



2013

HACR HISPANIC
ERG STUDY





Real Possibilities

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Business research partnership grant provided by AARP

INTRODUCTION

For the past 30 years, Corporate America has had Employee Resource Groups (ERGs), comprised of employees who connect based on shared characteristics, affinity, values, and life experiences.^I ERGs can typically focus on career advancement, community outreach, business impact, and cultural understanding.^{II} They are valued because they boost employee morale, attract & retain minority employees, and can serve as a business resource.^{III} ERGs are so prevalent in Corporate America, that today 90 percent of *Fortune 500* companies have them.^{IV}

Hispanic ERGs have grown significantly due to the focus companies are placing on the growing Hispanic population and their purchasing power.^V Hispanic ERGs today are poised to make a tremendous impact on their corporations and are well positioned for sustained future growth.^{VI}

However, in spite of this rise in popularity and the potential for business impact, little is known about what makes Hispanic ERGs different from other employee resource groups. A review of available research found that to date no studies have specifically focused on Hispanic ERGs; this lack of deep insight creates a legitimate concern and a need for a more detailed investigation of the key issues these ERGs are facing. This information would not only benefit corporations looking to enhance the impact and effectiveness of their Hispanic ERGs, but also the ERGs themselves.

As such, corporations are reaching out to national Hispanic nonprofit organizations, like the Hispanic Association on Corporate Responsibility (HACR), seeking more guidance and information on ways to optimize Hispanic ERG performance. But again, without any research-based data, national nonprofits have not been well positioned to provide the desired support.

Since no organization has studied Hispanic ERGs nor captured trends and best practices related to these networks specifically, an opportunity exists to gain such insights.

For these reasons, HACR launched a research study at the end of 2012 to establish a benchmark for Hispanic ERGs and to identify what is driving Hispanic ERG growth. HACR hopes to identify what elements are leading to the success of these ERGs and what obstacles they are facing, all in an effort to better understand how companies and Hispanic professionals are both leveraging Hispanic ERGs.

As you continue reading, you will learn about the state of Hispanic ERGs in Corporate America, our intent is to provide not only a demographic portrait of these networks that can be used for benchmarking purposes, but also to further the discussion of the rising popularity of Hispanic ERGs and deepen our understanding of the four (4) areas critical for sustained ERG growth and continued relevance: ERG impact, leadership, executive engagement, and the importance of benchmarking.

^I Douglas, Priscilla H. (24 January 2008). "Affinity groups: Catalyst for inclusive organizations." *Employment Relations Today* 34 (4):11-18.

^{II} Ibid

^{III} Ibid

^{IV} Wow! Facts. Diversity Almanac. (2008). Diversity Best Practices. Washington, D.C.

^V Rodriguez, Robert (2008). "Latino talent: Effective strategies to recruit, retain and develop Hispanic professionals. John Wiley & Sons Publishing. Hoboken, New Jersey.

^{VI} Ibid

DATA & METHODOLOGY^{VII}

All HACR Corporate Members were invited to participate in the Hispanic ERG Research Study. Phase 1 of the study included a survey, completed by company personnel via an online instrument administered from December 2012 through January 2013. Nearly 60 percent of HACR Corporate Members completed the general online survey. Table 1 includes a list of Phase 1 participants.

AARP Aetna Anheuser Busch AT&T Chrysler	Johnson & Johnson Macy's Marsh & McLennan McDonald's Microsoft
Citigroup Cisco Dell Diageo Ford	Northrop Grumman Sodexo State Farm Target Time Warner
GE General Motors Intel Kraft	UPS Verizon Walmart Wells Fargo Wyndham

Table 1: Phase 1 Participants

Companies who completed the general online survey were then asked to have their Hispanic ERG group members participate in focus group sessions and/or to have key stakeholders of the ERG participate in one-on-one interviews with the research team (Phase 2). More than three-quarters (76 percent) of the participating companies partook in the focus groups and approximately 50 percent of those permitted HACR to also interview a key stakeholder of the ERG.

Two HACR Corporate Members, Altria Group Inc. and Denny's Corporation, both at the time of the survey

did not have Hispanic ERGs, but also allowed the research team to conduct one-on-one interviews with company personnel to identify challenges they may be facing in the creation of their Hispanic ERGs.^{VIII}

A majority of the HACR Phase 1 participants are large, U.S. based companies with more than half having 75,000 or more employees worldwide. See figure 1. Large employee bases are naturally conducive for the development, growth, and sustained existence of employee resource groups.

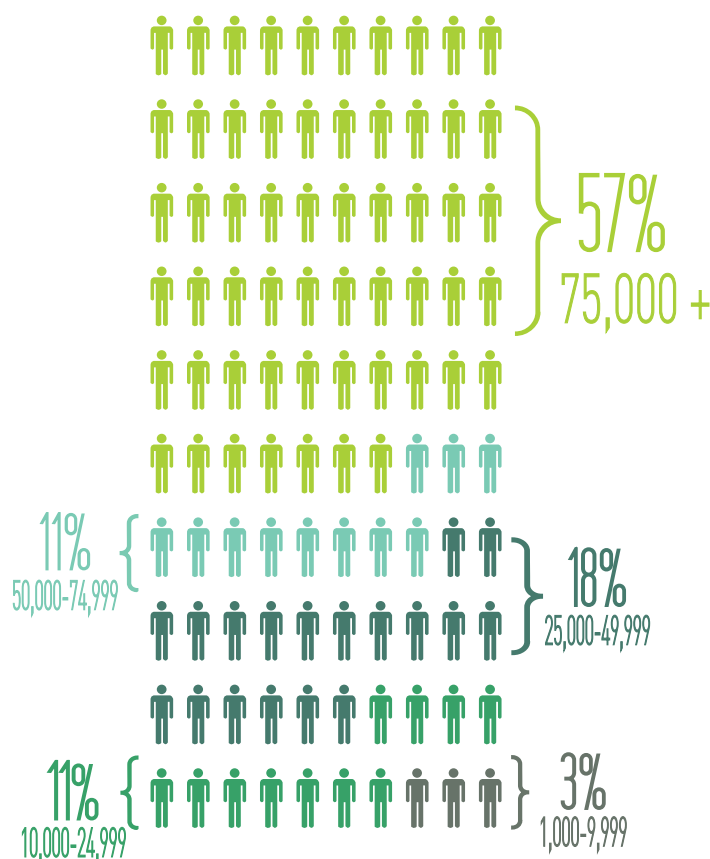


Figure 1: Number of Worldwide Employees Phase I

^{VII} For comparison purposes, the HACR Research Institute reviewed a 2011 study by the Equality, Diversity, and Inclusion Practice at Mercer, a global consulting firm.

