

# 2010 HACR CORPORATE INCLUSION INDEX



Corporate  
Accountability  
Strategy

# HACR

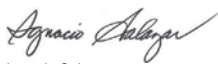
# Letter from HACR Board of Directors

The Coalition Members of the Hispanic Association on Corporate Responsibility (HACR) consist of 16 national Hispanic organizations that form the backbone of HACR and whose executive directors, presidents and CEOs serve as board members to the organization. These organizations represent the most recognized, influential, grass roots, advocacy organizations in the United States and Puerto Rico. Since our incorporation in 1986, our mission has been the same: to advance the inclusion of Hispanics in Corporate America at a level equal with our economic contributions.

As Coalition Members we work with our corporate partners, stakeholders, elected officials, and community leaders to provide them with the expertise and tools necessary to ensure the inclusion of Hispanics in our four areas of corporate social responsibility and market reciprocity: employment, procurement, philanthropy, and governance. As we look ahead preliminary reports from the 2010 Census has an expected count of 50 million Hispanics as part of the U.S. population; our numbers have increased 42% over the past 10 years compared to 5% growth for the rest of the population. This means that one in every six U.S. residents is Hispanic, making us the second largest consumer group in the U.S. This will have a major impact on all aspects of a company's decisions from marketing to hiring.

However, even with our population boom, we continue to be underrepresented in key positions and decisions throughout Corporate America. In order to address this lack of proper representation, the HACR Board of Directors adopted the Corporate Accountability Strategy that focuses on four areas: Agreements with corporations, HACR Corporate Inclusion Index Survey, Research & Advocacy and a Stock Purchase Fund. We are confident that HACR's Corporate Accountability Strategy will become an effective means in identifying *Fortune 500* companies' level of Hispanic inclusion and will become a tool to encourage corporations to go beyond identifying a need for it, and actually take action in changing their corporate diversity strategies.

It is with much anticipation that we share the 2010 HACR Corporate Inclusion Index (HACR CII) report with our members,



Ignacio Salazar  
SER-Jobs for Progress National, Inc



Albert Gonzalez  
American GI Forum of the United States



Guarione Diaz  
Cuban American National Council



Esther Aquilera  
Congressional Hispanic Caucus Institute, Inc.



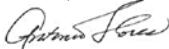
Ron Blackburn-Moreno  
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Octavio Hinojosa Mier  
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Janet Murguia  
National Council of La Raza



Cristina Lopez  
National Hispana Leadership Institute



Rafael Fantauzzi  
National Puerto Rican Coalition



Manuel Gonzalez  
National Society of Hispanic MBAs



Javier Palomarez  
United States Hispanic Chamber of Commerce



Dr. Juan Andrade  
United States Hispanic Leadership Institute

## HACR Coalition Members

American GI Forum of the US  
ASPIRA Association, Inc.  
Congressional Hispanic Caucus Institute  
Congressional Hispanic Leadership Institute, Inc  
Cuban American National Council  
Hispanic Association of Colleges and Universities  
League of United Latin American Citizens  
MANA, A National Latina Organization  
National Association of Hispanic Publications  
National Council of La Raza  
National Hispana Leadership Institute  
National Puerto Rican Coalition  
National Society of Hispanic MBAs  
SER-Jobs for Progress National, Inc.  
United States Hispanic Chamber of Commerce  
United States Hispanic Leadership Institute

our community and the public at large. The numbers speak for themselves and the picture they paint should be clear to Corporate America...it is time to fully recognize the contributions of Hispanics in the workplace, as suppliers, in the C-Suites and in corporate board rooms. It is no longer acceptable to simply hire Hispanic personnel to capture the Hispanic market. The success will come with long-term investments in all aspects of the business. HACR will be there to promote Hispanic inclusion and support those companies who truly get it and help them capture the market share in our community.

We are delighted that more of our members and several non-members participated in the 2010 HACR CII survey. To those who participated in this year's survey — we thank you. To those who did not, we will be reaching out to engage you at all levels of the business to understand what your strategies are in regards to Hispanic inclusion.

# Letter from the HACR President & CEO

Since its incorporation in May 1986, the Hispanic Association on Corporate Responsibility (HACR) has had a profound impact on empowering Hispanic inclusion in Corporate America. Through the guidance of our Board of Directors and in partnership with our corporate members, we have been able to bring to light the importance and relevancy of our mission: the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions.

While our community has experienced tremendous growth in population and buying power over the last two decades, we still have a long road ahead of us before we reach market reciprocity and inclusion at all levels.

For the second consecutive year, the HACR Corporate Inclusion Index (HACR CII) helps us answer the question, “What is the status of Hispanic inclusion in Corporate America?” With this data, we can begin to comprehend where we stand today, and what progress is being made in the areas of employment, procurement, philanthropy and governance: HACR’s long standing focus areas of corporate social responsibility.

