cuyahoga County who connected to a community-based organization or the public workforce system, took a skill-assessment and received scores in 3 three areas (math, reading, locating information), and secured employment. A majority of TalentNEO participants were residents of the City of Cleveland and first ring suburbs.
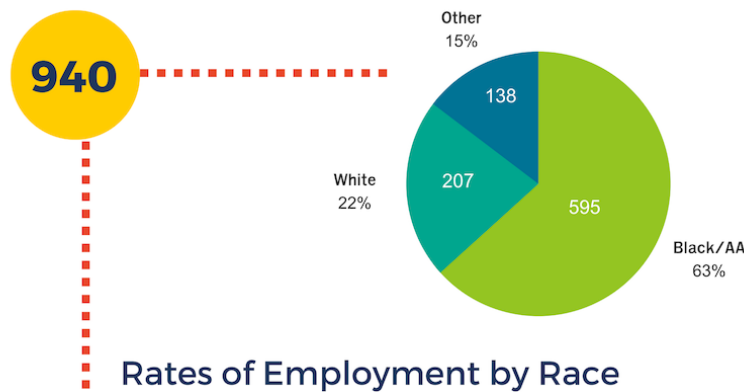
Diagram 2 – Employment

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Build Networks
Partners aligned to offer skill assessments at flexible times in Cuyahoga County.

16

200

Engage Business
200+ businesses across Ohio express interest in skills-based hiring.

Offer Assessments
2400 people assessed in math, reading, & locating information during research period in Cuyahoga County.

2400

Gather Data
1,085 people volunteered to allow tracking of their employment outcomes.

1085

Produce Results
940 people in outcomes sample secured employment within 12-months of assessment.

940

Disparities in employment outcomes by race disappear

Beyond the overall employment outcomes, the TalentNEO data offers compelling insights when outcomes are reviewed by race. Within 12 months of assessment, 87% of both White and Black/African American participants were employed. For both Whites and Black/African Americans, the rates of employment are significantly higher than the baseline employment rate for Cuyahoga County – 76% for Whites, 63% for Black/African Americans. Even more significant, is that **achieving the same rate of employment for both groups erases the 13 percentage point baseline racial disparity**.
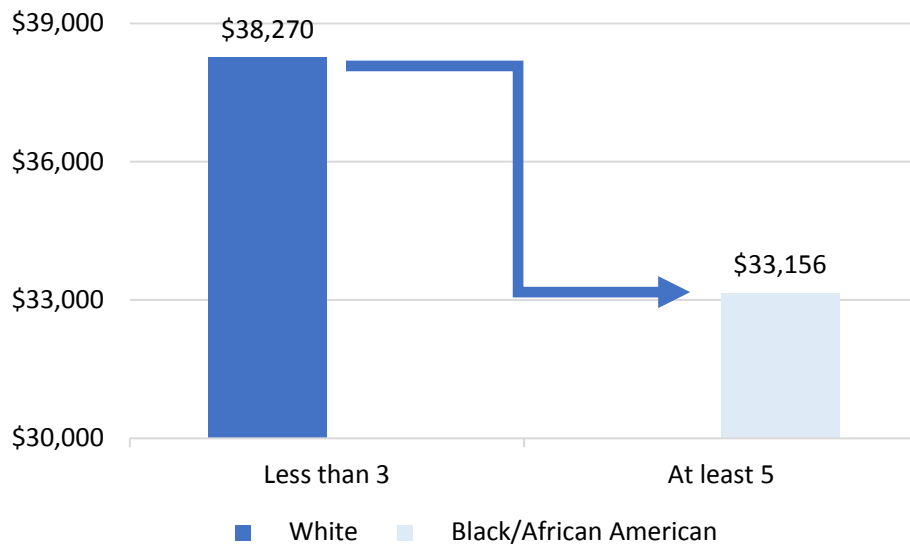
This result offers hope that objective skill assessments can improve outcomes across racial groups.

Again: Rates of employment for Talent NEO participants who identified as Black/African American are almost 40% higher than Black/African American employment rates across Cuyahoga County.

