

The Changing Race and Ethnicity of Workers

❖ How can Texas balance cultural challenges?

Introduction

Texas is a state in transition. A fast-growing population and other key changes are combining to create the perfect storm for employers, according to Karl Eschbach, former Texas state demographer.

“A lot of change is happening in Texas at the same time,” Eschbach noted. The following key trends are at play in this perfect storm for Texas workers:

- **Baby Boomers**, who are reaching retirement, make up a significant portion of the current Texas workforce.
- **The number of Hispanic workers** continues to increase.
- **Texas continues to struggle** with worse-than-average high school dropout rates.
- **Overweight workers** are developing diabetes and other chronic health problems, leading to rising health costs for companies.

“The competition for high-skill workers in this state will soon get intense,” Eschbach said. “The real big, bad thing would be if the high-dollar job creation stops in Texas because of a lack of educated talent, while the low-education workforce continues to grow.”

What’s Happening

Some existing population trends in Texas started to speed up in 2009. As it enters a new decade, Texas is the state with the fastest-growing population; however,

that growth is concentrated in only a few geographic areas.

Rural Texas is losing people at a faster rate than in the past. In 2000, Texas had 68 counties with declining population. By 2008, the U.S. Census Bureau estimated that 119 counties in Texas were losing population. Even the midsize “micropolitan” cities of fewer than 100,000 residents are seeing little growth.

The lion’s share of population growth in Texas is concentrated in the Big 4 metropolitan areas of Dallas-Fort Worth, Houston, San Antonio and Austin. These cities saw their urban populations grow by 15% from 2000 to 2008, according to Census Bureau reports.

In addition, the big cities’ suburban areas grew almost 40%. “Available land and relatively inexpensive housing is helping to drive growth for the big suburbs,” Eschbach said.

These population trends are expected to continue.

“The Big 4 will likely expand, especially in the suburbs. They will likely enjoy a sizable competitive advantage over their rural and micropolitan neighbors,” said Charles Gilliland, research economist at the Texas A&M University Real Estate Center. “I don’t see anything in place to halt the movement from rural areas to the towns and cities.”

Opportunity lay in that growth: the increasing population will need houses, infrastructure and shopping, all at reasonable prices. “Devising solutions will provide opportunities for creative minds to prosper, while making Texas a stronger and more vibrant place,” Gilliland said.

Meanwhile, obesity rates have also been on the rise across the nation, and Texas is no exception. An overweight workforce concerns Texas employers, say many human resources managers. About one in three Texas schoolchildren is overweight, which raises concerns about the future workforce.