As the 2010 HACR CII indicates, more and more companies are willing to be **transparent** by sharing their data and embracing the importance of this survey. This year we had 50 corporations submit surveys — a 43% increase over last year. The following are a few of the report highlights:

**EMPLOYMENT** — The report reflects a majority of Hispanics tend to be in more non-exempt than exempt level positions. Efforts to attract and retain Hispanics have improved. The Hispanic attrition rate fell to around 15% as compared to other ethnic groups.

**PROCUREMENT** — Hispanic-owned businesses are growing exponentially, (2.3 million businesses in 2009), however, Corporate America continues to underutilize Hispanic suppliers. Hispanic contractors that were awarded business in 2009 only received on average 1/5 of total dollars awarded in contracts when compared to other suppliers. The report uncovered that the allocations by companies for Hispanic spend goals hovers at 1% of total diversity spend goals, thus 99% went to other suppliers.

**PHILANTHROPY** — Overall U.S. charitable giving fell 3.6% in 2009 to \$303.75 billion – however, philanthropic giving by corporations rose to an estimated \$14.1 billion, up 5.5% (5.9% adjusted for inflation)\*. This unexpected bounce takes corporate giving to within 1% of its pre-recession level. The reason for the change can be accounted for by looking at corporations which are less affected by the recession.

**GOVERNANCE** — In the area of governance, under the leadership of United States Senator Robert Menendez (D-NJ) and SEC Commissioner Luis Aguilar, a fair and equitable strategy for board diversity is gaining momentum. Several companies are now willing to disclose what diversity means to them and how it is being addressed.

Optimistically speaking, this year’s HACR CII Report provides HACR, its members and non-members with a better evaluation of what they look like from an employee, consumer, or community and business partner’s perspective.

As always HACR will continue to advocate in changing how corporations think about, measure, engage with and interact around Hispanic inclusion at the workplace, in the boardroom and with the community.

Sincerely,



Carlos F. Orta  
President & CEO

\*Source: The Center for Philanthropy, IUPUI – June 2010

# How Can HACR Hold Companies Accountable?

Through a Comprehensive Corporate Accountability Strategy.



## Overview of Corporate Accountability Strategy

**For the past 24 years, HACR has advocated for the inclusion of Hispanics in Corporate America at a level commensurate with the U.S. Hispanic community's economic contributions.** At 15 percent of the nation's population, Hispanics now represent the fastest-growing group of Americans in several categories: consumers, employees, business owners, taxpayers, and voters.

HACR's Board of Directors adopted the Corporate Accountability Strategy in early 2009. These Coalition Members represent 16 of the most influential and respected grassroots organizations in the United States and Puerto Rico.

The four focus areas of the comprehensive Corporate Accountability Strategy are:

- Agreements are contractual relationships that provide opportunities to increase visibility to the 16 HACR Coalition Members with the individual corporation.
- The HACR Corporate Inclusion Index (HACR CII) survey will measure comprehensive outreach and inclusion of the Hispanic community within our four pillars of employment, procurement, philanthropy and governance.
- Research & Advocacy will gather informal data on *Fortune 100* companies as well as quick survey requests of *Fortune 500* corporations based on relevant questions. We will be surveying community leaders from across the U.S. about performance of *Fortune 500* companies.
- Stock Fund is to invest in and support companies that help advance HACR's mission and identify the companies who are not Hispanic Inclusive.

# Methodology

The primary source of information for the 2010 Hispanic Association on Corporate Responsibility — Corporate Inclusion Index (HACR CII) rating is the HACR CII survey, available at [www.hacr.org/Cii](http://www.hacr.org/Cii). The HACR CII survey collects key pieces of information in and around the four HACR pillars of Employment, Procurement, Philanthropy and Governance; to calculate a corporation's rating score and other information that helps the HACR Research Institute to gauge trends and best practices among all businesses or particular industries. Corporations are also asked to provide supporting documentation for some of the criteria and information that was submitted.

This year's survey is the second concurrent survey carried out by HACR; the first survey was carried out by HACR, which was conducted and released in 2005. Many of the same principals and focus areas for this year's survey were developed and used for the survey that was executed and released in 2009, thus allowing the organization to capture insights on areas of improvement and areas that still need attention. With these recent numbers we are now able to review data from the past five years.

