

LEE HECHT
HARRISON

The emerging Hispanic workforce

Strategies for effectively attracting and employing
this growing segment of the labor market.



Demand for Hispanic talent is on the rise

Over the past decade, the makeup of the U.S. workforce has experienced a dramatic shift. Perhaps the most significant and interesting change is the impact of the burgeoning Hispanic community. Companies have been striving hard and investing more to better understand how to tap into this valuable talent pool.

Hispanic employees are finding more and more ways to overcome some fundamental challenges they have been facing for years (e.g., employee verification, legal status, language barriers, education, etc.). From where we stand today, it's clear the talent landscape has changed and Hispanic workers are an instrumental part of the 21st century workforce.

Many clients seek guidance on how to better recruit Hispanic employees.

A significant number of Hispanic employees across the country have come to us seeking help to find meaningful work.

As the demographic makeup of the labor market continues its evolution and diversification, companies large and small should take steps now to deepen their understanding of the Hispanic community.

Gaining a better understanding of the aspirations and needs of Hispanic employees is more relevant than ever. This is especially true considering the proposals in place to overhaul the country's immigration policy and provide some 12 million undocumented workers a route to legal status (approximately 8.7 million are Hispanic).

Therefore, we embarked upon our own journey to try and gain insights into how we and our clients can help:

- Hispanic employees overcome some of the challenges they face in finding the right job/career
- Hispanic entrepreneurs be more adept at HR management, recruiting and retention
- Companies attract Hispanic talent to their organizations more successfully

In the first phase of our Hispanic outreach initiative, we went on a tour of four markets across the country — Atlanta, Los Angeles, Dallas and Charlotte — where we met with Hispanic employees, business owners, politicians, associations, journalists and community leaders. We also partnered with *Workforce Management* magazine to conduct primary research that would provide insight into how companies are viewing the impact of this growing segment of the labor market.

This report shares key insights we gained on this journey in the hope of fostering a stronger understanding of the Hispanic workforce.



The Hispanic workforce: 41 million strong

America's rapidly growing Hispanic population has more and more companies seeking employees who understand the language and the culture. However, the current needs of growing professional services industries — such as finance and healthcare — are not being met by our existing Hispanic workforce, whose largest employment growth is in the construction industry.

According to *BusinessWeek*, 41.3 million U.S. Hispanics now comprise 14 percent of the population and are the fastest growing segment. Other compelling statistics further demonstrate the impact this demographic group has on the workforce and economy overall:

- The Hispanic segment of the workforce is the youngest, with 50 percent under age 35
- The U.S. Census Bureau projects the U.S. Hispanic population to reach 102 million by 2050 and constitute 24 percent of the nation's population
- Hispanics now spend \$700 billion annually and will spend \$1 trillion by 2010 according to Hispantelligence, the research arm of *Hispanic Business Magazine*

Latinos make up 13 percent of the U.S. labor force.

Latino workers made up 40 percent of all new workers in the U.S. workforce in the last 12 months.

Construction had the most significant increases in the Latino job market, with 40 percent of new Latino workers since 2003.

The Hispanic workforce: 41 million strong

Our next generation of skilled workers.

Over the next decade, employers will confront a nationwide labor shortage that will be even greater than the workforce crunch we saw during the 1990's tech boom. The projected deficit of over 30 million workers will be triggered by a mass wave of Baby Boomer retirees. To withstand this transition, employers simply must find ways to leverage the workforce talent that exists and develop future generations of workers across all ethnic backgrounds.

Although Hispanic communities are concentrated in markets such as California, New York and Texas, population growth is rapidly spreading to suburban areas — creating entire new ethnic make-ups for society and the workplace. Even so, a majority of hiring managers we polled say their organization's efforts to recruit and retain Hispanic employees are fair at best.

