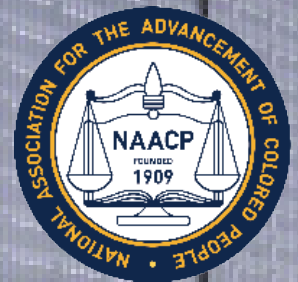


# THE NAACP OPPORTUNITY AND DIVERSITY REPORT CARD: THE HOTEL & RESORT INDUSTRY



EA012



The NAACP logo is a circular seal with a yellow border. Inside the border, the text "ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE" is written in a circular path. In the center of the seal is a scale of justice, with the year "1909" written below it.

**THE NAACP OPPORTUNITY AND DIVERSITY REPORT CARD:  
THE HOTEL AND RESORT INDUSTRY**

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*“To be a poor man is hard, but to be a poor race in a land of dollars is the very bottom of hardships.”*

*-W.E.B. Dubois*

# Report Overview

Equal opportunity for people of color in the United States has remained an unrealized goal. With the country on track to become minority-majority by 2050, racial economic inequality increasingly impedes the country's economic advancement.

During this period of high unemployment and declining wealth, Americans need living wage jobs with long-term career tracks now more than ever. Given these economic demands, the NAACP has developed a focused analysis of diversity and inclusion for selected industries in our *Opportunity and Diversity Report Card*. We selected industries with the greatest potential to influence job creation and wealth building in the African American community and other communities of color. The NAACP recognizes the need to diversify major U.S. industries and seeks to move the country beyond the racial divides that continue to shape its current economy. Through our *Opportunity and Diversity Report Card*, we will regularly examine the current state of diversity and inclusion in various U.S. economic sectors, highlighting the ones that exhibit the greatest potential for African Americans and other people of color. Furthermore, the NAACP will partner with industry leaders to advance best practices for racial and ethnic inclusion and diversity.

Focusing on specific industries and their issues will permit greater collaboration between the NAACP and industry leaders to advance best practices in inclusion and ensure opportunities for diverse groups. We believe this strategy aligns with the NAACP Economic Program's objective to "ensure that government and industry are knowledgeable and committed to bridging racial inequality, particularly as it relates to employment, wealth, lending and business ownership."

In ***The NAACP Opportunity and Diversity Report Card: The Hotel and Resort Industry***, the first in a series of reports based on our former Economic Reciprocity Initiative: *NAACP Consumer Choice Guide*, we analyze the lodging industry's inclusion and diversity practices as they pertain to the race and ethnicity of its workforce, management and suppliers. The report card assesses the performance of the top five highest-grossing U.S. companies in the industry in recognition that they possess the greatest potential to influence industry trends, policies and practices. In addition, it will inform the public about career opportunities and realities in the hotel and resort industry as the nation strives to strengthen its economy.



# Executive Summary

***The NAACP Opportunity and Diversity Report Card: The Hotel and Resort Industry*** examines the representation of African Americans and people of color as a whole in the industry's workforce, supplier diversity, and hotel ownership. We found that supplier diversity and board diversity were among the least inclusive areas in the hotel industry. For example, of the corporations graded in this report who provided significant property data, out of total dollars spent for goods and services only 8% went to companies owned by people of color, despite the fact that adults of color ages 18 - 64 comprise 36 percent of the U.S. population. Moreover, these corporations average a dismal 1% for supplier contracts with African American owned companies, despite individuals in this group ages 18-64 comprising 12% of the population. For these reasons and many more, much work remains to be done in the lodging industry to mitigate the racial economic inequality that threatens the future of this country.

***The NAACP Opportunity and Diversity Report Card: The Hotel and Resort Industry*** grades hotels against the standard rate of industry inclusion to identify leaders in diversity. The letter grades are based on three main criteria: 1) hiring and job advancement, 2) contracting and procurement, and 3) ownership (if and where applicable).