Invitations for the HACR CII 2010 survey were mailed in May 2010. If a corporation had not previously participated in the HACR CII, surveys were sent to the chief executive officer, as well as the highest-level executive responsible for human resources and/or Diversity when it was possible to obtain their contact information. If a corporation had previously participated in the HACR CII, surveys were first sent to the individuals responsible for previous submissions along with communications being sent to senior level executives. The HACR staff provided additional assistance and advice throughout the process and reviewed submitted documentation for appropriate language and consistency with survey answers. Corporations were invited to provide HACR staff with any additional information, corrections to data and/or updates prior to this report going to print.

The 2010 HACR CII was sent to all *Fortune 100* and HACR corporate partners. A total of 122 corporations received invitations to take part in the survey. Of that number, 50 submitted surveys and 44 were rated. Last year, 35 submitted surveys and 30 were rated. The respondents who completed the survey — 31 were HACR corporate members and 15 were non-members, 24 of the 46 survey participants were repeat remitters from 2009. The largest response by industry was banking and financial services.

## Acknowledgements

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

**ANA M. VALDEZ** — Ana currently serves as the executive director of HACR and leads the efforts of the HACR Research Institute. Ana also serves as the Editor of the HACR CII report.

**MOSTAFA ABDELGUELIL** — HACR Communications Manager, was instrumental in producing this report.

***Acknowledgements:** On behalf of the HACR Board of Directors, staff and Research Institute, we would like to acknowledge and extend a special thank you to the following for their support of the publication of the 2010 HACR CII report.*

**DR. SUE FOGEL** — Department Chair and Associate Professor of Marketing at DePaul University and Co-Director of the Kellstadt Center for Market Analysis and Planning. Dr. Fogel's work has been published in *Marketing Science*, *Journal of Consumer Psychology*, *Marketing Letters*, and other academic journals. She holds a Ph.D. in Cognitive Psychology from the University of California at Berkeley. Dr. Fogel oversaw the data compilation and analysis of the 2010 HACR CII report.

**ROXANA VERGARA** — Principal at V Consulting served as Project Manager for the 2010 HACR CII. Roxana lead the compilation, analysis and result findings of the 2010 HACR CII survey results.

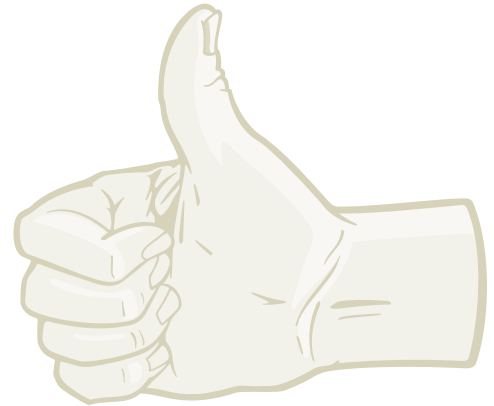
**TERESA CHAURAND** — Vista Communications, Senior Partner was key in developing the literary direction and provided the final written document.

**NANCY SAIZ** — President of Saiz Design was instrumental in the layout creation and design for this report.

# HACR Corporate Inclusion Index: Companies that Participated

Aetna  
Allstate  
ALTRIA Group  
AT&T  
Bank of America  
Burger King  
Cisco Systems, Inc.  
Citigroup, Inc  
Coca-Cola Company  
Comcast Corporation  
Comerica Bank  
ConAgra Foods, Inc  
Deere & Company  
Dell Inc.  
Ford Motor Company  
GE  
Goldman Sachs  
Hewlett-Packard  
Intel  
IBM  
Johnson & Johnson  
JPMorgan Chase  
Kraft Foods  
Kroger Co.  
Lockheed Martin

Macy's  
Marriott International  
McDonald's  
Microsoft  
MillerCoors  
Northrop Grumman  
PepsiCo  
Prudential Financial, Inc.  
Sodexo  
Starwood Hotels & Resorts Inc.  
State Farm  
Target  
Time Warner  
UPS  
Verizon  
Wal-Mart  
WellPoint, Inc.  
Wells Fargo & Company  
Wyndham Worldwide Corporation



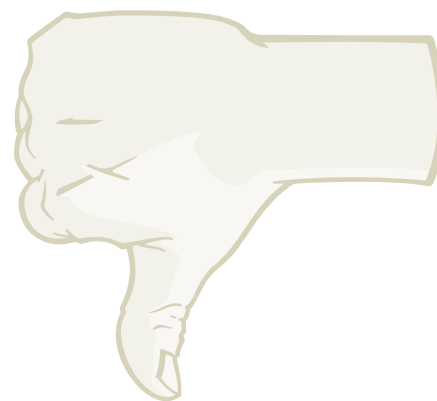
## The following Organizations/Corporations Submitted a 2010 HACR CII Survey but were not rated:

AARP  
Anheuser Busch  
Diageo  
General Motors  
McKesson  
Univision

# HACR Corporate Inclusion Index: Companies that Did Not Participate

Abbott Laboratories  
Amazon.com, Inc.  
American Express Company  
American International Group Inc. (AIG)  
AmerisourceBergen Corporation  
AOL Inc.  
Apple Inc.  
Archer Daniels Midland Company  
Berkshire Hathaway Inc.  
Best Buy Co., Inc.  
The Boeing Company  
Cardinal Health, Inc.  
Chevron Corporation  
CHS Inc.  
ConocoPhillips  
Costco Wholesale Corporation  
CVS Caremark Corporation  
Delta Air Lines, Inc.  
The Dow Chemical Company  
DuPont  
Enterprise GP Holdings  
Express Scripts, Inc.  
Eastman Kodak Company  
Exxon Mobil Corporation  
Fannie Mae  
Federal Express Corporation  
Freddie Mac  
General Dynamics Corporation

Harrah's Entertainment, Inc.  
Hartford Financial  
HCA Inc.  
Hess Corporation  
The Home Depot, Inc.  
Honeywell International Inc.  
Humana Inc.  
Ingram Micro Inc.  
International Assets Holding Corporation  
Johnson Controls, Inc.  
Liberty Mutual Holding Company, Inc.  
Lowe's Companies, Inc.  
Marathon Oil Corporation  
Massachusetts Mutual Life Insurance Company  
Medco Health Solutions, Inc.  
Merck & Co. Inc.  
MetLife Inc.  
Morgan Stanley  
New York Life Insurance  
News Corporation  
Pfizer Inc.  
Philip Morris International Inc.  
The Procter & Gamble Company  
Publix Super Markets, Inc.  
Raytheon Company  
Rite Aid Corporation  
Safeway, Inc.



Sears Holdings Corporation  
Sprint Nextel  
Sunoco, Inc.  
SUPERVALU, INC.  
SYSCO Corporation  
TIAA-CREF  
Travelers Cos.  
Tyson Foods, Inc.  
United Technologies Corporation  
UnitedHealth Group Incorporated  
Valero Energy Corporation  
Walgreen Co.  
The Walt Disney Company

# Rating Methodology and Criteria

	POINTS POSSIBLE
<b>1. EMPLOYMENT — WORKFORCE &amp; RECRUITMENT</b>	<b>[30]</b>
A. Does the company have a Hispanic Employee Association?	5
B. Does the organization have an executive champion?	5
C. Does the company specifically monitor the attrition rate of Hispanic employees?	5
D. What percentage of total hires represents Hispanic hires?	10
• 6% > = 10	
• 1–5.99% = 5	
E. Does company have an internship program specifically designed/geared to recruit Hispanics?	5
<b>2. PROCUREMENT — SPENDING</b>	<b>[20]</b>
A. What is your Hispanic supplier spend goal as % of total opportunity dollars?	10
• 6% > = 10	
• 1–5.99% = 5	
B. Does your company actively source Hispanic vendors?	5
C. Is this executive or function held accountable for establishing and attaining supplier diversity goals?	5
<b>3. PHILANTHROPY — COMMUNITY INVESTMENT</b>	<b>[20]</b>
A. What is your Hispanic give as % of total dollars contributed/invested?	15
• 10% > = 15	
• 6–9.99% > = 10	
• 1–5.99% = 5	
B. Does the company have plan for outreach & corporate giving to local and national Hispanic Organizations?	5
<b>4. GOVERNANCE — LEADERSHIP</b>	<b>[30]</b>
A. What percentage of total board member(s) are Hispanic (2009)?	10
• 10% > = 10	
• 5–9.99% = 5	
B. What percentage of total Executive Officers are Hispanic (2009)?	10
• 6% > = 10	
• 1–5.99% = 5	
C. Does management report to Board of Directors on Diversity performance annually?	5
D. Does company have a full-time executive responsible for Diversity?	5
<b>CORPORATE INDEX TOTAL POSSIBLE</b>	<b>100</b>