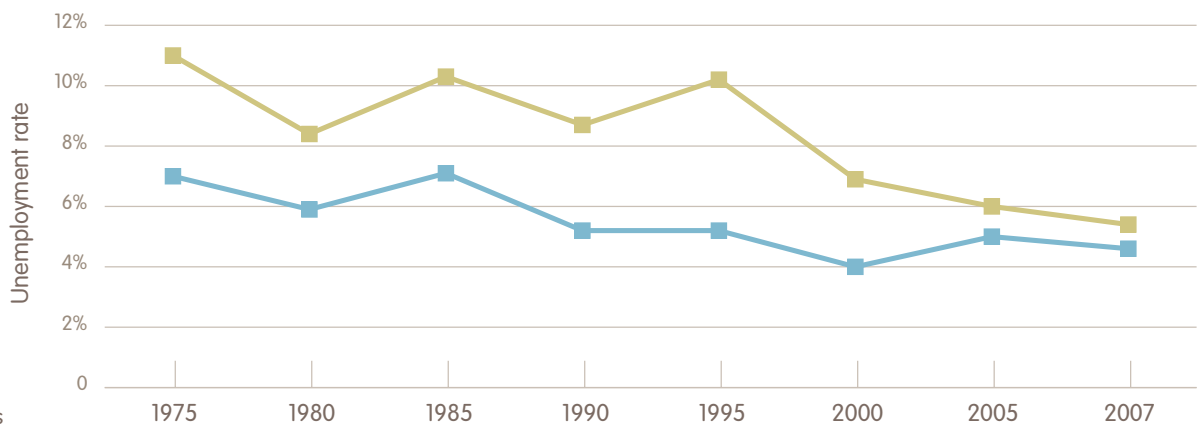
Rate your organization on its efforts to recruit and retain Hispanic employees.

	Response percent	Response total
Strong	19.5%	129
Fair	53.2%	353
Poor	14.8%	98
N/A	12.5%	83

Source: *Workforce Management* magazine

Tapping into and leveraging the Hispanic market from a business perspective — and the workforce from a recruiting and talent perspective — can be a powerful opportunity for American employers. With over 41 million and growing, the Hispanic population is a critical component of our next generation of workers. Companies must realize this today and begin to develop proactive strategies to access this key workforce segment.

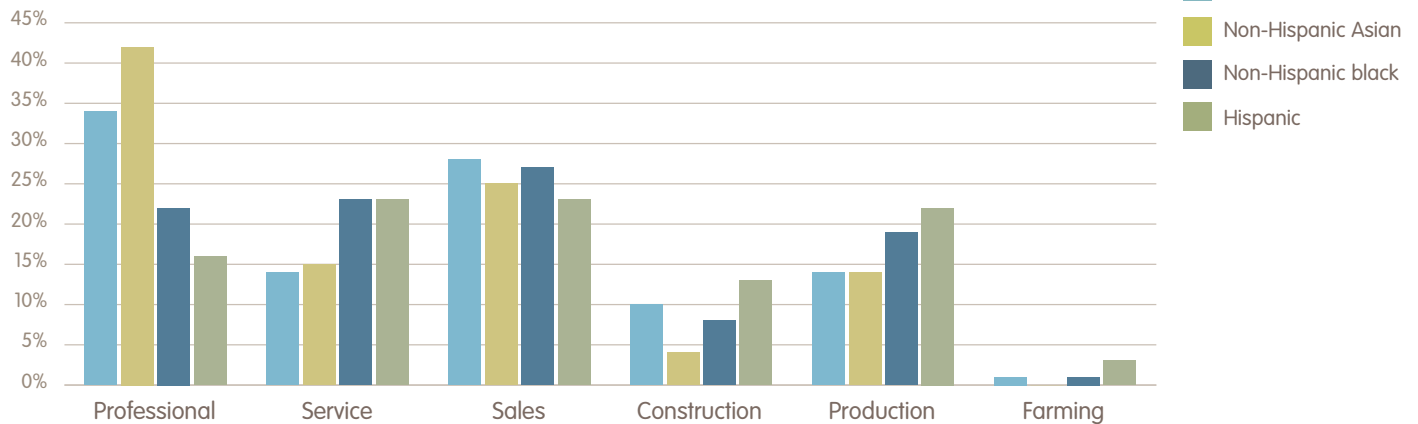
Shrinking unemployment gap between Hispanics and non-Hispanics



Source: Pew Hispanic Center

The law of supply & demand

Occupation distribution by ethnicity



Source: Census PUMS files

According to the Pew Hispanic Center, Latinos are the most likely of all racial or ethnic groups to seek work. Notably, Hispanics make up 13 percent of the overall U.S. labor market and will account for half of labor growth through 2020. Unemployment for Hispanic employees was at 5.4 percent in 2006 compared to 9.4 percent 10 years ago — a significant drop and further evidence of their integration into the U.S. culture.

These facts signify that employers are realizing the value of the Hispanic workforce to companies, and therefore, our economy. In fact, a majority of hiring managers (61 percent) report they want to increase efforts to recruit more Hispanic employees this year.