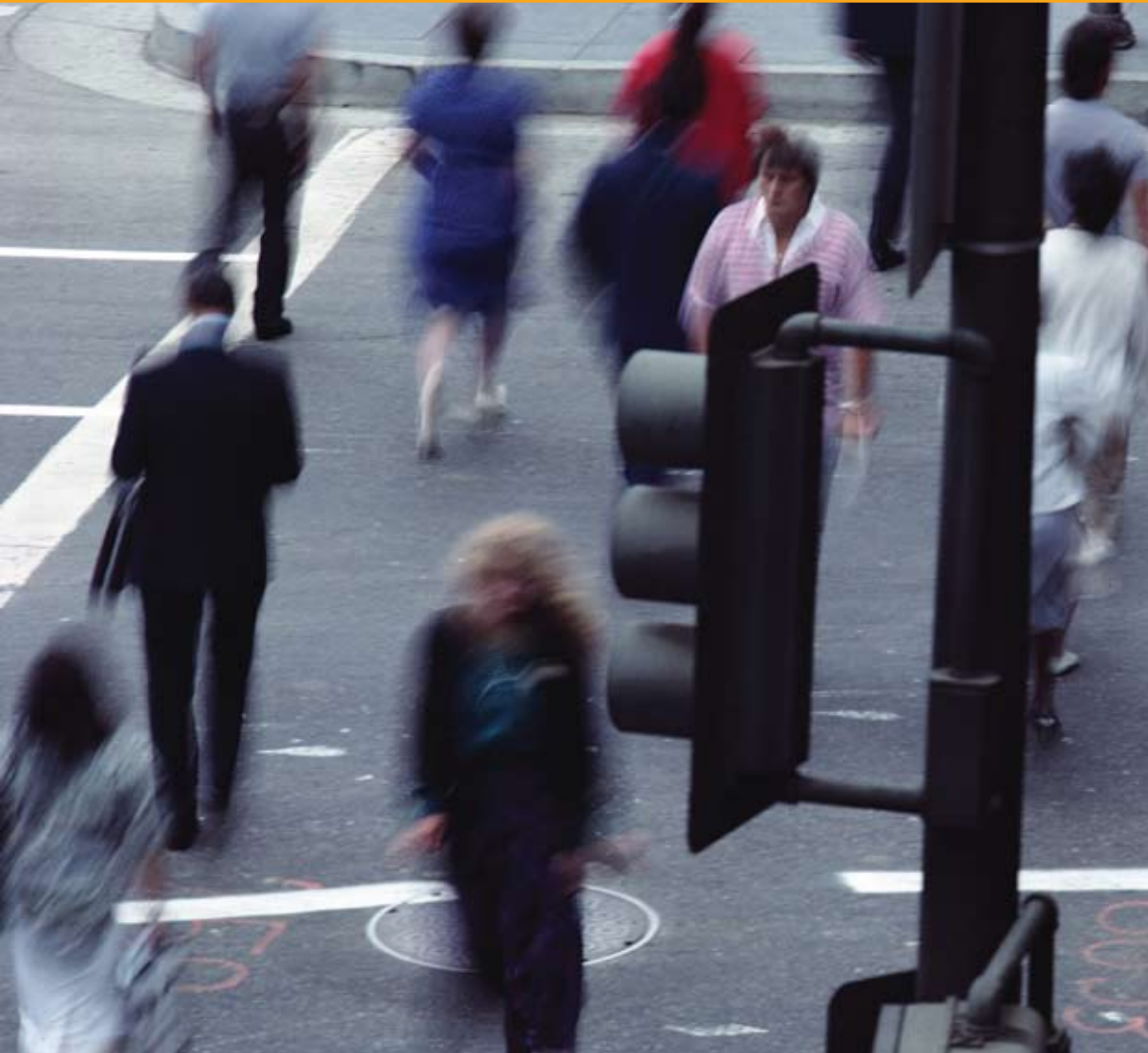
“Couch potatoes are not going to be as good of workers as people who are fit and have more energy,” said Shelton Brown, professor of public health at the University of Texas at Austin. “It’s hard to make a case that diabetes and obesity improve worker productivity. And companies are concerned about productivity. This is an economic issue for Texas.”

Brown is encouraged that Texas schools are starting to roll out programs to combat obesity and require more exercise, though

effects on children’s health have not been seen.

“Teachers are worried about losing their job over test scores. They’re not going to lose their jobs if the kids are overweight,” said Brown.

Another factor at play in the changing demographics of Texas is ethnicity, especially growth in the Hispanic population. “Hispanic growth is prevalent everywhere in Texas, and the Anglo population is only growing in the suburbs — and it is barely growing,” said Steve Murdock, a sociology professor at Rice University and former state demographer. “The cities of Texas are increasingly Hispanic cities, and you’re seeing it first in the schools, where the majority of kids moving through the school system now are Latino.”



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The Data

In this new decade, the first members of the Baby Boom generation (born from 1946 to 1964) will turn 65. While Baby Boomers account for a little more than a quarter of the Texas population, they are a big part of the workforce — about four million employees, or more than one in three workers in Texas.

As the Baby Boomers, a group made up mostly of white people, move to retirement, the number of Hispanic residents and workers in Texas continues to grow. For decades, the Hispanic population in Texas has grown faster than other ethnic groups. Still, the pace of this growth has quickened in recent years. From 2000 to 2007, the Census Bureau calculated that the Anglo population in Texas grew by about 12%, the African-American and Asian populations grew by about 10%, and the Hispanic population grew by more than 60%.

Meanwhile, birthrates are also changing. The national birth-to-death rate for the United States in 2005 was 1.3 births for every 1 death, according to Census Bureau data. In Texas, 1.5 non-Hispanic babies are born for every 1 death, whereas 8 Hispanic babies are born for every 1 death.