^{VIII} Discussions based on the results from the general online survey exclude Altria Group Inc. and Denny's Corporation, since Phase 1 was limited to companies with existing Hispanic ERGs. Their participation was limited to Phase 2 of the study.

^{IX} In all figures, percentages may sum to more than 100 percent because of rounding.

PARTICIPATION AT A GLANCE

All Phase 1 participants had high levels of participation in their ERGs generally. On average, approximately 20 percent of their employees belonged to at least one employee resource group. This reflects a participation rate that is nearly twice the national average of employee participation in employee resource groups (8-10 percent).^x

Additionally, when asked what percentage of their Hispanic employees are members of their Hispanic employee resource groups, the average response was just over 30 percent, more than three times the national average participation rate.^{xi}

Industry Participation Information^{xii}

- Aerospace and Defense (1)
- Beverages (2)
- Commercial Banks (2)
- Computer Software (1)
- Computers, Office Equipment (1)
- Diversified Financials (2)
- Entertainment (1)
- Food Consumer Products (1)
- Food Services (2)
- General Merchandisers (3)
- Healthcare: Insurance & Managed Care (1)
- Hotels, Casinos, Resorts (1)
- Insurance: Property, Casual (1)
- Mail, Package, Freight, Delivery (1)
- Motor Vehicles and Parts (3)
- Networks and other Communications (1)
- Other, Nonprofit (1)
- Pharmaceuticals (1)
- Semiconductors and other Electronic Components (1)
- Telecommunications (2)

^x Mercer Study, 2011.

^{xi} Ibid

^{xii} The industries are based on the *Fortune 500* industrial classifications and the numbers in parenthesis represent the number of companies in each industrial classification.

RISING POPULARITY OF HISPANIC ERGs

Looking more closely at participation of Hispanic employees in Hispanic ERGs, HACR finds that more than half (54 percent) of the survey participants indicated their Hispanic ERGs have 500 members or more. See figure 2.

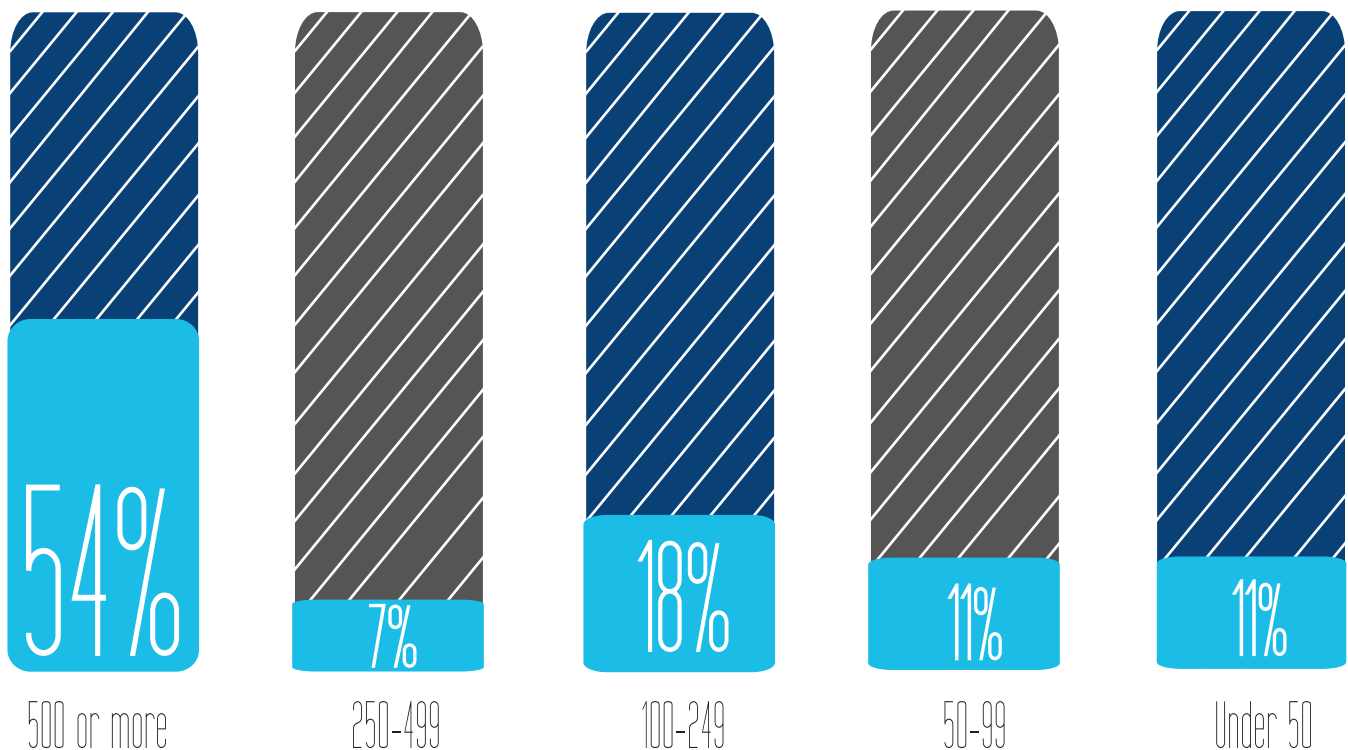


Figure 2: Number of Hispanic ERG Members Worldwide for Phase 1 Participants

Such a large number of members often results in multiple chapters across various sites and locations to accommodate the participation of all members. Of the companies that participated in Phase 1 of the study, 71 percent indicated they have more than one chapter for their Hispanic ERG, with the average number of chapters being approximately 13 chapters per company.

PROFESSIONAL GROWTH

"...when [you] join a group like this and have to communicate at different levels - either through e-mail or public speaking, collaborating with the different business units, building trust with people - those are skills that you can never take away from someone."

Focus group conversations delved into the growth in membership of Hispanic ERGs in an effort to better understand what is driving their higher than average participation rates. One reason often cited as critical for increased involvement with the ERG relates to professional development.

ERG members saw their involvement as an opportunity to continually seek professional development and fine tune skills outside the purview of their day-to-day work responsibilities.

"I've had the opportunity to lead a sub-team, practice presentation skills, and practice a lot of skills that you don't normally get the opportunity to learn."

"Sometimes at your job, you don't have the opportunity to do or apply different abilities...so being on the board you have [to] practice those leadership skills and prove yourself on how much you can accomplish with a team."

"I think the Hispanic ERG has been a good supplement in what I do in my day-to-day job. It's provided me an opportunity to show leadership, to network with other people earlier than I would have gotten some of those experiences in my day to day job."

At the end of the day, many ERG members are hoping to parlay the skills they gain through their involvement to further their careers, to make themselves stand out:

"I have had a couple of opportunities come out of it, where somebody in leadership has come to me seeing the results that I had in my leadership position with the ERG and ask me to interview for a position."

