



This white paper, **Latino Inclusion in the Digital Economy**, is the result of discussions held during the **Aspen Roundtables on the Inclusion of Latinos in the Digital Economy**. None of the comments or ideas contained in this paper should be taken as embodying the views or carrying the endorsement of any specific participant at the gathering or of any of the supporting donors. **Latino Inclusion in the Digital Economy** is licensed under Creative Commons Attribution-Non-CommercialShareAlike 4.0 International License.

ACKNOWLEDGMENTS

We would like to express our gratitude to the individuals and organizations whose generous support has made this white paper possible: **Google.org (Hector Mujica) and UPS (Maria Luisa Boyce)**.

As the content of this white paper is derived principally from conversations and presentations that took place during the Aspen Roundtables on the Inclusion of Latinos in the Digital Economy, **we acknowledge the speakers and participants in attendance and the moderator, Dominique Harrison, for guiding the conversations.**

We would also like to thank the author, **Gwyn Hicks**, who wove together content from various sources and formats generated during the convenings to articulate the key issues and recommendations. We also extend a special thank you to **Alejandro Manzanares and Maria Samaniego** for their insightful edits.

This publication was made possible through the support of:

Google.org



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EXECUTIVE SUMMARY

As the country recovers from the economic devastation caused by the COVID-19 pandemic, building back better requires creating a more equitable business ecosystem. Federal programs like the American Rescue Plan and the Made in America Laws have the potential to lift up economies in communities throughout the country—if they are inclusive and leverage the strengths of all American workers, including Latino workers and business owners.

Representing 17.6 percent of the nation’s workforce and on track to become 28 percent of the total U.S. population by 2060, Latinos are a critical driver of our economic rebuilding efforts. In her recent [remarks to the U.S. Hispanic Chamber of Commerce](#) about pandemic recovery, [Treasury Secretary Janet Yellen](#) noted, **“I know Hispanic workers can power our recovery . . . so long as we remove some of the long-standing barriers that have been in your way.”**

Latino-owned businesses grew 19 percent from 2012 to 2017—far above the 12 percent average growth rate of all U.S. firms. A report from the [Stanford Latino Entrepreneurship Initiative \(SLEI\)](#) finds that if Latino-owned employer

firms generated the same average revenues and employed the same number of people as non-Latino-owned businesses, their economic contribution in annual revenues would be nearly \$900 billion and the number of people employed would be 4.2 million. Yet, deep disparities exist. Latino-owned businesses tend to be smaller than their white-owned counterparts and more concentrated in low-wage sectors. And, in the aftermath of the pandemic, things may look worse.

Industries reporting large negative impacts as a result of COVID-19 include a high percentage of Latino-owned businesses. Another SLEI study finds the accommodation and food services industry has the highest share of all businesses reporting being negatively impacted by the pandemic as of June 2020 (71%), and 13% of all Latino-owned employer businesses are located in this sector, second only to the construction industry. Conversely, only 15% of the businesses in the finance and insurance industry reported a large negative impact, an industry that represents only 3% of all Latino-owned businesses.¹ A McKinsey & Company analysis finds the five business sectors

¹Stanford Latino Entrepreneurship Initiative (SLEI) Research Program. [The On-Going Impact of COVID-19 on Latino Owned Businesses](#). August 2020.

most affected by Covid-19-related shutdowns generate almost 50 percent of the revenue of all Latino-owned businesses.² The pandemic also disproportionately impacted Latino workers. As many Americans sheltered in place and turned to remote work, only 16 percent of Hispanic workers were able to work from home. Over the past year, unemployment among Latinos in the U.S. reached as high as 18.9 percent. The January 2021 Employment Situation Summary from the U.S. Bureau of Labor Statistics confirms that nine months after the labor market bottomed out, Black and Hispanic or Latino Americans represented a higher share of job losses with unemployment rates of 9.2 percent and 8.6 percent, respectively, compared to 5.7 percent for their white counterparts.³

Given the outsized role of Latino workers and businesses in supporting a robust U.S. economy, it is imperative that recovery efforts provide targeted interventions that ensure they are positioned to exceed their pre-pandemic growth rates.

Building the Latino Business Ecosystem

With a focus on increasing Latino access to opportunity and economic advancement,

Aspen Institute Latinos and Society (AILAS) is working to strengthen the ecosystem that supports the Latino workforce. Starting at the local level, this business ecosystem is shaped by economic factors, local policies, and multi-sector stakeholders, including industries, academic institutions, philanthropy, financial institutions, and entrepreneur support organizations. Within this business ecosystem, Latinos face a unique set of challenges when it comes to starting or growing a business, including gaining access to capital, accruing wealth, and participating in the digital economy.