Eschbach expects these shifting demographic trends to become even more dramatic in the coming decade. Older Anglo and African-American populations in Texas are past their childbearing years, whereas younger Latino and Asian populations continue to grow, a result of high birthrates and continued immigration. These younger Hispanic and Asian workers will soon dominate the Texas workforce.

However, the rate of high school graduation for the Latino workforce does not equal that of Anglo counterparts in Texas. Nationwide, the percentage of American students who earned a high school diploma in four years in 2006 was 69.2%, whereas Texas graduated 65.3% of its students, according to the researchers at *Education Week* and the Alliance for Excellent Education in Washington, D.C.

Breaking down dropout rates by gender does not improve the numbers. Male students in Texas posted a 61% high school diploma rate (versus 65% nationally), and female Texas students had a 69% rate (versus 72% nationally). Such below average high school completion rates have raised the ire of Texas employers.

The Alliance also points out a key racial disparity among the following Texas high school graduation rates:

- **Asians: 85%**
- **Anglos: 77%**
- **Hispanic: 56%**
- **African Americans: 53%**
- **Native Americans: 52%**

Though this disparity follows national high school trends, Texas employers are not pleased to note that more than half of Texas students are in the educationally struggling Hispanic population.

Another concern of employers is the types of degrees that Texas college graduates earn. In particular, human resources managers express concern about the lack of women and minorities who hold degrees in science, technology, engineering and math (STEM).

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Coordinating Board reported that women make up 58% of state university graduates but only 23% of the STEM graduates, and Hispanics make up 24% of university graduates but only 20% of the STEM graduates. African-Americans fare worse: 9% of all university graduates but only 6% hold a STEM degree.

Ethnic disparity is also seen in obesity rates. Texans, particularly the African-American and Hispanic populations, weigh more than in previous generations. In fact, obesity rates in Texas are outpacing national trends. The same holds true for diabetes, a disease linked to obesity. According to Eschbach's research, 1 in 10 Texans had diabetes in 2007, compared to 1 in 13 Americans nationwide. The following list shows the ethnic breakdown of Texans with diabetes in 2010:

- **12% overall in Texas**
- **11% Anglos**
- **15% African-Americans**
- **13% Hispanics**
- **9% Asians and other ethnicities**

Eschbach predicts that the diabetes rates for Texans will grow from 10% in 2007 to 12% in 2010, reaching 17% in 2020 and 24% in 2040.

Obesity has a direct effect on employers. Overweight workers cost American private companies an estimated \$13 billion a year, and obesity-related health issues are responsible for an estimated 27% of annual medical insurance premiums, according to the National Business Group on Health in Washington, D.C.

So What?

"In Texas, it's soon going to be a bunch of old Anglos being taken care of by a bunch of young minorities. If you don't believe me, go to a Texas nursing home and see the young, female non-Anglos taking care of the old Anglos," said Steve Murdock, former state demographer who is now employed by Rice University. "This is happening across the country. The Texas of today will be the United States of tomorrow."

Human resources managers need to do a labor analysis to determine which skills their companies will need in a few years and which skills are available now in their communities. The results may shock corporate executives into becoming involved in their local school systems, said Nestor Rodriguez, a sociology professor at the University of Texas Population Research Center.

"Latinos are at a disadvantage," Rodriguez said. "To prepare for the Texas workforce you need more education, but [Hispanic] dropout rates are some of the highest. We need to press for higher education for Latinos, but not necessarily at the university level. Associate's degrees need to be promoted more, but community colleges are left to promote themselves alone."

Rodriguez sees a key problem: Hispanics often lack what he calls racial capital — the understanding of how the business world works and how to network in business. Many white parents expose their children to career paths and behaviors of the business world; however, too many Hispanic children miss out on this exposure, Rodriguez noted.

Rodriguez points out that some United Way agencies are linking Texas companies with local Hispanic and African-American young people through summer internships and school mentoring. These efforts help students understand potential careers and expose them to the workforce. But more initiatives are needed, especially within the Hispanic community of Texas.