# HACR Corporate Inclusion Index Rating

Company Name	Employment					Procurement			Philanthropy		Governance				2010 CII Rating	2009 CII Rating
	1A	1B	1C	1D	1E	2A	2B	2C	3A	3B	4A	4B	4C	4D		
Aetna	•	•	•	•			•	•	•	•				•	60	55
Allstate	•	•	•	•	•		•	•		•			•	•	55	55
Altria Group			•	•	•		•	•		•	•		•	•	50	60
AT&T	•	•	•	•	•		•	•	•	•	•	•	•	•	85	80
Bank of America	•	•	•	•			•	•		•	•	•	•	•	55	40
Burger King			•	•			•	•		•	•	•	•	•	60	55
Cisco Systems, Inc.	•	•	•	•			•	•		•				•	40	*
Citigroup, Inc.	•	•	•	•		•	•	•	•		•	•	•	•	70	55
Coca-Cola Company	•	•	•	•	•	•	•	•	•	•	•	•	•	•	85	75
Comcast Corporation				•	•		•	•	•	•			•	•	50	50
Comerica Bank	•	•	•	•			•	•	•	•	•		•	•	70	65
ConAgra Foods, Inc	•	•	•	•		•	•	•		•			•	•	65	*
Deere & Company	•	•		•			•	•		•				•	35	*
Dell Inc.	•	•	•	•	•		•	•	•	•			•	•	60	60
Ford Motor Company	•	•	•	•			•	•	•	•	•		•	•	65	65
GE	•	•	•	•	•	•	•	•	•	•				•	70	40
Goldman Sachs	•	•	•	•	•		•	•	•	•			•	•	60	*
Hewlett-Packard	•	•	•	•			•	•	•	•		•	•	•	70	*
Intel	•	•	•	•	•		•	•						•	50	*
IBM	•	•	•	•	•		•	•			•		•	•	50	50
Johnson and Johnson	•	•	•		•		•	•		•	•		•	•	50	*
JPMorgan Chase & Co	•	•	•	•			•	•		•		•	•	•	55	*
Kraft Foods	•	•	•	•			•	•	•	•			•	•	65	65
Kroger Co.	•	•			•		•	•		•	•		•	•	45	*
Lockheed Martin	•	•			•		•	•		•			•	•	35	*
Macy's	•	•		•	•		•	•	•	•	•		•	•	60	*
Marriott International		•	•	•		•	•	•	•	•	•	•	•	•	80	75
McDonald's	•	•	•	•			•	•		•	•	•	•	•	65	60
Microsoft	•	•	•	•	•		•	•	•	•				•	60	*
MillerCoors	•	•	•	•	•	•	•	•	•	•			•	•	75	50
Northrop Grumman	•	•		•	•		•	•		•		•	•	•	60	*
PepsiCo	•	•	•	•	•		•	•		•	•		•	•	60	55
Prudential Financial, Inc.	•	•	•	•	•		•	•		•	•	•	•	•	65	55
Sodexo	•	•		•	•		•	•	•	•	•	•	•	•	85	90
Starwood Hotels & Resorts, Inc.			•	•		•	•	•	•	•		•	•	•	65	65
State Farm	•	•	•	•			•	•	•	•	•	•	•	•	70	60
Target	•	•	•	•	•	•	•	•	•	•	•		•	•	75	*
Time Warner	•	•	•	•	•		•	•	•	•			•	•	70	65
UPS	•	•	•	•			•	•	•	•			•	•	55	55
Verizon	•	•	•	•	•	•	•	•	•	•	•		•	•	80	70
Walmart	•	•	•	•	•	•	•	•	•	•	•	•	•	•	85	60
WellPoint, Inc.	•	•	•	•			•	•		•	•			•	50	*
Wells Fargo & Company	•	•	•				•	•	•	•	•		•	•	55	55
Wyndham Worldwide Corporation			•	•			•	•	•	•	•		•	•	60	40

\*Indicates companies that did not participate in 2009 HACR CII Survey

# Overview of Findings

**HACR's Corporate Accountability Strategy (CAS) was approved by the board in March of 2009. Since that time, numerous *Fortune 500* and HACR Corporate partners have expressed interest in participating, reviewing the outcomes and discussing action steps around CAS and in particular the HACR Corporate Inclusion Index survey.**

While not a pioneer in the diversity and inclusion survey space, the HACR Corporate Inclusion Index (HACR CII) survey is the only one that is presented by a Hispanic non-profit with a focus on Hispanic inclusion in the areas of employment, procurement, philanthropy, and governance. The HACR CII survey carries the "Seal of Approval" from the 16 national Hispanic led and serving nonprofit organizations.

For the first time in the surveying process a non-profit organization, that is also an HACR corporate partner, submitted an HACR CII survey. Since that organization, AARP, is not a *Fortune 100* or for-profit corporation, their results were not included in the rating table (see page 9). However, AARP rated exceptionally well with a score of 85 and they should be applauded for their commitment to Hispanic inclusion at all levels, from the boardroom, to employment, to their philanthropic investments in the Hispanic Community. HACR commends AARP on its willingness to be transparent and for being a leader in the nonprofit sector.

The 2010 HACR CII made significant strides in the outreach and responses received over 2009 as reflected in the results. This year, **33%** of the *Fortune 100*, approximately **50%** of the *Fortune 25* and **60%** of the *Fortune 10* submitted an HACR CII survey.

