

Research Brief

Untapped potential: The Hispanic talent advantage

*In collaboration with
We Are All Human*



**IBM Institute for
Business Value**



Untapped potential: The Hispanic talent advantage

Businesses today are looking for every advantage. Economic and regulatory uncertainty is high. Competition is fierce. COVID-19 continues to dominate the headlines and our lives. The battle for an edge is never ending.

Yet significant opportunities remain, from leveraging exponential technologies to better deploying human capital. And there is arguably no more compelling—or obvious—opportunity in the realm of human capital than the untapped talent of the Hispanic community in the United States.

A new survey from the IBM Institute for Business Value (IBV) both underscores this untapped potential and identifies actions that businesses can take to close the talent gap. An associated Virtual Hispanic Jam, hosted by the IBV and We Are All Human, provides additional insights: Over the course of 33 hours on November 10-11, 2020, nearly 1,000 Hispanic leaders offered their perceptions of the opportunities—or lack thereof—for Hispanics in the workplace. For purposes of this study, we use the terms Hispanic and Latino to describe the group of people who identify as Hispanic, Latino, Latina, Latinx, or Spanish.

Hispanics, representing one out of every five people in the US, are estimated to drive nearly 25% of the country's GDP growth.¹ During the coronavirus pandemic, Hispanics and other people of color have been both disproportionately impacted by and contributors to frontline efforts, as reported by *The New York Times* and others.² That is a reflection of Hispanics' power in the workforce. Since the global financial crisis, Latinos have accounted for more than three-quarters of US labor force growth.³ And that relative importance is by no means a temporary aberration. Positive impacts of America's Hispanics will continue well into the future, with 6 in 10 Hispanics in the US aged 35 and younger.⁴

Yet among corporate executives, Hispanic representation is remarkably low: just 4%.⁵ Taking action to close the Hispanic leadership gap is not just about leveling the playing field; it is about unlocking the performance potential of a critical and growing segment of the workforce.

Our new IBV study explores four critical areas:



Key factors that support Hispanic advancement in organizations



How discrimination in US society limits Hispanic advancement



How specific personal experiences with discrimination blunt the potential and motivation of Hispanic talent



How and why Hispanic women face particularly challenging hurdles

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Key findings from our research confirm that professional advancement opportunities play a significant role in helping senior Hispanic executives achieve their success. But the survey also identifies challenges:



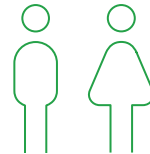
The opportunity challenge

Younger Hispanic leaders are not getting the same advancement opportunities as their more senior colleagues. 41% of the Hispanic executives surveyed say they have benefited from formal mentoring and on-the-job training, but only 26% of junior managers say they have access to these mentorship programs and only 31% say they have access to workplace training. Perhaps as a result, only one in five junior managers say they feel empowered to overcome professional challenges.



The discrimination challenge

87% of Hispanics say they have experienced prejudice because of their race. And 70% of junior leaders say they have to work harder to succeed because of their identity. That doesn't change much over the course of a career, with 63% of all Hispanics saying they continue to work harder because of their identity, no matter how high they climb on the leadership ladder.



The gender challenge

For Latinas, all of the hurdles faced by Hispanics—and by women—are amplified. Among other things, they are paid significantly less than other groups, and 82% of poll respondents say Latinas don't get the respect they deserve.

Hispanics in the workplace

The IBV surveyed four groups of Hispanics across the US workplace: senior executives, senior managers, junior managers, and entrepreneurs. These individuals were identified because they are, in effect, role models for the wider community of leaders who defied the odds: breaking through into positions of authority or on the path to get there. The goal of the survey was to identify which behaviors, tools, and motivations most fueled these success stories.

As to which behaviors most contributed to respondents' success, the top answers were "setting goals" at 50% and "flexibility and staying positive" at 45%. Team building, which was selected by 38% of all respondents, is one of the practices—along with curiosity and calculated risk taking—that seems to gain importance over the course of a leader's career.

The survey highlights key leadership capabilities. Senior Hispanic leaders credit strong communication skills, personal organizational skills, and business savvy among the capabilities most essential to their success. Junior managers most often identify their own passion followed by access to tools and technology as the attributes that contribute most to their advancement. Interestingly, junior leaders are far more likely to identify supportive colleagues as essential to their success than those in other levels of leadership.