Racial disparities in earnings persist

Despite overcoming disparities in rates of employment, disparities in earnings between Black/African American and White participants persisted—at all skill levels. As noted in Figure 1 below, Black/African Americans scoring 4's earned $25,000 LESS than Whites with the same skill score. If their average earnings were on par with White participants, there would be an additional $8 million in the hands of working people in Cuyahoga County. In fact, the **average earnings for White participants who score less than a 3 (the lowest score possible) is** *still* **higher than the average earnings for Black/African Americans who scored at least 5 (the highest score we have data for)—by over $5,000 a year!**

Diagram 3 – Rates of Employment

Other 15% — 138
White 22% — 207
Black/AA 63% — 595

Rates of Employment by Race

Black/AA 87% = White 87%

Overall, Black/AA participants secured employment at rates equal to whites.

Average Earnings by Race*

Despite equal rates of employment, Black/AA participants earned just 49% of White employed participants.

Black/AA $24,659 < White $50,143

*Earnings shown for participants who scored at least 4 on each assessment.

Repeat: the lowest scoring individuals who identified as White still earned over $5,000 more per year than Black/African Americans with the highest scores—a 17% earnings differential.

It's possible that the disparity in earnings is due to clustering of Black/African Americans in low wage occupations, the disproportionate impact of small sample sizes, or variability in other factors—each problematic in their own right—*but it seems unlikely that any one factor (beyond race) explains the significance of the disparity.*

Despite educational attainment, many people have cognitive skills needed for available jobs.

While data was not cross-tabulated to identify earnings by both race and educational attainment[1], the educational attainment of participants included in the analysis was not dramatically different by race: approximately half the sample of both groups had only a High School diploma or less.

This TalentNEO data demonstrates that when measured with objective skill assessments rather than traditional educational proxies, ***NEO residents have the scores needed for jobs in our community***. When we look for jobs that pay between $10-15/hour, there are 235,880 jobs (37 different occupation types) that require, on average, skill scores of 3 on the skill assessment *and less than a HS diploma*. There are an additional 73,230 jobs (48 different occupation types) that demand these skill scores and no more than a HS diploma/GED.[2]

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[1] A limited analysis was conducted due to restrictions with data sharing and participant confidentiality. While we don't have all of the information we'd like to have, the results are both promising and yield important questions for further research.

[2] The 235,880 jobs include: Retail Salespersons (42,550); Cashiers (27,700); Laborers and Freight, Stock, and Material Movers, Hand (23,130); Janitors and Cleaners (21,980); Stock Clerks and Order Fillers (20,200). The 73,230 jobs include: Team Assemblers (10,550); Receptionists and Information Clerks (6,680); Childcare Workers (5,610); Assemblers and Fabricators, All Other (4,540); Driver/Sales Workers (4,490).

Conclusion

TalentNEO was a demonstration project. It is possible there is a selection bias impacting the outcomes--the participants in TalentNEO were overwhelmingly looking for work and sitting through three hours of assessment which is, by default, a screening for motivation. Even in an improving economy, however, these participants were still unemployed.

Given the skills people have, demonstrated by the assessment taken, and the skills required by a high number of open jobs in our community, we must build on efforts to better quantify skill levels of residents and on educating job seekers and employers on how they can be used for job matching and upskilling. In addition, comparing skill scores with employment outcomes sheds light on that despite comparable aptitude by race, there are significant differences in earnings along racial lines.

This begs the question, why are there differences in earnings along racial lines amongst individuals with similar skill scores? Given the relative sample size of this project, there could be a myriad of factors that contribute to the answer to this question. However, looking at a macro view of our region, we find similar outcomes across occupations. Research conducted by the Fund For Our Economic Future looked at Greater Cleveland income inequality and found that across occupations, there was a 10-30% wage differential between white and non-white workers. As TalentNEO and partner organizations further work to apply learnings to make the workforce system work better for job seekers and employers alike, we must also ensure that reducing earning disparities along racial lines is a priority. To better understand research in our region that further illuminates these TalentNEO findings, be sure to read our next guest blog by Sara McCarthy that digs into the Fund For Our Economic Future research on income inequality in Greater Cleveland.