As companies integrate technology into all aspects of the day-to-day workplace, digital literacy is a must-have for business owners and employees, whether they work within or outside of the tech industry. **Over the next decade, 50 percent of tasks across all industries are expected to go digital, eliminating as many as 39 million jobs—and by 2030, at least two-thirds of jobs will require some level of digital skills.** However, as automation eliminates some jobs, it is also creating new ones. The World Economic Forum's [Future of Jobs Report 2020](#) predicts that, while machines will replace 85 million jobs by 2025, the shift will

² Millán, I., Noel, N., Pérez L., Pulido, A. (September 2020). "US Hispanic and Latino lives and livelihoods in the recovery from COVID-19." McKinsey & Company.

³U.S. Bureau of Labor Statistics, "The Employment Situation – January 2021," Press release, February 5, 2021,

lead to 97 million new jobs during the same time period for a net addition of 12 million jobs.

As digitalization grows and more jobs shift in nature, the business ecosystem must include strategies for upskilling the Latino workforce. **According to a study from the National Skills Coalition, although Latino workers make up 14 percent of the U.S. workforce, they account for 35 percent of workers with no digital skills, and 20 percent of those with limited skills.** Latino business owners also need the technical skills and infrastructure required to maintain and build their companies in an increasingly digital environment.

To identify strategies for building the Latino workforce's capacity to fully participate in the digital economy, AILAS hosted the Aspen Roundtables on the Inclusion of Latinos in the Digital Economy, a virtual gathering of leaders from the business, finance, government, nonprofit, labor union, education, and philanthropic fields. These conversations surfaced several recommendations individual players within the business ecosystem—including policymakers, workforce training programs, businesses, academic

institutions, and capital access providers—can pursue to strengthen the digital capacity of Latino workers and businesses.

• **Policymakers** can help Latino business owners access the capital they need to expand their businesses by tapping into programs that are culturally appropriate and responsive to the business ecosystem's needs. **Solutions include expanding access to PPP funding, refining PPP terms to direct funds where they are needed most, and expanding incentives for lenders to issue loans to micro-businesses or "mom and pop" applicants.** Policies that extend wrap-around supports to gig workers, make high-speed internet universally accessible, and provide tax incentives to employers who offer digital skills training to employees will also foster a more supportive business ecosystem.

• **Workforce training programs** can help more Latinos access locally in-demand jobs by ensuring job training programs integrate digital skills into job readiness training through a combination of volunteerism, on-the-job training, and mentoring. **Partnering with Latino organizations will help workforce development programs connect with the Latino community with a curriculum**

that is culturally competent and led by familiar faces who are multilingual.

Industry sector partnerships that bring together multiple employers in the same industry along with an education or training provider to discuss their common talent pipeline needs will also prepare workers for available jobs.

- **Businesses** can support Latino workers by offering them on-the-job opportunities to build their digital savvy and establishing hiring practices that are focused on a job candidate's potential rather than their degree.

Apprenticeships and workplace learning programs offer workers an opportunity to gain new skills while maintaining financial stability.

- **Community colleges** can bolster the business ecosystem by **partnering with local workforce entities to develop a curriculum that prepares students for local labor market demands.** Merging credit and non-credit programs, creating stackable, micro credentials, offering flexible scheduling, and providing wrap-around supports like child care and transportation will also help students complete their coursework while building in-demand skills.

- **Capital access providers** can work in partnership with entrepreneurial support organizations (ESO's) and other ecosystem organizations in their community to **ensure Latino businesses access the relief and PPP funds they need to grow and expand their operations as well as training to expand their tech capacity.**

Additionally, investing in Latina-owned businesses can help close the double economic gap Latina workers face.

Latino Inclusion in the Digital Economy

takes a closer look at the challenges Latino workers and business owners face in participating in the digital economy and shares examples of how the recommended solutions are already working. This report aims to inspire local decisionmakers at the business, community, government, and academic level to help stimulate the economy by providing targeted supports that enable Latino workers and business owners to build their digital acumen and skills.

Expanding public/private partnerships and redesigning workforce policies to intentionally engage the Latino community are important steps toward moving these solutions forward. However, accessing the full potential of the

Latino workforce requires a collaborative, multi-sector approach that brings together different ecosystem players—including government, industry, philanthropy, and education—to spur equitable economic growth.

As the federal government spearheads post-pandemic recovery efforts, the actors within the local ecosystem must collaborate and work together to provide targeted interventions that support Latino workers and businesses and ensure they are positioned to exceed their pre-pandemic growth rates. Using the findings of this report as a jumping off point, AILAS launched the Latino Business and Entrepreneurship Initiative, a new community of practice aimed at providing

local and federal policymakers and other stakeholders with the innovative ideas, best practices, and space for deliberation needed to build a more inclusive economy. AILAS's new research initiative, Latino Inclusion in the Digital Economy, will continue to source solutions and public-private partnerships to upskill Latino workers and entrepreneurs at scale. To learn more, please contact LatinosandSociety@AspenInstitute.org.