"I think a lot of times you could actually use the council as a means of developing certain skills.... from a functional perspective when we talk about people in evaluations we say "what are the actions that they are doing?"... if you just did your job and you did a good job... everybody comes here and does their job and they do a good job, but what are the extras?"

BIG AND GETTING BIGGER

Not only did we see participation rates of Hispanic employees dwarf those of employees more generally, we also saw predictions of continued growth.

68% Have seen growth in their Hispanic ERG in the last 24 months

79% Expect their Hispanic ERG to grow even larger in the next 24 months

These predictions for continued growth of Hispanic ERGs are in line with the changing demographics of the U.S. more generally. As the workplace continues to diversify Corporate America is going to rely on the young Hispanic population to replace their aging workforce and to open doors to new opportunities in terms of market share and economic sustainability. Providing a venue for these employees to develop either professionally or personally is an important first step to the continued engagement of these workers.

“People assume that development is formal; taking college classes, pursuing a higher education... people get away from the fact that development is stretching yourself.”

“For me, it’s not just exposure to senior leadership either; it’s just about learning. It’s about what my partners in other departments and other business units are working on, and how do I better understand that.”

“This was something that I was very interested in doing both for personal growth and giving back to the community, being able to influence some of the areas that open doors that I would want to open for myself as a Latino woman.”

PERSONAL GROWTH

Another reason identified as an impetus for involvement with ERGs is the opportunity for personal growth. The on-going learning available through ERG involvement extends beyond the acquisition of hard skills discussed earlier, to include development that truly comes full circle – individual learning, individual careers, and ultimately helping others.

There is much that can be gained as an individual involved with the ERG and many individuals identified how their involvement has helped them focus on key factors essential to progress to the next level. Central to that was the idea that personal growth is a learning experience whose benefits are numerous.

For the development cycle to come full circle, helping others advance within their companies is necessary. Many focus group members identified the importance of being able to help others, to make possibilities realities for other Hispanics within their companies and the community more generally as central to their involvement with their ERG.

“The goal has always been twofold: provide awareness in the Hispanic community, it’s not just them versus us, it’s a community and [a] business... and the other thing is support for Hispanics in the workplace.”

“I personally have a very strong affiliation with the Latin community and really thought this would be a great way to both personally and professionally assist and see what we can do for our associates on a larger scale.”

“I could tell you that my personal experience is that I want to help; not just myself, but I want to help others within the organization and within the ERG, because that is my motivation. I want to see the next young corporate achiever come from here. I want to groom them. I want to make sure that we have a representative every year there. So it’s not just me going up it’s about me helping everyone go up.”

CHALLENGES TO MEMBERSHIP

Of course this unprecedented growth is not without challenges. One challenge to sustaining this level of growth for Hispanic ERGs is the continued penetration of their Hispanic employee base. This was often cited as a concern for participants, indicating that many may be having difficulty articulating the value gained through participation in the ERG.

"I was very new to the company and I didn't understand the mission of the ERG so I was a little hesitant until I actually attended one of the meetings."

"A lot of it is lack of education regarding what ERGs can do for you and I know in pushing the leadership development people join just to join, but it's what you can get out of it. The more we can help people target what they want to get out of it and what they should be looking for as a member I think the more beneficial it will be become."

"Not all companies have them, then they come here and there is hesitation. Not knowing what it is, what do they want from me?"

Relatedly, another issue that emerged was the struggle some participants have trying to actively engage more of their existing members, especially those who are located out in field locations.

"I think the biggest opportunity is with some of our field population associates who, for whatever reason, are not given the opportunity or exposure to be involved. A lot of it is due to the location, the lack of time, and a lack of education around the benefits - both from a business and personal standpoint."

Another challenge to membership that emerged from our focus group conversations was not wanting to call attention to their ethnicity, wanting to blend into the corporate culture.

"And I have seen that in some people, they may not want to join because 'I want to be American.' I don't want to separate myself."

"We have had a few individuals that are Hispanic by their surname, but they essentially don't have that cultural connection of being Hispanic; so a lot of them disassociate themselves from that and they don't feel the need to join or have the desire to be a member of the various groups that we have."

Many focus group members also identified people are often hesitant to join because they don't speak Spanish or because of the misperception that the groups are only "salsa dance parties." Articulating the value proposition and having a clearly defined mission for the ERG are key for the continued engagement of ERG members and necessary in order to recruit new ones.

NOT ENOUGH TIME OR MANAGERIAL SUPPORT

Consideration needs to be given as to what may be causing these challenges. While it may be location or understanding the value proposition, it is equally likely that high employee workloads and lack of support from middle managers are additional obstacles that must be overcome. Focus group participants identified that recruiting new members can present a challenge because of existing employee workloads.



One additional issue worthy of mention often identified by the focus group participants is the role lack of middle management support plays in limiting involvement.



Companies should explore if institutional factors such as workload and lack of middle management support could be preventing Hispanic employees who are interested in becoming involved, from joining and becoming active in their Hispanic employee resource groups. Reviewing whether institutional obstacles exist could minimize the potential risks of assuming that low engagement and participation in employee resource groups by Hispanics is due to a lack of interest.

FUNDING PRACTICES

All Phase 1 participants indicated that their ERGs received funding however there was some variation in funding practices and the source of those funds.

Funding Practices



The majority (79 percent) indicated budgets for Hispanic ERGs or other ERGs more generally, are based on approved annual business plans

Three-quarters also indicated that along with their allocated annual budgets, Hispanic ERGs could apply for ad-hoc funding for special projects or initiatives

Nearly half (43 percent) of the respondents indicated the Hispanic ERG received the same amount of funding regardless of size or plan as all other ERGs

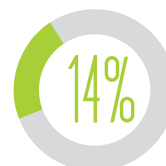


Source of Funding



79 percent indicated all or part of the funding is provided directly from business units and not just diversity and inclusion or human resources

14 percent indicated some of the funding was derived from the collection of ERG membership dues



Hispanic ERGs whose main goal is to support talent initiatives are more likely to be funded by internal staff functions such as human resources, while those whose plan is more consumer driven are more likely to be funded by a business unit^{XIII}

Funding practices are rooted in the company's structure, ERG philosophy, and even may be tied to the internal rationale for the groups' existence. Business plans appear to play an important role in not only how funds are allocated but also from where that funding comes. The variation in funding practices across companies may lead to questions regarding the financial support their Hispanic ERGs receive, including how much is the right amount?

XIII Mercer Study, 2011.

SIGNIFICANT INVESTMENT

The growth and size of these Hispanic ERGs are driving companies to make a significant investment. The investment in Hispanic ERG annual budgets ranged from \$2,000 to over \$500,000. Half of the participants reported their Hispanic ERG had a budget of at least \$20,000; the average annual budget for the Hispanic ERGs of the survey participants was \$50,360. Taken together these figures seem to imply that companies are making a significant investment in their Hispanic ERGs but how does this investment compare with that being made in other ERGs more generally?