In terms of defining success, the highest-rated motivations are both practical and purpose-driven: 39% cite "achieving financial security" and 39% also identify "creating positive change." In an era when the societal impact of businesses is increasingly tied to economic performance and brand character, this combination indicates the fertile potential of this community. Among senior Hispanic executives, in fact, "creating positive change" and "maintaining personal integrity" are cited at even higher rates, while far more junior managers identify "achieving financial security," "owning a home," and "being employed full-time," clearly differentiating features among the four sub-groups.

The IBV survey also explored where, and from whom, Hispanic leaders find their inspiration. Among senior executives, the top answer, cited by 50% of respondents, is other business leaders—perhaps unsurprising, since they look for role models as they continue their ascent. Senior managers are more likely to cite community members in addition to business leaders (34% each), and junior managers below them are more likely to identify their parents as key influences (36%). Parents are also cited two times more often as the most influential group among Jam attendees (58%).

Mentorship plays an important part in senior executive and senior management success, but junior managers are not yet seeing this benefit in their careers, which points to a significant opportunity for organizations wishing to find a competitive hiring advantage. Mentorship was a major focus of discussion in the Jam as well, with two-thirds of poll respondents saying they currently mentor a Hispanic junior leader. Sponsorship, as distinct from mentorship, also generated robust conversation in the Jam, with one participant asserting that Hispanics are over-mentored and under-sponsored (see "Insight: Supporting Hispanic leaders through mentorship and sponsorship").

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*“Mentors talk to you; sponsors talk about you.
We pick our mentors; sponsors pick us.”*

— Virtual Hispanic Jam participant

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Supporting Hispanic leaders through mentorship and sponsorship

Virtual Hispanic Jam participants overwhelmingly agree that mentorship and sponsorship can be invaluable tools as Hispanics move into more senior leadership positions. To clear up any confusion over the difference between the two terms, one Jammer clarifies by describing them this way: *“As we all know, mentors can help provide valuable insights and advice. But mentors talk to you; sponsors talk about you. (Hispanic) professionals need sponsors who will advocate on our behalf, particularly when promotion and appointment decisions are being made. While we can pick our mentors, sponsors have to pick us.”*

Another Jammer asserts that one of the challenges we need to overcome is that mentoring and sponsoring roles are “hobbies” in most corporations. Research shows that both are experienced by Hispanics in the workplace at rates much lower than white workers and also lower than all other ethnic groups.

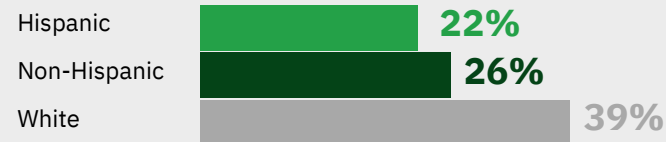
For Latinas, sponsorship also improves earning power—Hispanic women with a sponsor earn 6.1% more than those without. And for early career workers, sponsors lead to more stretch assignments and promotions.⁶

Organizations have a gap to fill in this regard. 83% of participants in a Jam poll say business executives are not doing enough to pave the way for the success of the next generation of Hispanic leaders.

In discussing how to get a sponsor, Jammers recognize the process might be a difficult cultural shift for many Hispanics who are less comfortable advocating for themselves or demonstrating ambition. One Jammer says, “You’ll have to get noticed by putting yourself out to be seen and that is our BIGGEST setback because we are raised to remain humble and quiet, and at times, we feel like we are showing off when we share our accomplishments. There needs to be a mindset change, and we need to learn to ‘be more comfortable being uncomfortable’—and YES, that means bragging about your accomplishments because if we don’t do it, nobody else will.” Another adds: “Too often Hispanics who are ambitious are labeled as being selfish, trying to be white, or they hear the phrase, ‘que se cree?’ by other Latinos. We need to make ambition an honorable intent, and we need to celebrate, not discourage, those in our community who are ambitious.”

One suggestion is to change the narrative: get comfortable by calling this self-promotion “personal branding,” rather than bragging. A Jammer posts: “...many of us were raised to work hard and to let our work speak for itself and not brag or boast about our accomplishments. But I think branding ourselves is not the same as bragging. Bragging is telling people how great you are. Branding is letting people know what makes you distinctive, relevant, and authentic.”