INTRODUCTION

Representing 17.6 percent of the American workforce⁴ and on track to become 28 percent of the total U.S. population by 2060, Latinos are a critical driver of this country's economy. Ensuring Latino workers have the skills and opportunities needed to access quality jobs and build meaningful careers is paramount to keeping the nation's economy strong.

As the pandemic wreaks havoc on the country's economic and health systems—a study from Columbia University estimates 8 million American families have fallen into poverty since May 2020—Latinos are facing major setbacks in economic mobility.⁵ While many Americans sheltered in place and turned to remote work, only 16 percent of Hispanic workers had the ability to work from home. Over the past year, unemployment among Latinos in the U.S. has fluctuated, reaching as high as 18.9 percent last April and dropping to 8.6 percent in January 2021.⁶ As digitalization grows and more jobs shift in nature, returning Latinos to the high rate of pre-pandemic workforce participation will require strengthening the digital capacity of Latino workers and Latino-owned businesses.

Helping Latino workers overcome today's employment hurdles and access the digital economy must not only include strategies for upskilling the Latino workforce, but also feature policies and programs aimed at ensuring that middle-skill digital jobs are accessible to Latino workers. Additionally, Latino business owners need the technical skills and infrastructure required to maintain and grow their companies in an increasingly digital environment.

Founded in 2015, Aspen Institute Latinos and Society (AILAS) works to increase Latino access to opportunity and economic advancement. AILAS takes a systems-level approach to analyzing and addressing challenges. To explore opportunities to build the Latino workforce's capacity to fully participate in the digital economy, AILAS hosted the Aspen Roundtables on the Inclusion of Latinos in the Digital Economy, a series of discussions among stakeholders across the workforce development ecosystem. Participants included a mix of leaders from the business, finance, government, nonprofit, labor union, education, and philanthropic fields. Made possible through a grant from

⁴ US Bureau of Labor Statistics, [Labor Force Statistics from the Current Population Survey](#), January 22, 2021.

⁵ Parolin, Z., Curran, M., Matsudaira, J., Waldfogel, J., Wimer, C. (October 2020). "[Monthly Poverty Rates in the United States during the COVID-19 Pandemic.](#)" Center on Poverty & Social Policy, School of Social Work, Columbia University.

⁶ [US Department of Labor](#). (February 2021).

Google.org and support from UPS, the three-part convening aimed to identify solutions to ensuring Latino workers across the country are able to secure quality jobs, while increasing their earning potential and pathways for wealth creation. Participants also highlighted opportunities to help Latino-owned businesses remain competitive in an increasingly digital landscape.

With nearly 70 stakeholders participating, the first discussion focused on best practices for upscaling Latino workers, the second centered on resources for Latino-owned businesses, and the third surfaced strategies for building sustainable ecosystems for Latino workers and entrepreneurs. This white paper highlights several of the solutions that emerged from these convenings. As the country works to build back from the pandemic, ALLAS will continue to explore and promote opportunities to ensure these ideas are at the center of the nation's economic agenda.

THE CURRENT LANDSCAPE

The nation's 60.6 million Hispanics and Latinos represent the second fastest growing segment of the U.S. population. To put the Latino economic power in the U.S. in perspective, their wealth, combined, would make them one of the top 10 economies in the world. Relatively young (more than 60 percent of Latinos are age 35 or younger⁷) with a strong entrepreneurial spirit (Latinos are starting businesses at a faster rate than any other group), Latinos are primed to be a major player in the nation's economic recovery. But, to achieve this potential, Latino workers need a supportive business ecosystem that fosters opportunities in the digital economy.

Before the pandemic, Latinos faced a variety of socioeconomic disparities. A study from McKinsey & Company estimates Latinos have an aggregate of \$1.3 trillion to \$1.6 trillion less in wealth (in 2018 dollars) than their white peers.⁸ The same study shows the business sectors most affected by the pandemic represent almost 50 percent of revenues

⁷Fey, W. (June 2019). "Less than half of U.S. children under 15 are white, census shows." The Brookings Institution.

⁸Millán, I., Noel, N., Pérez L., Pulido, A. (September 2020). "US Hispanic and Latino lives and livelihoods in the recovery from COVID-19." McKinsey & Company.

for Hispanic- and Latino-owned businesses. The leisure, hospitality, and retail industries are all overrepresented by Latino workers. Each of these industries is losing jobs as a result of the pandemic.

The American workforce's dramatic shift toward automation also threatens to have a disproportionate impact on Latino economic mobility. Each year, thousands of workers are displaced from jobs that can now be performed digitally. Physical distancing protocols set to slow the spread of COVID-19 are accelerating the transition to automation. Over the next decade, half of tasks across all industries are expected to go digital, eliminating as many as 39 million jobs.⁹

Overly concentrated in occupations that have less demand for digital skills, Latinos are at a higher risk of being displaced by digital technology than any other racial or ethnic group in the U.S. With approximately 7.4 million Latino workers nationwide employed in occupations at risk of digital displacement, studies estimate that Latinos have a potential displacement rate of 25.5 percent.¹⁰

The pandemic threatens to create an even wider economic gap for Latina women, who have the lowest income among all ethnicities, earning just \$.55 for every dollar earned by white, non-Hispanic American men.¹¹ For households led by a single mother, which account for approximately 28 percent of Latino households in the U.S., the pandemic is forcing many Latina workers to give up their jobs in order to care for their children.