While more than half of the companies surveyed indicated their Hispanic ERGs had budgets up to \$25,000 only slightly more than 40 percent reported their average annual budgets for all ERGs were in the same range. Slightly more than 15 percent of Hispanic ERGs were reported to have annual budgets between \$25,000-\$49,999, compared to more than 20 percent of all ERGs. Finally, while nearly 40 percent of participants reported the average annual budget for their ERGs generally is over \$50,000 only 30 percent of Hispanic ERGs had budgets over \$50,000. See figure 3.

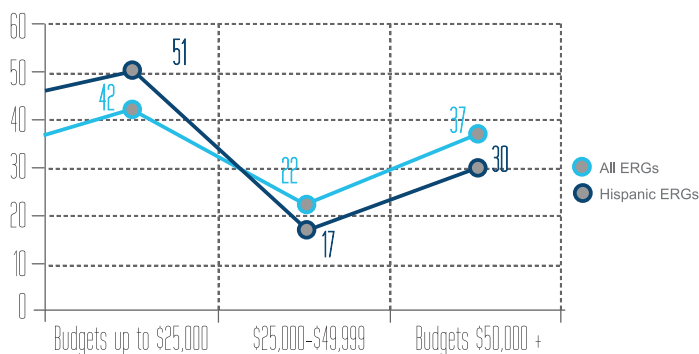


Figure 3: Comparison of Annual Budgets for Phase 1 Participants

It is important to take a step back and evaluate these trends in funding in the context of the growing popularity of Hispanic ERGs. While the majority of the companies had experienced membership growth (68 percent) in the past 24 months, only 32 percent increased the annual budget allocated to their Hispanic ERG in this same time period and nearly 10 percent (8 percent) actually experienced a decline in the funds available for their Hispanic ERGs. See figure 4. When an increase was given however, it was substantial with an average increase of 29 percent.

Hispanic employee resource groups that have achieved sustained membership growth and who are anticipating continued growth warrant consideration for increased funding. Their larger size means they have more members for whom to provide benefits and puts them in a better position to provide increased value to the organization.

A well-structured strategic plan can provide the justification for consideration of additional funds as well as the necessary understanding for how those funds will be used. These plans are key for articulating the enhanced value the ERG provides to the company thus further solidifying their role and entrenching them in the corporate culture.

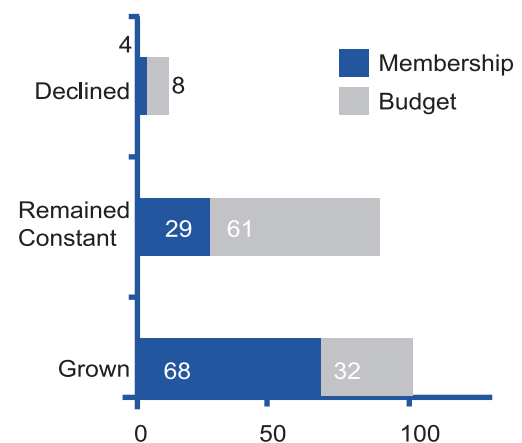


Figure 4: Membership and Budget Information for Phase 1 Participants

GREATEST IMPACT IS ON HISPANIC TALENT INITIATIVES

Companies are turning to their ERGs and asking for assistance in a number of different areas. When asked on the Phase 1 survey, to identify and rank how the Hispanic ERGs make an impact on their corporations, community engagement and a focus on Hispanic talent initiatives were ranked highly.^{XIV}

Out of the nine possible choices, “recruitment” and “retention” of Hispanic employees were ranked as areas where the Hispanic ERG consistently made a significant impact. See figure 5.

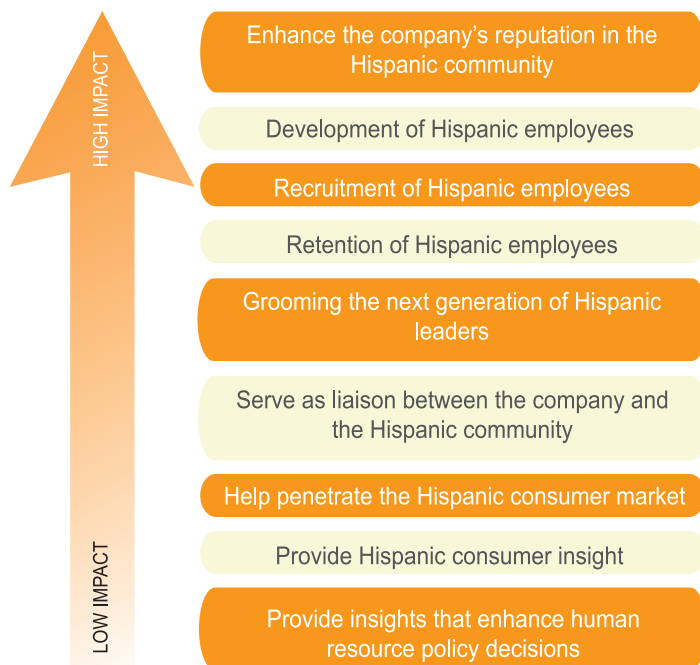


Figure 5: Areas of Greatest Hispanic ERG Impact for Phase 1 Participants

This clearly demonstrates that corporations understand the tremendous insight and value that Hispanic employees can have as internal advisors who can enhance the effectiveness of their Hispanic recruiting efforts. However, an overwhelming majority of the participants of the ERG focus groups revealed that they would like to have a more formal role in their company's recruiting efforts.

"I trust and I know that we'll get to that point, where we actually are having proactive conversations with certain people, influential people within the industry and the business about how to attract more talent into <Company Name>, I believe that is possible. I think we just need a little bit more, consistency."

A significant proportion of the ERG members report that their involvement with the ERG has enhanced their workplace experience and has led to their desire to stay. The ERG is a powerful tool for providing an atmosphere that offers professional support and serves as incentive to remain.

"For me this makes my life at <Company Name> more meaningful. It just takes the job to a whole different level. I have a much more complete function because of this; I mean I would probably be looking around more, but there's so much value and so much to do that I want to hang around."

^{XIV} Community engagement will be discussed later in the report.

MISSED BUSINESS OPPORTUNITY?

Participants in Phase 1 of this study perceived impact to be low with regards to support for Hispanic business efforts with “providing Hispanic consumer insights” and “helping to penetrate the Hispanic consumer market” ranking towards the bottom of the list. Only “providing insights that enhance human resource policy decisions” ranked lower than ERG involvement in market initiatives.

The low perceived impact of Hispanic ERGs on business efforts is surprising. While companies appear to think of them as internal advisors to support talent initiatives, it does not appear that Hispanic ERGs are fully integrated into business initiatives.