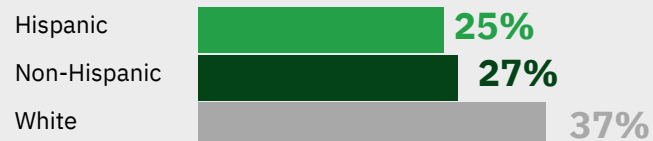
Sponsorship



Formal mentorship



Informal mentorship



Hispanic identity and discrimination in the United States

According to Hispanic business leaders surveyed by the IBV, obstacles facing Hispanics are not just difficult—they're often even worse than those faced by other racial and ethnic groups in the US. 88% of the Hispanic leaders surveyed say discrimination against Hispanics exists to at least some extent. 87% also say they have experienced it personally. In fact, respondents identify more discrimination in US society stemming from Hispanic identity than they do around gender or any other attribute.

Pervasive discrimination against Hispanics seems to impact other areas of discrimination as well. Hispanic LGBT+ people report discrimination on sexual orientation across US society to a greater extent than white LGBT+ respondents do. Similarly, 78% of Hispanic female respondents cite high levels of discrimination against women, while only 67% of white women feel the same.

Jam participants identified multiple misperceptions about the Hispanic community—some perpetuated by the community itself—that create persistent biases and hamper growth. Only 16% of Jam poll respondents agree that the Hispanic community is unified, and hundreds of comments magnify the outcomes of this community fragmentation. First among them is disagreement over a community “label” and, in fact, whether trying to find one only further masks other important issues. In a poll, 41% of respondents identify most as Latino/a, 29% prefer Hispanic, 18% have no preference, 7% choose Latinx, and 5% choose “other.”

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“The (Hispanic community) fragmentation/diversity is an asset, not a source of concern. Any successful solution leverages what unites us, while still respecting and amplifying our differences as a group.”

— Virtual Hispanic Jam participant

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More Hispanic women than white women say they have experienced discrimination based on gender

78%

of Latinas cite discrimination against women



67%

of white women cite discrimination against women



In another poll, almost no one (2.5%) felt that the perception of the Hispanic community reflects its reality, despite the fact that traditions, culture, shared family values, and Spanish language are factors that unite the community. Hispanic identity is an ever-evolving concept and is playing an ever more important role in shaping America. Said one Virtual Hispanic Jam participant: “Amidst our differences racially, regionally, religiously, and politically, identifying as Hispanic/Latinx empowers individuals to seek out the commonalities between everyone who belongs to this identity. In many occasions, I have learned more about myself and our culture through celebrating our various differences. Although fragmentation is not particular to the Hispanic/Latinx community, we tend to highlight these issues as it affects our perspectives directly.”

The societal environment is not something businesses can control directly, but it should be considered in assessing, training, and managing Hispanic talent. Leaders should pay special attention to the difficulty and perhaps futility of trying to categorize a diverse and multifaceted group; rather, they should consider recognizing and supporting all of its uniqueness. Leaders should also recognize the associated opportunities in the areas of hiring and promotion. Even among the successful cohort of Hispanic respondents, personal experiences of discrimination are alarmingly and disappointingly prevalent. Organizations that can overcome them with “bias-busting” initiatives will benefit.

Personal experiences

For the 4% of Hispanics in highest ranks of senior executives in the United States, personal experience of discrimination was less of an obstacle in reaching their success. But our survey suggests this good fortune was less available to the wider Hispanic population. For all four of the roles we surveyed against, and across gender and sexual orientation, discrimination has been a lived experience. Hispanic leaders have often succeeded not in the absence of discrimination but despite it.

87% of respondents report personally experiencing discrimination because of their race and/or ethnicity. 63% cite specific discrimination based on their accent, language, or speech pattern. And 58% say they have experienced discrimination based on their looks or body type. All three measures outpace discrimination resulting from religious views, gender, socioeconomic status, sexual identity, sexual orientation, and age.

There is some good news, though. Just 5% of Jam poll respondents say bias was purely intentional, while 17% say it was unconscious and nearly 75% identify some combination of both. And in another poll, respondents overwhelmingly report feeling comfortable talking about issues of discrimination with their colleagues and management at work (63%).