In the next few pages you will see the information that was reported and the outcome analysis on the four HACR pillars. The following highlight key findings and identify the top company in each category:

The 2011 HACR Corporate Inclusion Index survey window will open on Wednesday, May 4, 2011. We look forward to continue working with the *Fortune 100* companies — and HACR Corporate partners — in gathering the next round of essential data.

## **Employment:**

Hispanic exempt employees as a percentage of total exempt employees — Burger King 29.66%

## **Procurement:**

Hispanic spend goal as a percentage of total diversity spend goals — Walmart with 27% of total spend goal going to Hispanics

## **Philanthropy:**

Hispanic give as a percentage of total giving — Kraft 29.0%

## **Governance:**

Hispanic representation as a percentage of total board of directors — Wyndham Worldwide 14.29%

# Employment Findings

## The bottom line numbers that Corporate America can no longer overlook

There are an estimated 50 million people of Hispanic origin living in the United States. There are approximately 20.1 million Hispanics who are currently employed. Between July 1, 2008 and July 1, 2009 **more than 1 out of every two people added to the nation's population were Hispanic.** More than 1.4 million Hispanics were added to the total U.S. population during that period.

- **3.1%** = The percentage increase in the U.S. Hispanic population between July 2008 and July 2009 making Hispanics the fastest-growing minority group.
- **132.8 Million** = The projected Hispanic population of the United States on July 1, 2050. According to this projection Hispanics will constitute 30% of the nation's population by that date.

As the Hispanic population grows and companies start to recover from the current recession — will Hispanics choose your company? The workforce continues to be more diverse therefore, understanding the population shifts becomes essential when attracting and retaining Hispanic employees.

### Best Practice Example:

The Three-Legged Stool approach to diversity at McDonald's means diversity in company employees, diversity in franchisees and diversity in suppliers. McDonald's is committed to diversity in everything they do, with one group acting as a role model for others. Employee diversity is supported by the company's "English Under the Arches" program, which helps improve the English language skills of employees who have different native tongues. A supplemental program "Spanish Under the Arches" teaches employees Spanish skills so as to better meet the needs of Spanish speaking communities. Both programs are available online and in English and Spanish.

This year the CII report focused on how companies were recruiting Hispanics, providing support through Employee Resource Groups (ERG) and if they had an Executive Champion. There was 100% response from this year's survey submissions. In addition, 84.7% of the companies that participated reported having a Hispanic recruitment strategy in place and 13% of Hispanics recruited were actually hired beyond the internship position.

Of the 44 respondents, 25 reported having internship programs specifically designed or geared to recruit Hispanics, while over 95% reported they do have an ERG/Affinity group and an Executive Champion that supports the ERG/Affinity. Of the remaining companies, 4% had neither an ERG nor Executive Champion.

### Why are ERG's important in a diverse workforce?

Employee Resource Groups/Affinity Groups or (ERGs), are voluntary groups of employees with a shared set of interests, experiences, perspectives and culture. ERG's help to promote the values of any company and provides a means for employees to network, exchange views and continue their professional growth and development. These groups represent an inclusive environment that is welcoming, collaborative and productive for all employees. They offer a way to grow both professionally and personally.

### Benefits of ERGs

- Supporting multicultural awareness and respect among all employees
- They can help to navigate the disconnect between company leadership and diverse consumer bases
- Networking and mentorship
- Supporting recruitment, retention and career development strategies and initiatives
- Supporting the company's community outreach and philanthropic efforts
- Hispanic ERGs support product development, consumer market insight and strategic direction for the Hispanic market share

Respondents to this year's HACR Corporate Inclusion Index (HACR CII) survey demonstrated that for a median average of 60,810 total US employees, an average of 4,393 Hispanics employees held those positions. **This means that only 7% of the U.S. employee base were represented by a Hispanic employee.**

# Procurement Findings

## Hispanic Entrepreneurs: In the Spotlight

Hispanic-owned business continue to lead the way in new business growth in the U.S. at about 43.7% of all business, thus helping to double the national rate of about 18% between 2002 and 2007. In addition, Hispanic-owned businesses with 100 employees or more increased by an additional 26% since 2002, generating over \$74 billion, an increase of 66.6%.

Of the 2.3 million Hispanic-owned businesses listed in 2009, 249,168 had a paid staff, an increase of 25% from 2002. These businesses employed 1.9 million people, an increase of 26% from 2002, and their payrolls totaled \$54.6 billion, an increase of 49%.

Nearly one-third of Hispanic-owned businesses operated in the construction, repair and maintenance, as well as personal and laundry services industries. Wholesale trade, construction and retail trade accounted for 50.8% of Hispanic-owned business revenue.