Marriott International received a B grade—the highest rating out of the five industry leaders we reviewed. This grade indicates an overall performance that exceeds industry norms in inclusion. No corporate leader received an overall A rating, which would indicate that the corporation greatly exceeded the industry norm. Since the industry rate of inclusion for people of color is quite low in governing body representation, management, property ownership, and supplier diversity, it is clear that corporate leaders in the hotel and resort industry—along with leaders in many other industries—still have far to go to ensure their workforce, leadership and suppliers adequately reflect the demographics of the United States.

This report card not only highlights the lack of inclusion and diversity in the lodging industry, but also calls attention to relevant programs and opportunities that enable people of color to excel in this industry. The report highlights hospitality programs at historically black colleges and universities; inclusion and opportunity advocacy organizations such as the National Society of Minorities in Hospitality and the National Association of Black Hotel Owners, Operators & Developers; and the diversity and career pipeline initiatives of the industry leaders whom we interviewed for this report.

We realize that ***The NAACP Opportunity and Diversity Report Card: The Hotel and Resort Industry*** is not the end, but rather the beginning of ongoing work for the NAACP Economic Programs to advance economic opportunity and diversity. As the United States rapidly transitions to a minority-majority country, we implore all corporate leaders to recognize racialized economic inequality as a profound threat and ongoing barrier to sustainable, widespread economic growth. We also ask that these leaders commit to revising the industry's corporate practices to help bridge the racial economic divide. The NAACP will collaborate with corporate leaders and diversity advocates over the next several years to advance industry inclusion so that it better reflects the nation's diversity. The release of this report card helps moves us forward in that direction.

# Lodging Industry Profile

## Lodging Industry Revenue Base

In 2009, the lodging industry, a subset of the travel and tourism industry, generated total revenue of approximately \$123 billion based on an average daily room rate of approximately \$97.51.<sup>1</sup> It earned a pre-tax income of approximately \$14 billion. In 2011, revenue increased to \$137.5 billion (at an average daily room rate of \$101.70), up from \$127.7 billion in 2010. Pre-tax income in 2011 rose to about \$21.6 billion from \$18 billion in 2010—a 20% increase and the largest percentage change in the past decade.<sup>2</sup>



## Overview of the Lodging Sector Domestic Workforce

Employment in the leisure and hospitality sector has surpassed pre-recession levels in nearly half of the nation's major markets. Forty-four of the 100 biggest metropolitan areas employed more leisure and hospitality workers in February 2012 than during the same month in 2008, according to the U.S. Bureau of Labor Statistics.<sup>3</sup> The U.S. Bureau of Labor Statistics also estimates that nearly

1 Basham, M. and Kwon, E. (2010). Lodging & gaming. *Standard & Poor's Industry Surveys*.

2 American Hotel & Lodging Association. (2012). *2012 Lodging industry profile*. Retrieved from <http://www.ahla.com/content.aspx?id=34706>.

3 U.S. Department of Labor. (2010.) *Career guide to industries, 2010-11 edition: Hotels and other accommodations*. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/oco/cg/cgs036.htm>.

4.5 million people comprised the lodging industry's domestic workforce in 2010 with an expected increase of 8% over the next 10 years.

## Service Sector Occupations

Two out of three (65%) lodging industry employees work in the service sector and it is projected that its five largest occupations – food preparation and serving workers, janitors, waiters and waitresses, restaurant cooks, and housekeeping cleaners – will add more than one million jobs this decade.<sup>4,5</sup> Like other service industries, hotels employ many low-wage, part-time/seasonal workers.

Although African Americans comprise the largest percentage of travelers of color in the United States (with both the Latino and Asian travel markets emerging proportionately), and while the lodging and hotel industry is largely staffed by workers of color, racial and ethnic minorities remain inequitably disbursed throughout the lodging workforce. They overpopulate entry-level and lower-wage positions while being underrepresented in higher-level, more lucrative positions, such as that of general manager.<sup>6</sup>

The lodging industry offers several entry-level opportunities for those entering or re-entering the workforce. Many of these entry-level service occupations in the lodging industry do not require formal schooling or postsecondary education, providing opportunity to gain work experience and foundational skills important for advancement in the lodging industry, or attain jobs in other industries.<sup>7,8</sup>

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4 Achsah, C. (2011 August 8). Employment projections for hospitality and tourism, 2010-2020. Retrieved from <http://ctetrailblazers.blogspot.com/2012/04/employment-projections-for-hospitality.html>

5 National Institute for Occupational Safety and Health, Division of Applied Research and Technology. (2012). *Economic factors*. Retrieved from <http://www.cdc.gov/niosh/programs/ppp/economics.html>.