⁹Manyika, J., Chui, M., Miremadi, M., Bughin, J., George, K., Willmott, P., Dewhurst, M. (January 2017). *"A Future That Works: Automation, Employment, and Productivity."* McKinsey and Company.

¹⁰Gonzalez, N., Garcia, D., Dominguez-Villegas, R., Bustamante, A.V. (September 2020). *"Latino Workers and Digitalization."* UCLA Latino Policy & Politics Initiative.

¹¹Tucker, J. (October 2020). *"55 Cents on the Dollar Isn't Enough for Latinas."* National Women's Law Center.

As automation eliminates some jobs, it is also creating new ones. The World Economic Forum's [Future of Jobs Report 2020](#) predicts that, while machines will replace 85 million jobs by 2025, the shift will lead to 97 million new jobs during the same time period for a net addition of 12 million jobs.¹² These new jobs are expected to include a growing demand for data analysts, scientists, and information security analysts.

As these new jobs become available, they will require workers to learn new skills. According to a study from the National Skills Coalition, 48 million workers have no digital skills. While many white workers lack digital skills, the number is worse for people of color. Latino workers make up 14 percent of the U.S. workforce, but represent a full 35 percent of workers with no digital skills, and 20 percent of those with limited skills.¹³ Helping Latino workers access training to build the skills needed to successfully obtain and perform these new jobs is critical to the future of the U.S. economy.

Geography will also play a role in Latino workers' ability to engage in the digital economy. Traditionally, Latinos live in areas with high job growth. However, they

need help scaling their skills in order to take advantage of these employment hubs. [A report from UCLA's Latino Policy and Politics Initiative](#) finds that 68.5 percent of the U.S. Latino population is based in six states—Arizona, California, Texas, Florida, Illinois, and New York. Over 7.1 million Latinos, representing nearly 40% of the Latino workforce in those six states, are at high risk of being displaced by automation.¹⁴

These six states also represent the future of the tech economy. In each of these states, the largest industries are becoming more and more digital. For example, in Arizona, the health care and defense industries are adding tech-related positions. Many of these states also have an aging population—particularly Florida and Arizona. As an increasing number of residents get set to retire, ensuring Latino workers have the digital skills needed to obtain good paying jobs and pay into social security will be critical to keeping local workforces productive and maintaining strong local economies.

As the nature of the workforce becomes increasingly digitized, businesses need financial support to build and grow, as

¹²The Future of Jobs Report 2020 (October 2020). World Economic Forum.

¹³Bergson-Shilcock, A. (April, 2020). "[Applying a Racial Equity Lens to Digital Literacy.](#)" National Skills Coalition.

¹⁴Bustamante, A. V., Dominguez-Villegas, R., Garcia, D., Gonzalez, N. (September 2020). "[Latino Workers and Digitalization.](#)" UCLA Latino Policy & Politics Initiative.

well as the right talent to support their enterprises. The path forward is through strengthening ecosystems at the local level. **Leveraging the economic power of the Latino workforce will require policymakers, businesses, training programs, academic institutions, nonprofit organizations, and other stakeholders to come together and create opportunities that allow adult workers to continuously develop and ensure their skill set matches the needs of the current labor market.** This ecosystem of players needs to be intentional about building public-private partnerships and lifelong learning systems to ensure all adult workers have avenues to good jobs and economic advancement.

The Aspen Institute Future of Work Initiative explored the development of equitable and accessible lifelong learning systems and released specific steps that cities can use to support their residents in advancing their careers. To learn more, see, ["Building a Lifelong Learning System. A Roadmap for Cities."](#)



UPSKILLING LATINO WORKERS

“Quality of life depends on having a quality job, with the social safety nets necessary to promote economic and social mobility.”

– Domenika Lynch, Executive Director, Aspen Institute Latinos and Society

Across the globe, companies are automating repetitive tasks and processes at an increasing rate and incorporating technology into all aspects of work, from filling out timesheets and managing workflow to using advanced machinery on an assembly line. Even jobs traditionally dominated by manual skills, such as food service, auto mechanic, and custodial positions, are being simplified and made more efficient with technology. As a result, digital literacy is quickly becoming a non-negotiable job requirement.

The digital economy extends beyond jobs in the tech industry. By 2030, at least two-thirds of jobs will require some level of digital skills.¹⁵ Industries with the highest degree of digital interface include professional and business services, finance and insurance, education and health services, and information and communications technology. These four industries

provide jobs that are less likely to be displaced by automation—and they are all industries in which Latinos are underrepresented. Increasing the number of Latinos in these highly digitalized industries will require upskilling the Latino workforce through education and training opportunities and a shift in current hiring practices.