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“I experienced discrimination and had to walk away for self-respect. It takes a lot of self-love, self-awareness, and confidence to overcome all of that and make sure you earn the respect of others.”

— Virtual Hispanic Jam participant

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Latina experience

On average, Latinas in the US are paid 45% less than white men and 30% less than white women. They have the dubious distinction as the group that works longer than every other racial and ethnic group—23 months—to earn what white men earn in 12 months.⁷ According to Lean In, some researchers believe that bias is to blame for over half of the pay gap for Latinas.⁸ Our research supports that perspective, with 70% of Hispanic women saying they have experienced discrimination because of their gender and 86% because of their ethnicity. It’s a double impact that results in extremely high hurdles for Latinas. We call this “the gap within the gap.”

This disparity hurts Hispanic families and communities and also leaves opportunity on the table for employers willing to double down on equity efforts. Latinas and their allies who participated in the Virtual Hispanic Jam have some ideas:



Build awareness of “cultural scripts” and affiliated discrimination that can disadvantage Latinas in the workplace and work to overcome them.



Leverage the power of role models, mentors, sponsors, and allies. The benefits of seeing Latina women, and all women of color, in power positions cannot be overstated.



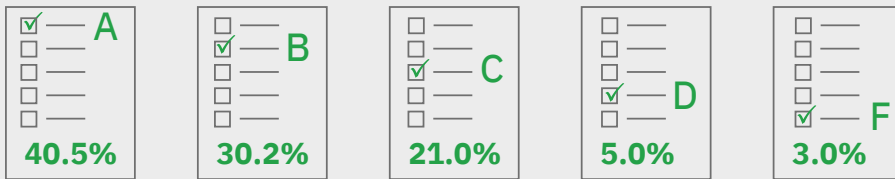
Emphasize STE(A)M program awareness and enrollment for young Hispanic women.

Additional research on Latinas will be included in an upcoming IBM Institute for Business Value study to be published in celebration of International Women’s Day in March 2021.

Diversity and inclusion

Jammers' thoughts on D&I initiatives

We asked Virtual Hispanic Jammers to give their organizations a letter grade on diversity and inclusion (D&I) efforts. The good news is that more than 70% award an A or B—top of the class! The opportunity is with the 29% of organizations that earn a grade of C, D, or F. Fortunately, only 3% of polled jammers give their organization a failing grade.



To improve their organizations' grades, many Jammers suggest an emphasis on Employee Resource Groups that focus on the Latino experience. 52% already belong to one and another 8% are planning to join. Jammers offer business leaders specific suggestions for these groups:

1. Pressure companies to create formal sponsoring programs.
2. Build connections across all levels of the organization by pairing rising Hispanic talent with executives. Add social time to enrich the relationship. Help engineer the network building of executives that have the power and leverage to be sponsors. Use research data to support the program.
3. Include the letter B (for belonging), as the groups develop and implement D&I initiatives.
4. Offer opportunities to address the unproductive tension between traditional Hispanic values and "American" workplace norms (for example, helping Hispanics learn to brand themselves—see "Insight: Supporting Hispanic leaders through mentorship and sponsorship").
5. Offer workshops on financial literacy, effective personal branding, and conveying executive presence.
6. Promote STE(A)M opportunities for young Hispanic professionals, with a special focus on enabling Latinas.

The IBM commitment to diversity

IBM has been at the forefront of diversity efforts since its founding more than 100 years ago, and we are continuing our journey by creating a corporate road map to empower the US Hispanic community. As a company, we believe diverse and inclusive teams are higher performing, more innovative, more resilient, and a critical element to help ensure ethical use of technology—including artificial intelligence—across our company and society.

Education and mentorship are key to close the skills gap and to prepare the younger generation with the skills of the future.

- P-TECH is IBM's education model designed to prepare young people with the academic, technical, and professional skills required for 21st century jobs. Today, the P-TECH program is active in 75 US school districts—in predominately Hispanic communities. IBM is working with policy makers and education leaders to increase the number of P-TECH schools to 300 by 2023.
- We have also kicked off an IBM Mentorship Marathon to empower Hispanics and advance their career opportunities. The Marathon begins with P-TECH schools in the US by matching 1,000 IBM mentors with students and encouraging other Fortune 500 companies to join the effort.

