

OPINION

COMPANIES HINDER THEIR INSIGHT BY EXCLUDING HISPANICS FROM THE BOARDROOM



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An organization's Board of Directors can tell you a lot about its priorities.

Maybe the composition of an organization's board is determined by the insights, expertise and influence of its members. Or maybe that board is made up of individuals who are leaders in their respective fields, which helps to elevate the perception of an organization's stature. Or maybe it's that an organization wants its Board of Directors to reflect the makeup of the customers it services.

Whichever it may be, a company's corporate boardroom is a statement of its values and sends a message to the market about what is important to its current and future success.

If all of that is true, then so is this: the world's largest organizations are undervaluing the Hispanic community by keeping qualified, successful Hispanic leaders out of their boardrooms. This reality is not just detrimental to the Hispanic community — one of the fastest-growing demographic groups in the nation — it also means that Fortune 500 firms are missing out in trillions of dollars in annual spending power.

Nationally, Hispanics comprise just 2.5 percent of the more than 5,500 board members of Fortune 500 firms. Additionally, less than half of the nation's Fortune 500 firms have a Hispanic on their Board of Directors. For the Fortune 500 firms in the Greater Houston region the numbers are almost identical. For the Boards of the 21 Fortune 500s in the region, His-

panics comprise just over 4 percent of membership.

And, much like the trend nationally, more than half of those companies have no Hispanics in their corporate boardrooms. Those numbers are staggering, particularly considering the demographic and economic impact of the Hispanic community on our country and region.

According to the Pew Research Center, more than 58 million Hispanics live in the United States, which equates to just over 18 percent of the total population. Despite a slowdown in recent years, the Hispanic community still represents the second-fastest growing demographic group in the United States. Today, Hispanics account for more of the nation's overall population growth than any other race or ethnicity.

For the Greater Houston region, the demographic impact of Hispanics has been even more pronounced. The Houston Metropolitan Statistical Area is home to more than 2.7 million Hispanics, which accounts for 36 percent of the more than seven million residents in the region. Projections demonstrate a continued annual growth rate of the demographic group of more than 20 percent well into the next decade.

Excluding Hispanics from the boardroom will create future challenges for the nation's largest firms, too. According to Pew, U.S. Hispanics are the youngest of the nation's racial and ethnic groups, with a median age of 28. But this isn't just about demographics, it's about the current and future economic success of our nation and region.

Nationally, Hispanics represent \$1.7 trillion in annual purchasing power, and are the most rapidly-growing



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subset of the economy. That is up from \$21 billion in 1990, and just over \$1 trillion in 2010. By excluding Hispanics from the decision-making table, companies are hindering their insight and access to this robust consumer base.

In Houston, Hispanic consumer spending has topped \$54 billion annually, and is projected to grow to roughly \$78 billion in the next three years. Hispanics represent 24 percent of all auto sales in the region, spend nearly \$7.5 billion in rent or mortgage payments annually, and comprise 38 percent of the small business ownership in the region.

What these numbers bear out is clear: by excluding Hispanics from their boardrooms, the nation's largest companies are doing a disservice to their organization and their shareholders. And, absent a purposeful change in current trends, Fortune 500 firms are positioning themselves to miss out on the collective demographic and economic future of our nation and region.

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