DRIVERS OF FUTURE JOB DISPLACEMENT RISK FOR LATINO WORKERS

Latinos are overrepresented in jobs with a high risk of automation or displacement. To shift this trend, the following factors must be addressed:

• SKILLS AND EDUCATION:

Latinos are less likely to have the skills and educational background needed to enter new types of jobs.

• COMMUNITY ARCHETYPES:

Latinos are less geographically mobile on average, making relocation for new jobs less likely.

• SOCIODEMOGRAPHIC CHARACTERISTICS:

Some Latinos face higher risk of job displacement and high barriers to reskilling for new jobs.

Source: McKinsey & Company

¹⁵Manyika, J., Lund, S., Chui, M., Bughin, J., Woetzel, J., Batra, P., Ko, R., Sanghvi, S. (November 2017). *“Jobs lost, jobs gained: What the future of work will mean for jobs, skills, and wages.”* McKinsey & Company.

SOLUTIONS

The following approaches can help Latino workers access the training and education needed to secure quality jobs with upward mobility. Many of these solutions are already working, creating models others can follow.

Workforce Development Programs

Workforce development programs can play a major role in supporting Latino workers as they enter and advance in an increasingly digitized workforce. Ensuring job training programs integrate digital skills into job readiness training through a combination of volunteerism, on-the-job training, and mentoring will help prepare workers for the current and future job market. Partnering with Latino organizations will enable workforce development programs to connect to the Latino community and ensure they are supporting their needs.

Training curriculum developed by UnidosUS teaches workers digital and other in-demand skills that build on their bicultural or bilingual background. Workers who complete these training programs through UnidosUS affiliates have been able to upskill to higher positions and increase wages. For example, the [Latinos in Finance Initiative](#)

helps Latinos gain the skills needed to succeed in the banking and investment field. Financial institutions not only benefit from the skills these trained workers bring, but also value their ability to more effectively reach and serve Latino clients.



Apprenticeships and Employer-led Training

Financial barriers and the need to work multiple jobs to make ends meet can prevent Latinos from pursuing the advanced degree that is often required for high quality jobs—including those in the digital economy. Apprenticeships and workplace learning programs are proving to be a viable solution to this challenge, offering workers an opportunity to gain new skills while maintaining financial stability. As more jobs become automated, employers have a role to play in making training programs available and accessible to those who are most likely to be impacted.

In 2018, California Governor Gavin Newsom set a goal of establishing 500,000 apprenticeships in the state by 2029. To leverage this opportunity to allow more workers in the state to earn family-sustaining wages and advance in their careers, a group of apprenticeship grantees of the The James Irvine Foundation’s [Better Careers Initiative](#) identified the top barriers to growing equitable apprenticeships in California, including the complexity in the state’s oversight structure, which makes registration and operation difficult, and the limited availability of flexible funding sources to support these programs. To overcome these challenges, the group (with support from [SPRA](#)) issued a [Call to Action](#) featuring structural changes such as increased funding and networking support to foster targeted sector growth and equitable career paths for all Californians.

Partnerships and Wrap-Around Services

Another best practice for Latinos in workforce development involves industry sector partnerships that bring together multiple employers in the same industry along with an education or training

provider to discuss their common talent pipeline needs. Some strong sector partnerships serving Latino workers include [Building Skills Partnership](#) and the [Healthcare Career Advancement Program](#).

Leveraging the potential of Latinos in the digital workplace also requires rethinking educational opportunities. Community colleges can support students by merging credit and non-credit programs and forming partnerships with local workforce entities to ensure the schools are preparing students for local labor market demands. [Generation USA](#) recently announced a \$44 million effort by Verizon to upscale black and brown workers across the U.S. by partnering with community colleges to run boot camps that feature stackable, micro credentials that lead to degrees, and, ultimately, to quality jobs.

With more than 700,000 credentials to choose from, Latinos also need assistance navigating their options and identifying programs that provide wraparound services that will support successful completion.¹⁶ [Instituto del Progreso Latino](#) offers employer-driven career pathway training for healthcare

¹⁶To learn more about opportunities to expand lifelong learning, see Aspen Institute Latinos and Society, “[Building a Lifelong Learning System. A Roadmap for Cities.](#)”

and other growing industries, as well as academic advising, child care services, transportation assistance, and job placement support. Training programs and community colleges can support student success by providing key advising and wraparound services and offering flexible scheduling to allow students to balance life demands.

Employer-Backed Credentials

Transcripts from higher education institutions may be antiquated in the way they communicate with employers. A letter grade—such as a B—does not translate into a student’s aptitude for a job. In addition to assessing core competencies, higher education institutions can benefit both job seekers and businesses by offering credit for marketable skills (based on the current job market). Google recently announced it would count employer-backed credentials ([Google Career Certificates](#)) as the equivalent to a college degree.