"Instead of seeing them as foreigners, companies need to see Latinos as customers and workers," Rodriguez said. "You've got to interact with our Latino community because this community is a reality of the workforce."

Larger numbers of Hispanic workers means more Hispanic executives and corporate and political leaders, say demographers.

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Andrade & Associates



In addition, the Hispanic middle class — those with a current annual household income of more than \$100,000 — is also growing and will likely flex its political and investment muscle in Texas in this new decade.

At current growth rates, Hispanics will become the majority population in Texas by 2021. “When Latinos become the majority of the elites, it will make a difference in social policies,” Eschbach said.

Improving education for this new workforce majority is the most important issue facing Texas, said Sally Andrade, a national education consultant and head of Andrade & Associates in El Paso.

Numerous studies by the Intercultural Development Research Association in San Antonio and other education researchers have shown that many Hispanic students

have not gotten the messages about career paths or how to go to college. And Hispanic students who go to college are reluctant to take out student loans for fear of encumbering their family’s financial health. This aversion to debt also causes Hispanic students to limit their higher education options to part-time status at nearby state colleges, which limits both their academic progress and their career options and slows growth of an educated workforce in Texas, Andrade said.

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Chapter 2 | Suggested Strategies



Think Globally, Plan Regionally

“I recommend that human resources managers get out and speak to every high school in their area — especially those with large Latino populations — at least once a year to discuss what they expect from workers,” said Andrade. “We also have to change expectations. Employers and their CEOs have got to insist to members of the legislature and the state board of education that they expect all children to graduate from high school and most of them to go to college. It’s a moral and an economic imperative.”

Andrade, Rodriguez, Murdock and other experts suggest that the young Hispanic population can be a strength of the Texas economy, if they receive the necessary education and skills training.

Community colleges are becoming the modern career linchpin. With tuition costs rising at many universities, many students are opting for the community college path for higher education. Community colleges appear to need more interaction with high schools, as well as interaction with employers, to link their curricula with both the skills being taught in high schools and the personal and technical skills demanded by local managers.

The workplace also may be the place to address the other challenges raised by a shifting population in Texas, including worker health and retirement of older workers.

The National Business Group on Health says all companies should create health programs in the workplace, including, if need be, incentives and public praise for workers who improve their health and lower the insurance costs to the employer. Employers also should consider bringing more teenagers into the workplace, especially teenagers of ethnic origin. Including them in the workplace exposes them to jobs, knowledge, and work behaviors. Encouraging older workers to interact with younger workers can promote mutual understanding and improve communication across both ethnic and age groups.

“There’s a tremendous amount of soft skills that [young

people] learn in the middle class from seeing their fathers behave or visiting them at the office,” said Stephen Kleinberg, a sociology professor at Rice University in Houston. “Companies that are smart will adopt schools and bring kids to see how their workers work and behave.” With four generations of workers now in the workplace, Texas organizations have plenty of opportunities for this tacit knowledge transfer.

Kleinberg and his students have conducted public opinion polls of Houston-area residents for three decades. These surveys show that respondents who are 60 years old and older are 70% Anglo, whereas 75% of the respondents who are younger than 30 years old are non-Anglo.

“Our city and our state will not succeed if we don’t do more to educate young Latinos and African-Americans,” Kleinberg said. “They will be the workers and the voters of tomorrow, and there is no force that can stop that. If these young Latino and African-American people don’t get educated more, then our economy in Texas is done.”

Houston has made strides in this area with the Management Leadership for Tomorrow program, which is a training program that offers Hispanic and African-American high school students the opportunity to take classes in business and leadership and spend time shadowing managers inside companies. Shell, Marathon Oil, Transwestern Commercial Real Estate and the Houston Rockets are some of the companies that participate in the Management Leadership for Tomorrow program.

“If Texas is going to succeed, it has to be inventive with its young Latinos and African-Americans,” Kleinberg said. “All companies have a stake in this. There is a critical business case for investing in education and managing this ethnic transformation, but businesses are focused on the bottom line and the quarterly report.

“These new realities require that we think more long term,” Kleinberg added. “The 50-year-old executive at Exxon may succeed, but that doesn’t guarantee that Texas will succeed.”

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