### Best Practice Example:

Walmart's Supplier Diversity Program helps bring minority- and women-owned businesses into their vast network of suppliers. The success of the program is driven by their recognition that their suppliers should be as diverse as their consumers. The program consists of an internal steering committee with senior leaders from all of their business units. By developing and strengthening the relationships with minority and women-owned businesses, Walmart becomes even more relevant to the customers and members that they serve. They have also created a business network relationship with national supplier development and certification of organizations.

In spite of all the data to demonstrate Hispanic-owned business growth and successes, these businesses are still grossly under-utilized. Additionally, the forms of communication and media used to access their Hispanic consumer base, i.e. Spanish media, was down by almost 10% in some areas as compared to the 2009 HACR CII Report.

According to the 2010 HACR CII survey, a total of \$3.57 billion dollars was spent in contracts to over 6000 suppliers; however Hispanic suppliers received on average only \$90,000 with just 112 suppliers receiving contracts for services.

### Best Practices to Consider

- The corporate governance body should establish a minority supplier development program as a policy of the corporation
- The CEO must appoint appropriate full-time staff and resources for minority supplier development
- All levels of management are accountable for minority supplier development
- Implement a written supplier diversity corporate policy that clearly defines executive management commitment and measures success
- Conduct employee reviews (of stakeholders, budget holders, etc.) tied to performance in developing minority suppliers cross-functionally

It is essential that Corporate America continue to embrace and increase the utilization of minority suppliers. Without a concerted effort to ensure minority businesses are given a real opportunity to compete for these dollars, they, and the communities they represent, will continue to be marginalized and left behind. However, if managed correctly, supplier-diversity and procurement efforts can lower costs and produce greater innovation.

Hispanic-owned business generated \$345.2 billion in sales in 2007, up 55% from 2002.

# Philanthropy Findings

A total of **\$155 million** was given in 2009 from corporate foundations and/or general giving. Of these dollars only \$31 million were contributed directly to the Hispanic community.

Nearly one-third of the respondents acknowledged a contribution of **5% or less** as their Hispanic give in 2009.

## The difference between Corporate Social Responsibility and Philanthropy

The 2010 HACR Corporate Inclusion Index survey asked the participants to review what activities and other events they were doing or supporting in the Hispanic community. The survey also asked questions about contributions, outreach to communities and requests for examples of Best Practices. Two clear pictures came from this year's data when comparing it to last year's report. The first, many corporations did not cut or only had minimal impact to their corporate social responsibility functions in 2009. Considering that in 2009 the brunt of the recession was felt in many other ways with job losses, budget cuts and reorganizations, funding was not hit as hard if at all. That is definitely a good news story for all. What it speaks to is that companies that HACR engages with are companies that are supportive of the Hispanic community regardless of circumstance. The second picture that evolved out of the data was that the Hispanic community is still receiving significantly less financial support than the general population. (see box)

### Best Practice Example:

The Verizon Foundation has dedicated technical, financial and human resources to help people in communities across the country live healthy, productive lives since 2000. They state that it is their passion, as well as, their responsibility.

Verizon participates in and supports innovative programs to improve literacy and strengthen educational achievement for children and adults. During National Hispanic Heritage Month, on the Verizon site ([Thinkfinity.org](http://Thinkfinity.org)) a rich collection of free K-12 educational lesson plans, activities and resources are offered to help students celebrate their diverse history and important contributions that Latinos have made to the fabric of the American culture.

Which brings about the questions: What is the difference, if any between Corporate Social Responsibility and Philanthropy? This question has plagued Corporate America for centuries. Andrew Carnegie wrote and published *The Gospel of Wealth*, in 1899, where he is famously quoted as saying, "he who dies rich, dies thus disgraced."

In A.B. Carroll's Pyramid of Corporate Social Responsibility we find the best demonstration of this difference.

- **The Foundation of the pyramid** = Economic responsibilities, an organization must be profitable to survive
- **Level 2** = Legal responsibilities, a corporation must obey the law, which is the codification of what is right and wrong
- **Level 3** = Ethical responsibilities, which represent the obligations of each member of the corporation to do what is fair, just, and right
- **At the Top of the pyramid** = Philanthropic responsibilities that make the corporation a good corporate citizen, and which can only be reached after economic, legal, and ethical responsibilities have been achieved

### The top of the A.B. Carroll Pyramid — Philanthropy

Philanthropy encompasses those corporate actions that are in response to a community's expectation that businesses be good corporate citizens. This includes actively engaging in programs to promote human welfare or goodwill. A variety of means and expectations are what communities are looking for from companies (i.e. money, facilities, and employee time), but they do not regard the firms as unethical if they do not provide the desired level. The distinction between philanthropy and ethical responsibilities differ in the sense that ethical responsibilities are frequently but not exclusively mandated by rule of order, laws of society and/or nature. Additionally, some companies feel that being good corporate citizens means just being socially responsible, in other words "just checking the box." However, philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it. This distinction brings home the vital point that CSR includes philanthropic contributions but is not limited to them.