For more on the IBM commitment to diversity and inclusion, visit:

ibm.com/impact/be-equal/

For more information on the P-TECH education model, visit:

ibm.org/initiatives/p-tech

Action plan

The opportunity offered by Hispanic talent is considerable. Despite whatever progress has been made in US society over recent years to ease discrimination and provide equal pathways for success, much work remains. Investing to help the Hispanic community thrive is an investment in our collective prosperity.

Organizations that assert a leadership role in Hispanic equality will be advantaged in accessing top talent to drive performance, bringing with them a diversity of ideas, experiences, and perspectives. But as with any new initiative, to have sustained success, the commitment must begin at the top and extend through an organization.

Here are three ways organizations can help close the gap and position themselves to move from aspiration to progression of Hispanic representation:



Make Hispanic advocacy a business priority

Hispanic leadership representation should be an articulated priority, with goals set at the same level as other business objectives, and assigned to leaders who are held accountable for achieving them. These goals could include both leadership pipeline and progression. Organizations will make progress only if wishes are transformed into action plans with clear accountability. Making this a business priority and ensuring that mentoring initiatives are balanced with active advocacy is essential to make progress in Hispanic leadership representation at all levels.



Prepare Hispanics for the “future of work”

Digitization and automation will disproportionately impact the services industries in the next five years, which is where Hispanics are most exposed. These factors will also create jobs in sectors such as technology, where Hispanics are currently under indexed. Unless we urgently prepare both entry-level and experienced Hispanics to navigate this shift, we will see a double negative impact: a) job displacement and economic hardship and b) scarcity of qualified resources for the new digital jobs unlikely to be filled by other demographics.



The options of how and where to engage are broad; what’s required is the commitment to engage. One approach is to activate public-private partnerships at state and local levels that focus on implementing new pathways for Hispanics. These pathways should focus on skills development and open access to apprenticeship opportunities that will help Hispanics develop capabilities for the new class of jobs being created.

Organizations must also evolve their mindset and hire for skills and not for degrees, as well as create economic opportunity by leveraging sourcing policies with diversity suppliers. The P-TECH framework is a good reference model that can be expanded at scale, with urgency in the six states with the highest density of Hispanic talent (Arizona, California, Florida, Illinois, New York, and Texas).

Focus on personalization

Generic Hispanic programs will have limited effectiveness if they are not personalized to the diversity of experiences, values, and behaviors that the very diverse Hispanic community represents in the United States. Inside the so called “Hispanic community,” we can find many archetypes—some of whom embrace their heritage and some of whom prefer to blend in. Intervention programs must reflect the deep richness and cultural diversity of the community and meet people where they are—engaging them in context—to be effective. Only programs that are designed with that deeper empathy level will succeed at making impacts at scale, whether targeted toward education, economic development, or representation goals.

A Jam participant may have summarized it best, calling on both Hispanic individuals and business leaders to take action: *“Actually with the demographic shift occurring in the workforce right NOW, Hispanics and leaders have no time to waste. Leaders must embrace the large minority representation in the population, and Hispanics have to start claiming and asking for their rightful place in their organizations.”*

Who are the Virtual Hispanic jammers?

Virtual Hispanic Jam facts:

- 33 hours of virtual jamming
- 958 registrations (35% active, 65% lurkers)
- Average jammer spent 4 hours in the Jam
- 88.5% jammers identified as Hispanic (11.5% allies)
- 1,098 comments generating 90,930 words
- 5,789 unique data points from poll responses

Jam hot topics:

- Hispanic experience in the workplace
- Understanding Hispanic/Latino identity
- Impact of bias on Hispanics
- Latina respect