6 Berta, D & Prewitt, M. (2007 August 20). Multicultural food service & hospitality alliance confab examines disparity of diversity in industry's executive ranks. *Nation's Restaurant News*.

7 U.S. Department of Labor. (2010). Career guide to industries 2010-2011: *Hotel and other accommodations*. Washington, DC: Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/oco/cg/cgs036.htm>.

8 Boatman, C. & Seegert, V. & Schroeder, J. (2007 October). Beyond the front desk of the hospitality industry. *InContext*. Retrieved from <http://www.incontext.indiana.edu/2007/october/2.asp>.



## Managerial and Executive Occupations

To advance beyond the plentiful lower-wage and entry-level positions in the lodging industry, workers must be educated about advancement opportunities. Hotels typically establish career tracks in marketing, public relations, law, accounting, architecture, and hotel operations.<sup>9</sup> To qualify for a managerial or executive position, job candidates must acquire and develop business and operational skills. Phillip Cunningham, general manager at Williamsburg Lodge (Virginia), states, “[Simply] having great customer skills no longer promotes you to the top.”<sup>10</sup> Cunningham emphasizes that African Americans have historically struggled to achieve the same level of industry success as their nonminority counterparts due to a lack of corporate mentors.<sup>11</sup> **The National Society of Minorities in Hospitality (NSMH)** is one of several organizations attempting to address this issue by linking people of color with hospitality company sponsors, industry representatives, hospitality organizations, advisors, and mentors to support the leadership pipeline for people of color in the industry.

The hospitality industry’s reputation with people of color is another barrier to diversity in hotel management. On the website *The Black Collegian*, Flora Gailliard states, “Although African Americans have had a wealth of experience in hospitality, it has not always been positive.”<sup>12</sup> In the past, African Americans were relegated to solely low-level positions “in back-of-house ... departments such as the kitchen and housekeeping.”<sup>13</sup> Over the past several decades, hotel chains have attempted to reach out to communities of color through multiple diversity recruitment and retention programs. These programs enable hotel companies to diversify and have led to a higher retention of staff.<sup>14</sup> However, with the recession, many hotels have reduced resources for diversity recruitment, retention programs, and diversity-based initiatives. Still, hospitality associations for people of color—such as the National Association of Black Hotel Owners, Operators & Developers (NABHOOD); the Hispanic Hotel Owners Association (HHOA); and the Asian American Hotel Owners Association (AAHOA)—continue to advocate for these programs and resources even as diversity in the lodging industry has improved.<sup>15</sup>

Out of all jobs in the lodging industry, hotel owner positions show the greatest lack of diversity. Michael Roberts, an African American hotelier, thinks expanding minority hotel ownership could have a major impact on the industry: “African Americans’ ability to own produces job opportunities in leadership roles for other African Americans.”<sup>16</sup>

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9 Towes, G. (2007 January). The lodging industry reaches out to minorities. *The Network Journal*. Retrieved from [www.tnj.com/archives/2007/january/lodging-industry-diversity-push](http://www.tnj.com/archives/2007/january/lodging-industry-diversity-push).

10 Gailliard, F. The hospitality industry. *The Black Collegian*. Retrieved from <http://www.black-collegian.com/career/hospitality-199806.shtml>.

11 Ibid.

12 Ibid.

13 Gong, Y. (2008). Managing cultural diversity in hospitality industry. (Master’s thesis). Retrieved from <http://digitalcommons.library.unlv.edu/thesesdissertations/480/>.