Focus group participants indicated that they feel underutilized when it comes to the ERG’s involvement in business initiatives, often only called upon to provide insights as they pertain to the Spanish language or to represent the company in Hispanic community events.



“We did have a hand in helping pick out the Spanish package for a new product. But there hasn’t been a formalized way that we are part of the business, although we pride ourselves on being that resource and being available to the corporation.”



“But they never come to us per se except for the Hispanic segment market – we are working with them, but other than that, it’s more segmented and ad hoc kinds of things.”



“Last year, for example, we partnered with <Institute Name>. They were providing a seminar for small businesses to help them know how to grow and manage their business. We provided input there into supplier diversity initiatives; And so that not only benefits the small business community, but also it helps our company get out there.”

But like with recruitment efforts, focus group participants thought there was more that they could be doing to impact their company’s business initiatives and in some cases even took it upon themselves to lead that market connection.



“If we are testing for advertisements of ads or anything else, bring it to an internal focus group that both understands the community and understands <Company Name>, and if they don’t get it, then the community out there is not going to get it. So I think there’s a lot of venues by which they are not being used in which I think they could be used right now.”

“I think that <Company Name> has an opportunity to take advantage, if you will, of the customer segment that is growing – the Hispanic customer segment. So we all know that we are [a] growing demographic, and it’s a matter of taking advantage as a business – thinking about it as a business. It’s a market segment that is there and we need to tap into it. We have limited efforts in that area. So <ERG Name> is going to deploy an education campaign regarding the multicultural opportunities that <Company Name> has and provide support in building this campaign, providing input, insight from a Hispanic perspective.”



COMMUNITY ENGAGEMENT



Many companies recognize the connection their ERG offers to the community and have started to rely on them to build relationships through service and volunteer efforts. These Hispanic ERGs have been quite successful in giving back to the community and that creates a mutually beneficial return for the communities and the corporations.

Among some of the most significant successes identified were supporting the broader Hispanic community via a large number of volunteer hours, encouraging more young Hispanics to pursue careers in STEM, and awarding student scholarships. Some also partnered with community organizations to develop innovative programs for Hispanic youth, others held successful leadership summits bringing together their members, Hispanic thought leaders, and executives both from within and outside of their companies.

The impact of these ERGs is being felt within the Hispanic community as several have won national competitions such as the United States Hispanic Chamber of Commerce Latino ERG Corporate Challenge or have been named the top Latino ERG of the Year by *LatinaStyle* magazine. These ERGs are making an impact and companies are starting to recognize the value that increased community engagement has for them as well.

HIGHLIGHTING CULTURAL AWARENESS WITHIN THE COMPANY

"Our team is actually trying to educate people about our culture, not just the Hispanic culture but Europe and also some of our Asian teams, because in purchasing we have a ton of buyers in Mexico and then we have a ton of buyers in Europe like Poland, so we're hitting on little learning events like a luncheon to learn about the culture and we are asking buyers from each of those areas to be a part of that."

"[We had] a screening of the Latino List, HBO partnered with us and we were able to invite not only people locally, but also we extended and created some relationships with other Latino organizations here [and in other parts of the state]."

"To better connect the company, we have some initiatives, right now, that are ongoing...for example, the Spanish classes that we have for members and non-members. It has created a good impact for the company. We have business around the world with Spanish speaking people, and it just helps the company make that connection."

GIVING BACK TO THE COMMUNITY

"It's a center – you know they do a lot of cultural activities and volunteer activities just to help the Hispanic community in the metro <City Name> area. And they have a few events coming up in which we will go to senior citizen homes and we clean up the backyards or the front yards as well."

"We've partnered with [the] Red Cross and during disasters they have actually put a public relations form together so that we give Spanish-language updates to the media, there was about three of us doing that."

"Our clinical diagnostics group [wanted] to get Latinos to understand it's important to get measured on cholesterol and on diabetes. <Campaign Name> is a big campaign that we've leveraged through, and that came from a major marketing initiative, and we had it translated and taken to our communities."

"[We work with] a small organization, nonprofit, that tries to build confidence in young girls, and that is not only a good tie out there because it is not only Hispanic but also [their] confidence-building efforts rely on an online magazine, which ties in perfectly with our technology."

ENHANCING EDUCATIONAL OUTCOMES FOR HISPANIC YOUTH

"[We are] focused on developing education for primarily middle school students in the areas that are predominantly Hispanic and we focus on being role models to the students and speak to our experience of being successful professionals from Hispanic backgrounds."

"We are doing a lot of great things because we want to inspire Hispanic kids to achieve higher education. So one of the things we did last year is we had our first career day. We wanted to bring them into this environment so they can picture themselves being professionals and working for a large company."

"Scholarships are done in multiple chapters from Florida to New York...[they] give significant money every year - sometimes close to \$20,000 to high school seniors or college freshmen of Hispanic origin from that state."

"They call it Latino Day – where Latino professionals working in metro <City Name> come back to the classroom and speak to juniors and seniors about the importance of a college career."

"<City Name> Youth Foundation, which is a local nonprofit organization that provides in <City Name>, a safe space for kids after school, with access to technology, while their parents are working they can be there, rather than being on the streets."

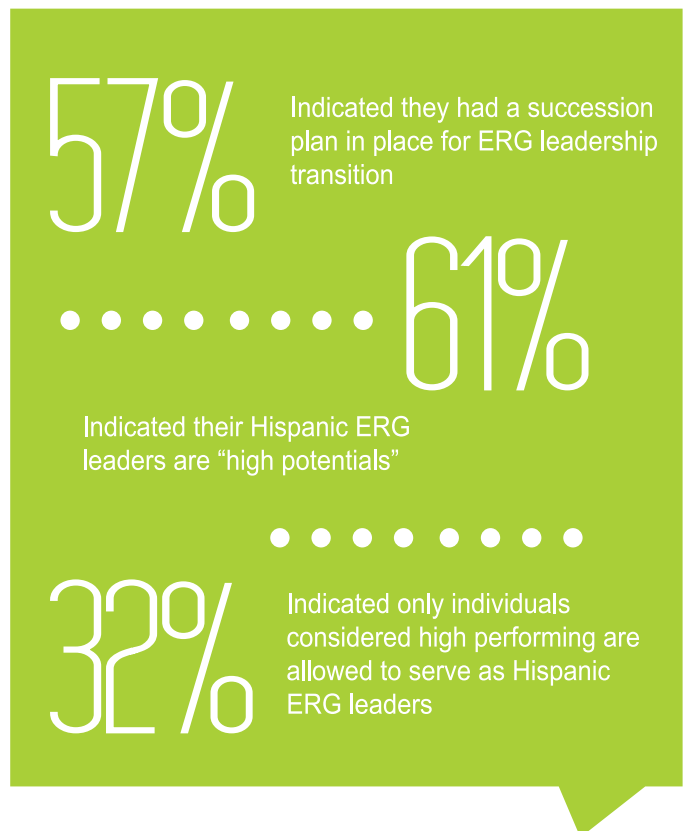
HEAVY EMPHASIS PLACED ON HISPANIC ERG LEADERS

Hispanic ERGs are only as strong as their leadership. As a result, companies are placing heavy emphasis on selecting their Hispanic ERG leaders and in many cases companies have carefully developed plans for leadership selection and succession. In fact more than half of the Phase 1 participants (57 percent) indicated they had a succession plan in place for ERG leadership transition.