Skills-Based Hiring

College degree requirements limit the pool of talent for many jobs that in the past did not require them. Businesses will benefit from adjusting their hiring practices to look at a candidate’s skills,

not just whether or not they have earned a degree, and by embedding digital skills training into existing job training programs.

Bank of America (BoFA) offers several positions for which a degree is desired, but not required and is working toward making job descriptions more focused on required skills. Over the past few years, BoFA’s [Pathways](#) program has increased the number of positions in client-facing roles. The program also helps workers earn their degree while they are on the job by offering tuition reimbursement. BoFA has created a playbook for community partners to help them understand and engage with the program.



Digital Skills Training

Millions of Latinos work in jobs where earning any kind of degree may not be possible. To ensure these workers are not left behind, employers need to rethink the way they approach training and education to ensure workers have the digital skills needed to advance. At the beginning of the pandemic, many eldercare workers, nannies, and home health care workers did not have the basic digital skills needed to access Zoom or Google hangouts. As the entire world moved to these digital platforms, teaching these workers to navigate these systems was essential for them to continue to do their jobs.

State policymakers can incentivize employers to provide training to their workers to help bridge the digital gap. Philanthropy can also lend support by providing more funding to Latino-led organizations that are providing jobs skills training and placement services.



TECH ENABLEMENT OF LATINO-OWNED BUSINESSES

“Through intentionality and resolve, we will create an economy that works for everyone.”

– Hector Mujica, Head of Economic Opportunity, Google.org

Hispanics and Latinos have the highest rate of new business creation in the United States. Between 2014 and 2016, the number of majority Latino-owned businesses with at least one part-time or full-time employee increased by more than 13 percent.¹⁷ Latino-owned employer businesses are estimated to employ nearly 3 million American workers. While prolific, Latino-owned businesses are often cash strapped, with only half reporting they have enough funds to cover two months of expenses. The pandemic is exacerbating this challenge.

In one Stanford Latino Entrepreneurship Initiative (SLEI) survey, 86% of Latino-owned businesses reported immediate negative effects of COVID-19 in the early months of the pandemic. Nearly two-thirds said they would not be able to sustain operations for more than six months.¹⁸ And, a recent McKinsey

& Company analysis found the five business sectors most affected by Covid-19-related shutdowns—retail trade, construction, leisure and hospitality, transportation, and other services—generate almost 50 percent of the revenues of all Latino-owned businesses.

Not only are Latino business owners over-represented in sectors most impacted by the pandemic, their lack of access to credit or relationships with commercial banks made it more challenging to access relief funding from the Paycheck Protection Program (PPP). SLEI reports Latinos had their PPP loans approved at half the rate of white-owned businesses. And, according to a study by the Brookings Institute, 80 percent of Hispanic- and Latino-owned small and medium-size enterprises (SMEs) did not receive PPP financing.¹⁹

SOLUTIONS

As a large percentage of the workforce continues to operate in a remote capacity and companies adapt to online platforms, the pandemic is changing the way businesses interact with the digital economy. The following approaches

¹⁷Fairlie, R. (January 2018). *“Latino Business Ownership: Contributions and Barriers for U.S.-born and Immigrant Latino Entrepreneurs.”* Office of Advocacy U.S. Small Business Administration.

¹⁸Orozco, M., Tareque, I. S., Oyer, P., Porras, J. (August 2020). *“The Ongoing Impact of COVID-19 on Latino-Owned Businesses.”* Stanford Latino Entrepreneurship Initiative.

¹⁹Liu, S. Parilla, J. (September 2020). *“New data shows small businesses in communities of color had unequal access to federal COVID-19 relief.”* The Brookings Institution.

can help Latino business owners leverage this new virtual reality to boost productivity.

Training and Capacity Building

To maintain sustainable businesses for the long-term, Latino business owners need training and capacity building—particularly around tech enablement. Small-business owners have cited e-commerce support, POS system (credit card processing), SEO content marketing, social media engagement, and payroll as areas where more targeted technical assistance and resources are needed. Many businesses also need help with data security.

Helping Latino businesses establish online market resources will enable them to grow, manage, and win business. During the first six months of the pandemic, U.S. e-commerce sales jumped more than 40 percent, while in-store revenue fell to 2.7 percent.²⁰ To meet consumer demand for contact-less retail and dining services, Latino-owned businesses need to expand their digital presence and transition to e-commerce platforms.

Third-party apps—such as food delivery services like Uber Eats, Grubhub, and

DoorDash—can help businesses connect with customers, but Latino entrepreneurs must learn to navigate these programs. The fees associated with these apps can be debilitating to restaurants, which tend to have low profit margins. At the beginning of the pandemic, the National Restaurant Association offered webinars to help restaurants learn to use third-party delivery systems to amplify their reach and increase their earnings.