14 Richwine, E. (2008 July/August). Be their guest. *Minority Business Entrepreneur*.

15 National Association of Black Hotel Owners, Operators & Developers (NABHOOD); Hispanic Hotel Owners Association (HHOA); and Asian American Hotel Owners Association (AAHOA), personal interview, August 10 –12, 2010.

16 Evans, I. (2010 April 22). Black multi-millionaires buy Dallas hotel. *Sun Reporter*.

## Career Opportunities in the Hospitality Industry

People of color make up one-third (34%) of our nation. As this population grows, so too does the imperative to eliminate racial barriers to career advancement and wealth development. At the height of American power in the 1950s, the manufacturing industry created well-paying job opportunities for workers without advanced educations, laying the foundation for a robust American middle class.<sup>17</sup> After the manufacturing decline of the 1970s, hiring in that sector has steadily decreased as service sector hiring has increased. In fact, economists predict that the 21st-century economy will depend on the service sector, which currently accounts for three-fourths of all jobs in the United States. However, unlike the manufacturing industry, service sector jobs do not typically offer a middle-class living wage and benefits package for lower-skilled and entry-level positions. Thus, as the service sector becomes an increasingly significant national employer, it is crucial that this sector provide stronger wages, affordable healthcare, job security, and other benefits so that the American middle class can expand in communities that are disproportionately economically disenfranchised.

Increasingly, securing employment that leads to long-term career options with strong middle class wages and benefits is a serious challenge.<sup>18</sup> Though the majority of jobs in the hotel and lodging industry are lower-skilled, there are a number of career and employment pathways that can lead to management-level careers. As with most other industries, a college degree in the lodging sector is an important stepping-stone for promotion—a college degree in fields of study such as hospitality management will open many doors for advancement. Shadowing experiences, mentoring relationships, and internships also provide valuable “on-the-job” experience that helps candidates stand out.

Below is a categorical list of job opportunities within the lodging industry, ranging from entry-level positions to mid- and senior-management positions.

<b>Hotel General Manager<sup>19</sup></b>	
Responsibilities	Directs hotel operation and finances; creates standards for personnel administration and performance, service, room rates, advertising, publicity, and food.
Entry-Level of Education	High school diploma or equivalent (college degree recommended)
US Average Salary	\$76,800 per year \$146,00 per year (top pay)
Number of Jobs	121,000

17 Blackburn, B & Noll, E. (2011 February 27). Made in America: A brief history of U.S. manufacturing. *ABC News*. <http://abcnews.go.com/Business/made-america-middle-class-built-manufacturing-jobs/story?id=12916118>.

18 Gailliard, F. The hospitality industry. *The Black Collegian*. Retrieved from <http://www.black-collegian.com/career/hospitality-199806.shtml>.

19 U.S. Department of Labor. (2012). Occupational Outlook Handbook, 2012-13 Edition: Lodging Managers. Washington, DC: Department of Labor, Bureau Labor of Statistics. Retrieved from <http://www.bls.gov/ooh/management/lodging-managers.htm>; Best jobs in America. CNN Money. Retrieved from <http://money.cnn.com/magazines/moneymag/bestjobs/2009/snapshots/32.html>.

Job Outlook, 2006-2016	12% increase
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### Meeting and Convention Planner<sup>20</sup>

Responsibilities	Plans meetings and special events of various sizes; coordinates such logistics as budgets, speakers, entertainment, transportation, facilities, technology, equipment, printing, food and beverage, and other related issues.
Entry-Level of Education	Bachelor's degree
US Average Salary	\$45,260 per year
Number of Jobs	71,600
Job Outlook, 2010-2020	44% increase (Much faster than average)

### Information Clerk<sup>21</sup>

Responsibilities	Performs a range of services for hotel guests, such as guest check-in and checkout, assigning rooms, and answering inquiries to hotel services.
Entry-Level of Education	A high school diploma is enough for most positions, but some employers prefer workers who have some education beyond high school.
US Average Salary	\$29,990 per year
Number of Jobs	1,605,300
Job Outlook, 2006-2016	7% increase (Slower than average but growing)