Leadership continuity is critical to the sustained success of Hispanic ERGs. Having a succession plan allows a corporation to build strong future ERG leaders and avoid disruption when a leadership transition is necessary. Controlling for the transition better prepares leaders to tackle future challenges the Hispanic ERG may face. ERGs without a succession plan run the risk of losing momentum or focus if their leader leaves suddenly and no new leader is identified. A succession plan allows the company to see what skills and competencies are needed in leaders and evaluate what tomorrow's business environment will require.

A considerable amount of effort is placed on identifying leaders and there is movement toward the trend of selecting ERG leaders from those employees who are already visible within the company and who have proven track records. Nearly two thirds of the participants indicated their Hispanic ERG leaders are "high potentials" and more than 60 percent (61 percent) indicated their Hispanic ERG leaders are discussed as part of the company's talent management process.

Having high performing individuals in leadership roles result in two key benefits for the Hispanic ERG. First, the very skill and capability of these high performing individuals allows them to enhance the overall performance of the Hispanic ERG. Strong Hispanic ERGs are very difficult to maintain without strong leaders. Secondly, high performing Hispanic ERG leaders tend to serve as magnets for others and can encourage other Hispanics to get involved with the employee resource group.

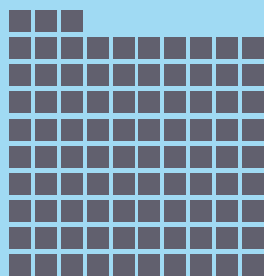


EXPOSURE, EXPOSURE, EXPOSURE

Ensuring the continued growth, development, and success of these ERGs is a tremendous responsibility that is shouldered in many cases by the ERG leader. Because of this additional layer of responsibility, companies actively reward and provide perks to their Hispanic ERG leaders. When asked which rewards and perks are provided to Hispanic ERG leaders, 93 percent indicated they provide increased access and visibility to corporate executives and 86 percent indicated they provided opportunities for extra professional development. Slightly more than 10 percent (11 percent) indicated they provide increased annual pay, bonuses, or some other non-cash incentive for those employees willing to take on the leadership positions.

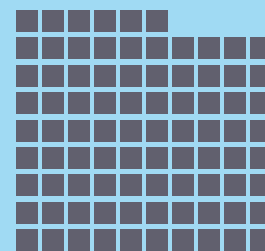
93%

Provide increased access and visibility to corporate executives



86%

Provided opportunities for extra professional development



Focus group participants often cited some of these perks as reasons for their continued involvement and in fact most often highlighted the benefits of the added exposure.



"The ERG has given me the opportunity to meet people I wouldn't have otherwise known, some being more senior people who have taken an interest in my personal career path have become mentors, have given me advice, been coaches, and have been sponsors for me."

"The exposure and the opportunity to be at different locations and involved in different activities helps you to present yourself in a different light that makes promotion opportunities a little bit more feasible."

"I was never planning to go to law school to become a lawyer or anything like that. But once you get exposed, beginning to see and talk to some of the senior management, that's exactly what the point is here; to expose people to different aspects of the business. You can be a manager. You can move to director. You can be a VP. And part of it is to get them motivated into doing that. I think that is something in which we have already seen some success."

"Because of my involvement with the ERG I've been asked to serve on another board in the community; so people know you, especially in the Hispanic community. You are part of that ERG group; you are driven, you are committed. They already assume certain attributes and they kind of select you from that."

"Is it a direct correlation that says I'm in the ERG yes I'm going to get a promotion - no. Am I in the ERG am I seen as a leader - is that part of the equation? Are people having discussions about where I'm going to go or am I going to be nominated by <Company Name> for X award or am I going to go out and be an ambassador for <Company Name>? Yes. I can tell you that."



EXECUTIVE ENGAGEMENT

Hispanic ERGs benefit when they have an executive who has a vested interest in their success. These engaged executives tend to provide clear direction on the Hispanic ERG strategy and can serve as champions for the ERG.

All the Hispanic ERGs who participated in Phase 1 of the study have an executive sponsor and with the exception of one company who identified the executive sponsor was not actively engaged with the ERG, they all appear to rely on them heavily. Nearly 80 percent (79 percent) of the participants indicated their executive sponsor speaks at their events and three-quarters (75 percent) also identified the executive sponsors serve as mentors for the Hispanic ERG leaders. Executive sponsors are also called upon to periodically advise the ERG and at times to help secure funding as well.

Many survey participants also identified additional ways the executive sponsor is involved with the ERG apart from those duties mentioned above. Many executive sponsors play the role of internal advocate for the Hispanic ERG, often increasing visibility of the group's accomplishments with other senior leaders and colleagues, as well as top leadership within the corporation. Hispanic ERG executive sponsors were also identified as playing a role in helping to set the group's strategic direction by providing timely advice and guidance to ensure the group stays in line with the company's mission and vision.

These executive sponsors are also key in engaging top Hispanic executives in the work of the ERGs. Nearly all of the survey participants (96 percent) indicated other top Hispanic leaders at their companies are also engaged with the Hispanic ERG. When asked to identify how Hispanic leaders were engaged with the Hispanic ERG, more than 80 percent (81 percent) indicated Hispanic leaders speak at their events and nearly three quarters (74 percent) indicated these top Hispanic executives serve as mentors to Hispanic ERG leaders. Top Hispanic executives also appear to provide support by advising the group as well as helping to secure funding.

Similar to the executive sponsors, the involvement of top Hispanic executives often stretches beyond these typical avenues. Many study participants highlighted the active role top Hispanic executives play in mentorship and coaching; identifying the active development of Hispanic talent as one of the biggest benefits to having other executives engaged with the group. These executives can also play a role in facilitating the business impact Hispanic ERGs can make. Several participants reported top Hispanic executives play a role by helping the ERG identify the needs of their companies. Many times these executives are able to engage their divisions or serve as business sponsors with the ERG to help them support the business needs of the company. This direction, feedback, and opportunity is much needed to help the Hispanic ERG make the market connection.