Uber conducted a listening session of restaurants and is working with business owners to adapt its systems and create tools to best meet their needs. In February 2021, Uber announced [Eat Local](#), an initiative to help independent restaurant owners respond to pandemic-related challenges. The program waives delivery fees through July 2021 and features \$4.5 million in microgrants for local businesses.

To support Latina entrepreneurs, the [League of United Latin American Citizens \(LULAC\)](#) offers the Latina Entrepreneur Academy. Part of LULAC's Women's Empowerment (WE) Initiative, the program helps Latina women develop build or expand their businesses.

²⁰Feibus, M. (February 8, 2021). ["A lifeline": As sales vanished amid the pandemic, here's how small businesses shifted to Amazon, Etsy to survive.](#) USA Today.

Access to New Markets

Taking concrete steps toward greater tech enablement will not only modernize Latino-owned businesses, it will also help businesses build efficiencies into project management, which will garner increased revenue and grow the business. Industry and ecosystem partners can help small businesses increase their digital acumen through coordinated training and capacity building support. To enable more female business owners to export their goods and services, the [UPS Women Exporters Program](#) offers training, tools, information, and networking assistance aimed at increasing the capacity of female small business owners to engage in international trade and e-commerce.

Amplifying Latino-owned Business

Businesses can use technology to fuel a more aggressive sales and marketing strategy. For example, to help Latino restaurant owners boost business during the pandemic, [Yelp](#)—an app that offers crowdsourced business reviews—partnered with [Momento Latino](#) to launch a special feature that allows users to search solely for local Latino-owned restaurants. Nonetheless, in

order to participate, restaurant owners must update their business profile on the app.

Coaching and Mentoring

Latino-owned businesses often have trouble securing high-quality and responsive capital to secure and plan for growth. In addition to needing help accessing relief funding to keep their businesses running and put the necessary COVID protocol measures in place, Latino business owners also need guidance on how the loan funds can be used. Peer-to-peer business mentorships are a proven and effective resource to help entrepreneurs access coaching and advice for scaling their businesses to the next stage of growth.

In September 2020, Google.org [announced](#) a \$3 million grant to Hispanics in Philanthropy's [PowerUp Fund](#) to directly support Latino-owned small businesses across California, Texas, and New York. Through this effort, 500 small businesses (nearly 60 percent Latina-owned) each received a cash grant, as well as a year's worth of business training from [Ureeka](#), a community-based platform that connects underserved small business owners to peers, mentors, and coaches who can help these businesses

grow. These businesses represent more than 55 industries, including food and beverage, health and wellness, child-care, technology, and more.

More solutions for growing Latino-Owned businesses—including options for enhancing use of technology—are featured in ALLAS’s [Playbook for Scaling Latino-Owned Businesses](#).



PRIORITY RECOMMENDATIONS

The digitalization of jobs throughout the U.S. is putting Latino workers at risk—and the pandemic is accelerating this shift. However, Latino workers also exhibit a high level of resilience and confidence in their ability to recover and rebuild. They acknowledge the challenge at hand, but also see opportunities to leverage strengths and skills in their community. This resilience can be a major contributor to the nation’s economic recovery.

Expanding public/private partnerships and redesigning workforce policies to ensure they intentionally engage groups that are connected to the Latino community

will better meet the needs of Latino workers. Leveraging this opportunity will require a collaborative, multi-sector approach that brings together different ecosystem players—including government, industry, philanthropy, and education—interested in spurring equitable economic growth by ensuring Latinos have access to the digital economy. These partnerships will allow organizations to work together more easily to provide the wraparound services, such as child care and transportation, workers need.

Along with stronger partnerships and supports, there are actions individual stakeholders can pursue to support this effort.

WHAT POLICYMAKERS CAN DO ...

Increase access to capital (including more targeted relief funding for Latino-owned businesses). Latino business owners need access to high-quality and responsive capital. Policymakers with an interest in supporting Latino businesses in their communities must build and foster intentional delivery systems that are culturally appropriate and responsive to the ecosystem’s needs. These approaches must include a full array of capital sources.

Expanding access to PPP funding, refining PPP terms to direct funds where they are needed most, and expanding incentives for lenders to issue loans to micro-businesses or “mom and pop” applicants will help Latino business owners get the funding they need to increase adoption of digital tools, stabilize their operations, and plan for growth.

Adapt policies regarding wrap-around supports. In addition to expanding the SNAP program to help address the food insecurity challenge during the pandemic and beyond, the program needs to be updated to allow gig workers and those who are self-employed to access supports.

Ensure universal access to broadband. High-speed internet remains unattainable for many communities, which is exacerbating the growing economic racial wealth gap. Both Latino workers and Latino business owners need access to reliable and affordable high-speed internet to pursue remote learning and digital skills building.

Provide tax incentives to employers to provide training to their workers to help bridge the digital gap. For example, Illinois has developed [a tax incentive for businesses](#) to expand apprenticeships.