# Governance Findings

## Good Board Governance Needs Diversity

Despite the steady growth of the Hispanic population, and an increasing number of Hispanic consumers, Hispanic representation in corporate boardrooms is inadequate. Latinos represent over 15% of the U.S. population, with an estimated purchasing power of nearly \$1 trillion. With this kind of population growth and buying power, HACR believes that there should be equal representation in boardrooms across Corporate America.

For almost twenty years the HACR Research Institute has been monitoring and tracking governance trends of the *Fortune 100* companies. What the data has shown is that Hispanics had the highest representation on *Fortune 100* boards, with 44%, compared to 29% in the boards of *Fortune 500* and 19.4% in the boards of the *Fortune 1,000* companies.

The HACR Research Institute studies suggest a direct, positive correlation between board diversity and corporate financial performance. It is believed that board nominating committee charters, or the equivalent, should encourage consideration of diversity in terms of background, experience, age, race, gender, ethnicity and culture.

## According to the 2000 HACR Corporate Governance Study:

- **106** Hispanics served as directors at 120 *Fortune 1000* companies and held 152 seats
- **29** Hispanics served as directors of more than one company
- **14** directors were Latinas and held 22 seats

## According to the 2007 HACR Corporate Governance Study:

- **168** Hispanics served as directors at 194 *Fortune 1000* companies and held 234 seats
- Hispanics held 172 *Fortune 500* board seats, or 3.1% of all board seats, compared to 1.9% in 2003
- **31** directors were Latinas and held 44 seats

At the end of last year, we saw the growth leveled off and we are currently in a decline phase in regards to board representation.

Of the **1,191** board of directors seats at *Fortune 100* companies:

- African Americans hold **87** seats – 7.3%
- Asian Americans hold **27** seats – 2.3%
- Hispanics hold **43** seats – 3.6%

What are the political implications of legislating a mandate to have diversity in the corporate boardroom? It is working in other parts of the world...in **2003, Norway** was the pioneer in introducing legislation to boost the number of women on company boards.

- The change in the law affected nearly **500 public companies**, including 175 firms listed on the Oslo stock exchange
- Ministers stipulated that businesses should increase the number of women on their boards to 40% or face the threat of closure
- Norway now has the highest proportion of women on boards anywhere in the world with **44.2% — up from 6% in 2001**

Recently, Spain passed legislation that stipulated starting in 2015, 4 out of every 10 corporate board seats must go to women. In Iceland, companies with 50 or more employees must have at least 40% of both genders serving on their board by 2013. Effective January 1, 2010, Finnish companies were required to have at least one woman on the board. If not, they will need to provide justification as to why they are not complying with the mandate. Both France and Italy are currently considering similar legislation as their counterparts in the European Union.

The reality is that boards without diverse members are simply more likely to hire individuals with similar views, experience and outreach. There needs to be a priority on appointing more diverse board directors in order to promote change and engage CEO's, for whom diversity should be a true priority.

“ A good board needs diversity of knowledge. Companies are looking for exceptional individuals who have excelled in their fields.”

— Hispanic *Fortune 500* Board Member

# 2011 HACR CORPORATE INCLUSION INDEX



Corporate  
Accountability  
Strategy

# HACR

HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY | [hacr.org](http://hacr.org)

The 2011 HACR Corporate Inclusion Index Survey will be released 4Q 2011.  
For more information visit [www.hacr.org](http://www.hacr.org).



**HISPANIC ASSOCIATION  
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## **HACR Mission**

HACR's mission is to ensure the inclusion of Hispanics in Corporate America at a level commensurate with our economic contributions. HACR focuses on four areas of corporate responsibility and market reciprocity. They are: Employment, Procurement, Philanthropy, and Governance.

In pursuit of its mission, HACR offers Corporate America direct access to the Hispanic community — its talent, entrepreneurs, and leadership — creating a forum to ensure corporate responsibility and market reciprocity for the nation's Hispanic population.

## **HACR Coalition Members**

American GI Forum of the US  
ASPIRA Association, Inc.  
Congressional Hispanic Caucus Institute  
Congressional Hispanic Leadership Institute, Inc  
Cuban American National Council  
Hispanic Association of Colleges and Universities  
League of United Latin American Citizens  
MANA, A National Latina Organization  
National Association of Hispanic Publications  
National Council of La Raza  
National Hispana Leadership Institute  
National Puerto Rican Coalition  
National Society of Hispanic MBAs  
SER-Jobs for Progress National, Inc.  
United States Hispanic Chamber of Commerce  
United States Hispanic Leadership Institute