EXECUTIVE ENGAGEMENT

OVER 95% Indicated top Hispanic executives at their companies are engaged with the Hispanic ERG

WHAT THEY DO

EXECUTIVE SPONSOR



Indicated that their executive sponsor speaks at their events

SPEAK AT THEIR EVENTS



OTHER HISPANIC EXECUTIVES



Indicated that Hispanic leaders speak at their events



Identified that the executive sponsors serve as mentors for the Hispanic ERG leaders

MENTORS



Identified that these top Hispanic executives serve as mentors to Hispanic ERG leaders

WHY IT'S IMPORTANT

ON THE INDIVIDUAL LEVEL

"I mentor three people currently and a year ago I mentored three different people and prior to that similarly. I see that as a way to kind of be an advocate for them when opportunities come up in various HR forums or in certain job opportunities...I think that's a big role that I have and I know other executives like me that are involved similarly and try to do the same."

ON THE GROUP LEVEL

"It's great to have mentorship, it's great to have employee resource groups out there, but if we don't have the sponsorship by the officers and advocacy from the officers, we are not going to be able to make a difference in terms of the Hispanic employees that are making it up the ranks in Corporate America."

ON THE COMPANY LEVEL

"I believe the more dialogue we have and the more resources we allocate, the better we will do as a company. I think we will be successful in terms of growing our employee base as well as being much more effective as a company in drawing our Hispanic talent. And of course we will be able to continue to drive our business, because the Hispanic consumer is our fastest growing demographic and I'm afraid if we don't get ahead of that trend, we could be missing a tremendous business opportunity."

VALUE OF BENCHMARKING

Benchmarking is a way of discovering how to achieve the best possible outcomes.^{xv} Benchmarking provides an assessment of the status of the businesses' needs,^{xvi} and is also a valuable tool for ERGs. Benchmarking is useful for helping ERGs to identify gaps between what is being done and what could be done as well as evaluating their position and reach within the company. Benchmarking offers a company a way of learning a great deal about the ways in which their EGR can continuously improve and continue to make an impact within the corporation and the community.

HACR Hispanic ERG Study participants were not only asked about their commitment to benchmarking but they were also given the opportunity to benchmark their Hispanic ERG against a normative database of over 36,000 responses from members of more than 500 ERGs^{xvii} from 172 companies using the 4C Assessment tool created by Dr. Robert Rodriguez, president of DRR Advisors, LLC. These results will be discussed as part of the recommendations section.

^{xv} www.isixsigma.com/methodology/benchmarking/understanding-purpose-and-use-benchmarking/

^{xvi} www.accenture.com/us-en/Pages/insight-value-benchmarking-summary.aspx

^{xvii} The normative database include ERGs representing the 16 groups listed here: Women's, Hispanic/Latino, African American, Asian American, LGBT, Millennial, Working Parents, Veterans, Disability, Multigenerational, Over 40, Religious, Field Location, White Male, Administrative, and Native American.

INFORMAL VS. FORMAL BENCHMARKING

While there is no doubt there is value in identifying opportunities for improvement and sharing information through benchmarking, participants of our study were not fully committed to benchmarking. Ten of the participating companies identified they did not benchmark either formally or informally. Only slightly more than one-third (36 percent) of the participants identified their Hispanic ERG benchmarks or shares best practices with ERGs at other companies through formal means. Among those companies who said their Hispanic ERG benchmarked through formal means, the majority (70 percent) did so with at least 2 other companies and sometimes as many as 10 other companies. Participants were much more likely to benchmark through informal means with nearly two-thirds (64 percent) indicating their Hispanic ERG benchmarks or shares best practices informally and all of them do so with more than one firm.

When asked who they benchmark with, respondents were more likely to benchmark with other ERGs within their firm. They were also more likely to share best practices with external Hispanic ERGs before benchmarking with non-Hispanic external ERGs. The non-Hispanic ERGs that companies reported benchmarking with included: African American, Asian, and Native American networks as well as women's groups and those groups focused on veterans.

36%

Identified their Hispanic ERG benchmarks or shares best practices with ERGs at other companies through formal means

64%

Indicated their Hispanic ERG benchmarks or shares best practices informally and all of them do so with more than one firm

CLOSING THOUGHTS

The presence and impact of Hispanic ERGs on organizational life is flourishing and the insights provided by the HACR Hispanic ERG Research Study will only make them stronger. Companies now have new information that can inform their Hispanic ERG practices and can help shape thinking for future action related to their Hispanic ERGs. The focus of this study has been to better understand the four areas identified by HACR as central to the continued success of Hispanic ERG impact, leadership, executive engagement, and benchmarking, HACR makes the following recommendations in these four areas.

IMPACT

Given the majority of successes and milestones mentioned by Hispanic ERGs involved contributions to the Hispanic community, HACR recommends corporations provide additional business training to Hispanic ERG leaders to better equip them to develop strategies linking Hispanic ERG initiatives with Hispanic consumer efforts. Because of their natural understanding of the diverse Hispanic market segments, Hispanic ERGs are well positioned to provide unique cultural insights, establish relationships with community leaders, and build trust among these consumers. Enhancing the business acumen of the Hispanic ERGs places them in an improved position to augment the effectiveness of a corporation in connecting with the Hispanic marketplace.

HACR also recommends corporations seriously consider the impact their Hispanic ERGs can make on the recruitment and retention of top Hispanic talent. ERGs are looking to increase their involvement in this area, and they are one resource whose potential appears to be going overlooked. Onboarding costs can be reduced if companies are willing to provide the necessary training to ERG members to make them an effective recruitment tool as well as an avenue for increased retention.

LEADERSHIP

The results of the 4C Assessment clearly indicate ERGs that participate in leadership training have much better performing employee resource groups. See figures 6 and 7.

ERG leadership in many cases is the lynch pin on which the success of the ERG hinges. Thoughtful consideration should be given to succession and selection of these individuals in addition to accountability metrics and training provided to these individuals. HACR recommends corporations should provide more leadership training to their Hispanic ERGs, particularly since more is being asked of Hispanic ERG leaders. Suggested training areas to consider include building competencies such as systems thinking or influencing skills or perhaps, training related to teamwork so that they can lead effective ERGs. Regardless of the type of training being provided, organizations have an obligation to support their Hispanic ERG leaders through increased competence and knowledge if they desire to turn their ERGs into leadership incubators.

EXECUTIVE ENGAGEMENT

The 4C Assessment results clearly indicate that the ERGs that have actively engaged Hispanic executives have much better performing employee resource groups. See figures 8 and 9. The direction, support, and guidance executives can provide are integral for continued success of Hispanic ERGs. HACR recommends that companies find ways to engage more top executives in the work of the ERG.

Today, leading Hispanic ERGs have become much more strategic and sophisticated. They are also making a larger impact on organizations as their scope and appeal broaden. But for continued success, these Hispanic ERGs leaders need additional attention and strategic support from top Hispanic executives.