For more policy recommendations, see [Big Ideas for Small Business, A Five-Step Roadmap for Rebuilding the U.S. Small-Business Sector, Reviving Entrepreneurship, and Closing the Racial Wealth Gap](#), which was presented at the convening by report author Bruce Katz, director of the [Nowak Metro Finance Lab at Drexel University](#) and [Gary L. Cunningham President and CEO of Prosperity Now](#).

WHAT TRAINING PROGRAMS CAN DO ...

Revise curriculum of workforce training programs to include opportunities to develop digital skills needed for regional employment. The content needs to be conveyed in a way that is culturally competent, led by familiar faces, and accessible in the user’s dominant language. Industries that are hiring in the region need to be at the table to help design the curriculum and ensure workers finish the program with the skills needed to access local, in-demand jobs.

Track data on completion rates by gender, race, and ethnicity to understand what programs are having favorable outcomes in underrepresented communities.

WHAT BUSINESSES CAN DO ...

Create more opportunities for Latino workers to earn tech skills on the job.

Apprenticeships and other earn-while-you-learn programs will help Latino workers build the skills they need to adapt to the changing workforce while continuing to earn the income they need to support themselves and their families. When employers are engaged in training, it promotes better employment outcomes by aligning the training with the skills employers need.

Adjust hiring practices and hire based on qualifications or potential, not degree.

For many jobs, hard and soft skills as well as previous experience are more important than a formal education. Besides increasing hiring pools, a company that forgoes the degree requirement is likely to find more viable candidates from diverse backgrounds. Employees hired for their skills and experience should be paid the same as colleagues who have a degree.

WHAT COMMUNITY COLLEGES CAN DO ...

Merge credit and non-credit programs and form partner-

ships with local workforce entities

to ensure the schools are preparing students for labor market demands.

Offer flexible scheduling to allow students with competing responsibilities to access courses on their own schedules.

Provide wraparound supports, –including childcare and transportation– to bolster student success.

WHAT CAPITAL ACCESS PROVIDERS CAN DO ...

Help Latino business owners build relationships with lenders and gain access to capital.

To increase their productivity, expand their reach, enhance their technological capacity, and improve their chances of long-term success, Latino business owners need access to high-quality, affordable, and responsive capital. Capital access providers can help business owners build their networks and increase their access to competitive bank business loans, grants, venture capital, and angel investment opportunities for high-growth Latino entrepreneurs and debt financing. Community Development Financial Institutions (CDFIs) can play a critical role in ensuring that Latino-owned businesses have the financial support they need to thrive.

Help Latino business owners apply for relief funds and PPP funding.

From the public side, capital access providers can work in partnership with entrepreneurial support organizations (ESO's) and other ecosystem organizations in their community to ensure equitable distribution of relief funds. [Philadelphia's PPP Prep program](#) offers a good model for other cities wishing to support Latino business owners.

On the private side, Google.org is taking the lead. To create greater access to opportunity for underserved communities, Google.org made a \$3 million grant to the [Power Up](#) fund to support Latino-owned businesses impacted by the pandemic and is offering training and capacity building to help business owners leverage that capital.

Invest in Latina entrepreneurs.

Latinas frequently hire other Latinas. Investing in Latina-owned businesses can help close the double economic gap Latina workers face.



CONCLUSION

The pandemic has accelerated the nation's move toward integrating technology into all aspects of the U.S. workforce. To remain competitive in this rapidly evolving landscape, workers in nearly every occupation and industry must have some level of digital skills. Business owners also need enhanced technology to adapt to the changing economy, including an ability to transform many services they once offered in person to an online environment. With Latinos representing a large and growing percentage of both the U.S. workforce and the country's business owners, they are poised to be a major contributor to the country's economic rebuilding efforts. To realize this potential, Latino workers and business owners need targeted support to build their digital acumen and skills. **This will require new policies, practices, and programs across the government, business and finance, philanthropy, workforce training, nonprofit, and academic sectors that are uniquely tailored to the needs of these workers.**





ABOUT THE ASPEN INSTITUTE LATINOS AND SOCIETY PROGRAM

The Aspen Institute Latinos and Society Program (AILAS), founded in 2015, provides a non-partisan, unbiased platform for shared learning across communities of influencers on the critical barriers preventing greater Latino achievement, and jointly surfaces new, innovative, and actionable solutions for a more prosperous future for all Americans. www.aspeninstitute.org/latinos-society | [@AspenLatinos](https://twitter.com/AspenLatinos)



ABOUT THE ASPEN INSTITUTE

The Aspen Institute is a global nonprofit organization committed to realizing a free, just, and equitable society. Since its founding in 1949, the Institute has been driving change through dialogue, leadership, and action to help solve the most critical challenges facing communities in the United States and around the world. Headquartered in Washington, DC, the Institute has a campus in Aspen, Colorado, and an international network of partners. www.aspeninstitute.org