### Concierge<sup>22</sup>

Responsibilities	Assists guests with making restaurant reservations, acquiring tickets to special events, and helping with travel arrangements and tours.
Entry-Level of Education	High school diploma or equivalent
US Average Salary	\$31,870 per year
Number of Jobs	82,800
Job Outlook, 2010-2020	10% increase (About as fast as average)

20 U.S. Department of Labor. (2012). Occupational outlook handbook, 2012-13 edition: Meeting, convention, and event planners. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/ooh/business-and-financial/meeting-convention-and-event-planners.htm>

21 U.S. Department of Labor. (2012). Occupational Outlook Handbook, 2012-13 Edition, Information Clerks. Washington, DC: Department of Labor, Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/ooh/office-and-administrative-support/information-clerks.htm>.

22 U.S. Department of Labor. (2012). *Occupational outlook handbook*, 2012-13 edition: Concierge. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/oes/current/oes396012.htm>.

## Executive Chef<sup>23</sup>

Responsibilities	Oversees all kitchen activity, such as menu creation and staff management; utilizes food surpluses; tracks popularity of various dishes; estimates customer food consumption; tests quality of cooked foods; creates special dishes and recipes.
Entry-Level of Education	High school diploma or equivalent
US Average Salary	\$40,630 per year
Number of Jobs	100,600
Job Outlook, 2010-2020	-1% (slight decrease or no change)

<sup>23</sup> U.S. Department of Labor. (2012). *Occupational outlook handbook*, 2012-13 edition: Chefs and head cooks. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/ooh/food-preparation-and-serving/chefs-and-head-cooks.htm>.

# Hospitality and Management Training Institutions

To encourage the number of African Americans in key positions within the hospitality management industry, historically black colleges and universities (HBCUs) and a few highly regarded programs at non-HCBUs play a critical role in educating the workforce in this field. Below is a list of higher education programs that provide a good foundation for those interested in a career in the hospitality and lodging industry.

Educational Institution	Description of Program	City/State
<b><i>Historically Black Colleges and Universities</i></b>		
Alabama A&M University	Family and Consumer Sciences includes a hospitality management track	Huntsville, AL
Bethune-Cookman University	College of Business	Daytona Beach, FL
Delaware State University	College of Business with a focus in hospitality management	Dover, Delaware
Grambling State University	College of Business	Grambling, Louisiana
Howard University	College of Business	Washington, DC
Morgan State University	College of Business with a focus in hospitality management	Baltimore, MD
Temple University	School of Hospitality and Tourism with research opportunities	Philadelphia, Pennsylvania
Tuskegee University	College of Business with a focus in hospitality management	Tuskegee, Alabama
<b><i>Non-Historically Black Colleges and Universities</i></b>		
Boston University	Hospitality program with study abroad opportunities	Boston, MA
Cornell University	Hotel management program includes on-campus hotel and active faculty researchers	Ithaca, NY
George Washington University	Hospitality program with an emphasis on international tourism	Washington, DC
Johnson & Wales University	Hospitality programs available on four campuses	Providence, RI
Michigan State University	Student hospitality association produces annual hospitality events	East Lansing, MI
Ohio State University	Hospitality program combines learning with internships	Columbus, OH

Educational Institution	Description of Program	City/State
Pennsylvania State University	Hospitality program with a goal for undergrads to reach senior-level executive positions	University Park, PA
Purdue University	Research centers and laboratories in tourism, food service, and lodging	West Lafayette, IN
Texas Tech University	Hospitality program with experiential-learning at nearby hotel	Lubbock, TX
University of Arkansas	Family and Consumer Sciences	Fayetteville, Arkansas
University of Delaware	Hospitality program with two degree options and experiential-learning at two on-campus hospitality venues	Newark, DE
University of Denver	Hospitality program with a focus on business education, experiential-learning, and career placement	Denver, CO
University of Houston	Hospitality program includes experiential-learning at an on-campus, name-brand hotel	Houston, TX
University of Nevada, Las Vegas	Gaming management concentration for students who want to work in casinos	Las Vegas, NV