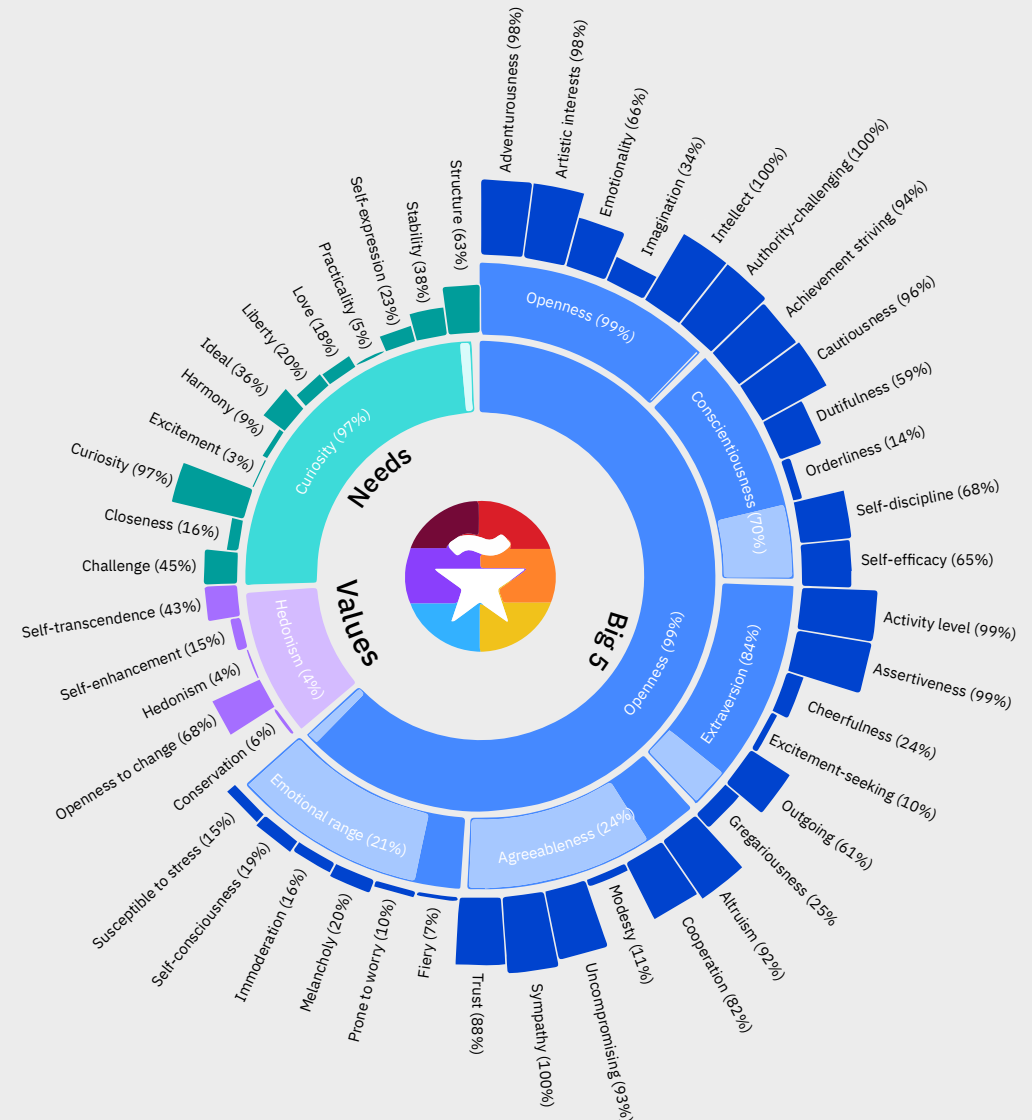
Jam technology uses Watson Personality Insights in an experimental approach to define a Jammer “persona,” based on the psychology of language in combination with data analytics algorithms. WPI analyzes the Jam content and returns a personality profile of the Jam collective. Here’s what we found.

Hispanic Jammers:

- have expressive and firm views
- are open to and intrigued by new ideas and love to explore them
- prefer to challenge authority and traditional values to help bring about positive changes
- are empathetic, feeling what others feel, and are compassionate toward them
- make choices that are driven by a desire for discovery
- prefer activities with a purpose greater than just personal enjoyment.

“It was refreshing to be part of this conversation among so many people with great ideas that are also open and willing to join the conversation to keep learning. En la unión está la fuerza!”

— Virtual Hispanic Jam participant



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The Hispanic Star and We Are All Human

The Hispanic Star, together with We Are All Human, is a collective effort to unify Hispanics and bring solutions that help them overcome barriers they face. Leading companies, Hispanic organizations, and community leaders have joined together providing relief to people in need, opportunities or career development, and support for Hispanic families. For more information visit <https://www.weareallhuman.org/> and <https://hispanicstar.org/>

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