A talent war is already on!

Corporate America is already seeing a war for Hispanic talent — a competitive recruiting game where companies are demanding and actively seeking skilled workers. Though in its infancy, the demand for top talent across this ethnic group will balloon in the coming years.

Although higher paying managerial and professional jobs are the fastest-growing occupational categories for this demographic, Hispanic MBA students only represent 4.5 percent of the business school populace.

According to the Graduate Management Admissions Council, the pipeline is not flowing fast enough to satisfy changing demographics and corporate America's burning need for talent.

The demand for Hispanic professionals and MBAs is not reflected in the current occupational landscape. According to the Pew Hispanic Center, today's Hispanic employees hold a high concentration of blue-collar/unskilled jobs:

- 30 percent of private household service employees
- 20 percent of agriculture, construction, forestry, fishing, manufacturing, food service and lodging service employees
- 40 percent of employees in farming, fishing and forestry

A key driver of the war for Hispanic talent is the increased demand for bilingual employees. Strong growth primarily in the pharmaceutical, life sciences, technology and financial services sectors are fueling the need for bilingual employees as customer service center personnel, receptionists, secretaries, medical and legal administrative staff.

The law of supply & demand

Education gap is at the center.

After speaking with civic leaders, employers and Hispanic workers themselves, we believe the center of this clear disconnect between supply and demand is education. Nearly every key influencer interviewed from *La Opinion* to the Latin Chamber of Commerce stressed the importance of strengthening education in the Hispanic community. The top five key goals the community leaders discussed at length were:

- Invest in our youth to encourage the pursuit of higher education
- Teach job searching skills, including resume writing and interviewing
- Increase bilingual education and access to English/ESL courses
- Increase computer literacy and access to the Internet
- Host job fairs to show Hispanics the wide range of opportunities open to them

According to the National Research Council, an arm of the National Academies of Science, education is the biggest hurdle confronting

Hispanics today. Hispanics tend to have higher school dropout rates, lower college enrollment and less job training than the overall population. The current educational profile of Hispanics will undermine their long-term economic, social and physical well-being and diminish their prospects for social integration and civic engagement.

In 2000, the average two-year educational gap between Hispanics and non-Hispanic whites cost about \$100 billion in lost earnings; projections suggest that figure could soar to \$212 billion in current dollars by 2030.

“A lot of Hispanics want to start working as soon as they can, even to the point of dropping out of school, which is a sacrifice they can never make up for,” says Joseph Pena, a Dallas-area businessman who serves on the Hispanic Council for Reform and Education Options.

As a society, we know education can and will make a difference for Hispanic employees. Just look at women in the workforce. Earnings potential for women is expected to continue to rise because education has proven to be a key factor in increased earnings. More than 50 percent of bachelor’s degrees over the last five years have been earned by women. Education is a great equalizer!

“If we could somehow get rid of the education gap, that would go a long way toward fixing the labor market problem,” says Stephen Trejo, an economics professor from the University of Texas at Austin.



Key insights from the employee perspective

During our Hispanic listening tour, we had the opportunity to speak with roughly 100 Hispanic employees. The insights they shared are critical for companies trying to attract Hispanic talent to know and understand.

Main job search resources.

Hispanics most often use the following venues to locate and secure jobs:

- Personal connections
- English/Spanish classifieds
- Staffing agencies (mainly for temporary work)
- The Internet

Personal connections count.

Many find meaningful work through personal connections such as family, friends, church, and neighbor or community word of mouth.

Training is highly valued.

36 percent of Hispanic employees lack a high school degree so they view basic training such as ESL classes, computer training and vocational programs as key to upward mobility.

Perception shift please?

Hispanics take issue with the perception that they are good, hard workers and nothing more (e.g., “they do the jobs other Americans won’t do”); they want to be understood and perceived as a group that desires and achieves upward mobility. Hispanic workers do not want to be stereotyped as only taking manufacturing, construction and other blue-collar jobs.

Are you an employer of choice?

Our listening tour provided the following keys to reach out to and attract Hispanic workers:

- Understand and value Hispanic culture
- Present solid opportunities for advancement
- Get involved in the Hispanic community
- Provide opportunities for training and advancement
- Offer competitive salaries and benefits
- Position your organization as an established company that can offer a sense of stability and security

One of the key themes that resonated among participants throughout our research was, “If you’re looking for a part-time job or a minimum wage job, it’s everywhere.” However, highly-educated Latin American immigrants face a whole other set of issues. They may have to go back to school to be eligible for the same work they did at home, as illustrated by the following story told by an employee in Atlanta:

“I have a cousin — she was a doctor first, then a pediatrician. It took her five years to be a doctor, and four years to be a pediatrician and she’s in college again for her third year so that she could be a pediatrician here.”