CLOSING THOUGHTS

SHARING BEST PRACTICES

Those Hispanic ERGs that indicated that they benchmark with others on a consistent basis scored significantly higher on the 4C Assessment than those that do not. See figures 10 and 11. Because of the many benefits of benchmarking, HACR recommends corporations should more strongly encourage internal and external benchmarking by their Hispanic ERGs. This encouragement could come in the form of helping to facilitate the benchmarking process, connecting the Hispanic ERGs to other ERGs to benchmark against, or reaching out to external corporations to provide valuable insights and best practices. There is a growing realization that to be an effective Hispanic ERG in an increasingly multicultural and global world, we need to learn from others with firsthand experience.

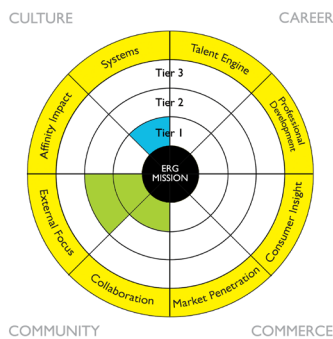


Figure 6: Does Not Participate in ERG Leadership Training (n= 23)^{XVIII}

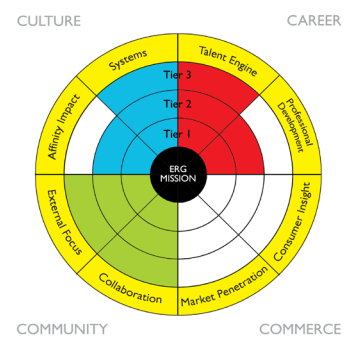


Figure 7: Does Participate in ERG Leadership Training (n= 30)

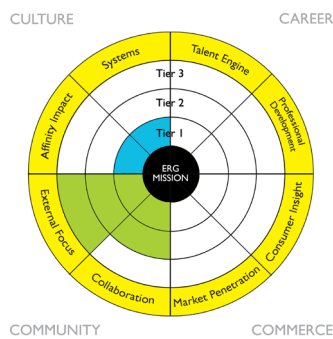


Figure 8: Top Hispanic Executives Are Not Actively Engaged (n= 13)

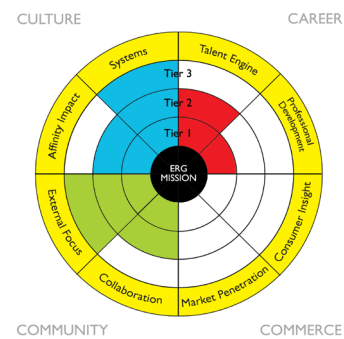


Figure 9: Top Hispanic Executives Are Actively Engaged (n= 42)

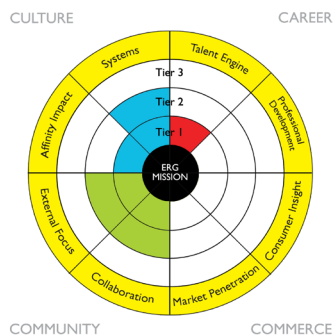


Figure 10: Hispanic ERG Does Not Benchmark Regularly (n= 23)

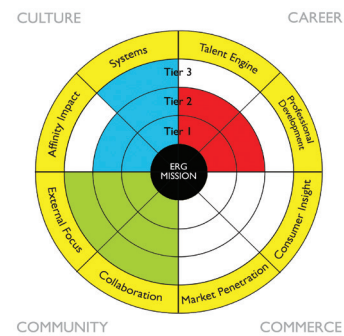


Figure 11: Hispanic ERG Does Benchmark Regularly (n= 33)

^{XVIII} Sample size for the 4C Assessments are based on individual responses.

ACKNOWLEDGEMENTS

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Thank you! ¡Gracias!

ABOUT THE AUTHORS



Robert Rodriguez, Ph.D., is president of DRR Advisors LLC, a consulting firm that specializes in enterprise diversity strategy planning, employee resource group optimization and Latino talent management programs. Over 100 corporations have sought his expertise and consultation to develop proactive diversity initiatives. In 2010 Rodriguez was named one of the Top 100 Most Influential Latinos in America by *Hispanic Business Magazine*.

Rodriguez was most recently the senior vice president at ALPFA, where he led their Latino diversity consulting practice.

Rodriguez has also held faculty roles at Kaplan University, the Kellstadt School of Business at DePaul University, and worked in human resource leadership roles at several *Fortune 500* firms.

Rodriguez has also written for, or been quoted in, the *Chicago Tribune*, *BusinessWeek*, *The Wall Street Journal*, *The Washington Post*, *Hispanic Business* and *Latino Leaders Magazine*, and *Hispanic Executive Magazine*. Rodriguez is best known for his book, *Latino talent: Effective Strategies to Recruit, Retain and Develop Hispanic Professionals*.

He received his undergraduate degree in business management and his doctorate in Organization Development. He is also a graduate of the UCLA Latino Leadership Institute.



Dr. Lisette Garcia joined the Hispanic Association on Corporate Responsibility (HACR) in September 2012, revitalizing the role of Director, HACR Research Institute and charting a strategic plan and roadmap for the Institute. In addition to managing HACR's *Corporate Inclusion Index and Corporate Governance Study*, Dr. Garcia takes the lead in facilitating the organization's investigative projects and developing new programs and research

studies aimed at strengthening HACR's reputation as the key source for information on Hispanic inclusion in Corporate America.

A trained researcher with a Ph.D. in Sociology from The Ohio State University, Garcia has dedicated her career to exploring educational and employment issues within the realm of corporate social responsibility, discrimination, and diversity and inclusion.

Garcia has published several articles on employment discrimination and Latino educational attainment in scholarly journals.

In addition to her doctoral degree, Garcia holds an M.S. in Sociology from Virginia Tech and dual undergraduate degrees from Penn State in Sociology and Labor and Industrial Relations. She is a proud recipient of the NCID Exemplary Diversity Scholar Citation for her contributions in diversity-related research, practice, and teaching.



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About HACR

Founded in 1986, the Hispanic Association on Corporate Responsibility (HACR) is one of the most influential advocacy organizations in the nation representing 16 national Hispanic organizations in the United States and Puerto Rico. Our mission is to advance the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions. To that end, HACR focuses on four areas of corporate social responsibility and market reciprocity: Employment, Procurement, Philanthropy, and Governance.

About the HACR Research Institute

The HACR Research Institute (HRI) is the research arm of HACR and is devoted to objective research, analysis, and publication of Hispanic-related issues in Corporate America. The institute focuses its research on corporate governance, workforce, employment, philanthropy, procurement, economics, and national demographics. The goal of the HRI is to assess current Hispanic trends and stimulate discussion on Hispanic inclusion in Corporate America.

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