In general, the job market is such that there are plenty of lower-wage opportunities for those who are willing to take them, but security, prosperity and especially benefits can be elusive to this group. This is a trend that will most certainly shift over time as more Hispanics are hired for managerial and professional positions.

Hispanic employers of choice

Bank of America

Bank of America has banking relationships with 48 percent of all Hispanic households in the nation. Company leaders view diversity as a business imperative, even tying diversity success to executive compensation.

Bank of America offers its associates an opportunity to engage with other employees through various affinity groups such as HOLA, the Hispanic/Latino Organization for Leadership and Advancement, which is committed to assisting management in attracting, retaining, engaging and developing Hispanic associates.

"We will achieve our goals for diversity in our company by insisting on inclusion and meritocracy in all our business decisions," says Ken Lewis, chairman and CEO.

Best practices from Bank of America:

- Support Hispanic affinity groups — they can help your recruiting and retention efforts and provide a grassroots network for your Hispanic employee base.
- Tying the success of diversity initiatives to executive compensation is a sure way to secure that it becomes a high priority within your organization.

Source: *Hispanic Magazine's* Corporate 100 List 2006

Hispanic fast facts

- There are more Hispanics living in the United States than the entire population of Canada, which is 32.5 million.
- Current Hispanic purchasing power is 8.5 percent of total U.S. purchasing power, and will reach 11 percent by 2010.
- The states with the largest Hispanic markets by spending power are California, Texas, Florida and New York.
- Hispanic youth account for 34 percent of the total U.S. Hispanic population and more than 18 percent of the total U.S. youth population.
- The median age for Hispanics is 25.8 years — 10 years younger than the median age for the United States as a whole.
- There are approximately 2 million Hispanic-owned businesses in the U.S. that generate almost \$300 billion in annual sales.



McDonald's

"Whether it's the crew room or the boardroom, you will always find diversity at McDonald's," says Rudy Mendez, vice president of diversity and inclusion for McDonald's USA.

More than 10 percent of McDonald's Corporation's officers are Latino, including its North American president Ralph Alvarez, as is more than one third of its North American workforce. The combined sales of its Hispanic owners/operators constitute the largest organization of Hispanic enterprise in the U.S. Over 40 percent of McDonald's supplier purchases are from Hispanic-owned firms.

McDonald's supports the Ronald McDonald House Charities Hispanic American Commitment Education Resources scholarship program, giving more than \$1.5 million in scholarships each year.

Best practices from McDonald's:

- Implementing a formal supplier diversity program shows the Hispanic communities (and others) that your organization is committed to diversity in your business practices, not just your staffing strategy.
- Appoint Hispanic (and other diverse groups) to your ranks of officers. Working for a company led by executives who reflect your heritage helps establish pride, engagement and commitment.

Source: *Hispanic Magazine's Corporate 100 List 2006*

Microsoft

Microsoft serves hundreds of millions globally. The company's goal is to build the greatest multicultural workplace and supplier vendor base in the technology industry.

Microsoft has a Hispanic employee association called Grupo Unido Ibero Americano (GUIA) and employs a number of high-ranking Hispanic vice presidents. The company is committed to the partnerships they have with Hispanic organizations including the Hispanic Scholarship Fund, National Society of Hispanic MBAs, National Council of La Raza and ASPIRA Association.

"Microsoft's partnership with leading Hispanic organizations is an important first step in a comprehensive campaign to enable Latinos to realize their full potential," says José Piñero, director of Microsoft Diversity Marketing. Microsoft also develops future job candidates in groups that are traditionally underrepresented in the technology industry with youth outreach programs and high school internships.

Best practices from Microsoft:

- Invest in our youth. Look to develop future job candidates to work in your industry. This can reap great rewards for future recruitment efforts.
- Establishing an internal association provides employees with a forum to share insights, experiences and exchange views. It also shows the company cares about their needs beyond the day-to-day work.

Source: *Hispanic Magazine's Corporate 100 List 2006*

Recruiting, training and retaining Hispanic employees

Based on findings from our Hispanic outreach initiative and our firsthand experience recruiting Hispanic talent for our clients, we developed several best practices you can implement to strengthen your company's efforts around hiring and retaining Hispanic workers:

1. Grassroots works.

Local community outreach programs help establish trust and generate word of mouth. Partnering with established Hispanic organizations and associations (e.g., National Society of Hispanic MBAs, National Association of Hispanic Accountants, Hispanic Business Alliance, National Society for Hispanic Professionals) is a great way to gain a better understanding of Hispanic workforce needs and to recruit for open opportunities.

2. Train to attract and retain.

Provide and market education and training programs and incentives (e.g., English classes, computer skills training). Workplace training and tuition reimbursement options are highly valued. And, taking a best practice from Microsoft, reach out to Hispanic youths through scholarships, internships and other targeted programs. This can help increase awareness of your organization's support of Hispanic talent.

3. Provide mentorship programs.

These are proven to help better assimilate diverse employees into an organization. By pairing experienced workers with new hires, structured mentor programs not only enhance learning efforts, but show your organization is committed to developing its diverse employee base.

4. Hablo Español?

Having Hispanic mentors within your organization who understand the culture, speak the language and can provide guidance to their colleagues can help other Hispanic employees feel more comfortable and confident.

5. Family first.

Provide flexibility — especially for Latinas who culturally tend to value family and often seek part-time work so that they can spend more time at home. Despite financial strain on household income, more Latinas are leaving their jobs for a few years to raise their children. Making child care more affordable and culturally relevant may compel Latinas to return to the workforce sooner.

6. Reward bilingual skills.

More employers put a premium on hiring employees who speak Spanish, with placement firms offering up to \$2 more an hour for these increasingly important skills. Providing both Spanish and English language training can help your organization strengthen its talent base and foster better communication.

7. Highlight and promote successes.

The successes your company has with its diversity programs need to be publicized both within the organization and outside of it. Publicity efforts can be linked to grassroots initiatives, internal recruiting programs and much more. This is a tremendous vehicle to further demonstrate your company's commitment to building its Hispanic workforce.

Each program involves commitment from business leaders and department managers alike, but, if instituted effectively, they can have a positive, long-term impact. Hispanic workforce human capital management is a burgeoning sector that is here to stay.



The Hispanic workforce today and tomorrow

What we see in the Hispanic workforce is pure opportunity. The Hispanic employees who walk through our doors everyday represent a talent pool that will increase our nation's competitive edge and the profitability of our companies. Having Hispanic employees not only enables organizations to attract Hispanic consumers in America (whose buying power is increasing every moment), but also opens doors to opportunities in other countries in Central and South America, as well as Europe.

Increasing the diversity of your human capital is a business imperative to compete in this global economy. If we help elevate the Hispanic community through the basics — stronger education and training, better access to technology and better jobs — we will not only help our businesses become stronger and more prosperous, but our economy as well.

To learn more about how to effectively reach the Hispanic workforce, please call us at 800.611.4544 or visit LHH.com.



Workforce Management magazine employer survey

The greatest challenge to recruiting this segment of the workforce cited was "Lack of specific talent needed for our business."

About half (50.5 percent) say their organization views recruiting and retaining Hispanic employees as a priority.

A majority (57.3 percent) of hiring managers say their organization **does not** have initiatives in place to more effectively recruit and retain Hispanic employees.

Lee Hecht Harrison

Established in 1974, Lee Hecht Harrison is a global leader in creating and delivering customized and fully integrated human capital solutions. With over 240 offices worldwide, Lee Hecht Harrison is dedicated to partnering with organizations and individuals, enabling them to maximize their performance and achieve success.

Lee Hecht Harrison is the flagship brand of Adecco Human Capital Solutions, a division of Adecco, S.A., the world leader in workforce solutions, with over 6,600 offices in over 70 countries and territories around the world.

Addendum: Resources

ASPIRA An Investment in Latino Youth
www.aspira.org

CHARO Community Development Corporation
www.charocorp.com

Hispanic Business Magazine
www.hispanicbusiness.com

Hispanic Chambers of Commerce
www.usfcc.com

Latin Business Association
www.lbausa.com

National Council of La Raza
www.nclr.org

National Society of Hispanic MBAs
www.nshmba.org

National Society for Hispanic Professionals
www.nshp.org

Pew Hispanic Center
www.pewhispanic.org

U.S. Census Bureau
www.census.gov