# Opportunity and Inclusion Practices

## Professional Pipeline Initiatives

Professional pipeline programs strengthen diversity and opportunities in the lodging industry. Training programs benefit not only the employee, but also the employer—recruiters can attract more qualified entry-level candidates by outlining career paths and showing examples of managers who have worked their way up from entry-level positions.<sup>24</sup> Professional pipeline programs, specifically with respect to general management positions, must develop “operationally skilled yet business-oriented” managers.<sup>25</sup>

Food and beverage managers, responsible for a substantial portion of the hotel’s business, are crucial to the overall success and reputation of a hotel.<sup>26</sup> Their organizational experience and skillset thus translate particularly well to a general manager position. While recent research suggests that younger general managers do not perceive the food and beverage manager position to be an important career stepping stone toward becoming a general manager, it (or a financial and sales managerial position) allows for more rapid advancement than other mid-level management positions.<sup>27</sup>

The advancement outlook for chefs and cooks relative to other occupations in the service sector is

<sup>24</sup> International Society of Hospitality Consultants. (2006 November 29). Top 10 issues in hospitality industry for 2007. *HospitalityNet*. Retrieved from <http://www.hospitalitynet.org/news/154000320/4029554.html>.

<sup>25</sup> Harper, S & Brown, C & Irvine, W. (Issue 17, 2005: 51–65). Qualifications: A fast-track to hotel general manager? *International Journal of Contemporary Hospitality Management*.

<sup>26</sup> Starwood Hotels. Career paths. Retrieved on August 2, 2012 from [www.starwoodhotels.com/luxury/careers/paths/description.html?category=200000269](http://www.starwoodhotels.com/luxury/careers/paths/description.html?category=200000269).

<sup>27</sup> Harper, S & Brown, C & Irvine, W. (Issue 17, 2005: 51–65).

particularly promising, with opportunities to move up to higher-level positions that include executive chef, restaurant manager, or food service manager. In addition, advancement opportunities are greater for entry-level service employees who move to other departments. Employees who excel in customer service can advance to other jobs that involve interacting with the public, including public relations, advertising, sales, and management. However, it is important to note that education (both two- and four-year degrees) is increasingly becoming a requirement for advancement opportunities, particularly at the managerial level.<sup>28</sup> Formal qualifications (e.g., a degree in hospitality management, business, or both), considered “far more beneficial [than informal training] in developing functional management skills,”<sup>29</sup> are integral for career development.

Professional associations, individual hotels, and community organizations can also provide development and educational opportunities. There are hospitality associations for people of color who own hotels, such as the **National Association of Black Hotel Owners, Operators & Developers (NABHOOD)**, the **Hispanic Hotel Owners Association (HHOA)**, and the **Asian American Hotel Owners Association (AAHOA)**. Many hotels also offer manager trainee internships, which serve as an opportunity for students to obtain hands-on experience, shadowing opportunities, and access to mentoring and professional development. In addition to hospitality management programs, several community initiatives, organizations, and professional associations educate and train people of color in hospitality. For instance, the **Multicultural Affairs Congress (Philadelphia)** conducts a program that educates teenagers about long-term career opportunities and options available in hospitality. Each year, the **National Society of Minorities in Hospitality (NSMH)** hosts a national conference and career fair that establishes working relationships between the hospitality industry and students of color to support their career advancement. Additionally, several hotels and diversity lodging associations have executive recruitment programs and management trainee programs that identify people of color with a promising future in the industry and train them for management positions in the field.

## Inclusive Business Practices: Supplier Diversity

Tarun Kapoor, professor of hotel management at the Collins School of Hospitality Management at California State Polytechnic University, Pomona, advises: “To improve the state of diversity within the hospitality industry, it is necessary to improve the state of diversity at the franchise, finance, and supplier level.”<sup>30</sup> From 2002 to 2007, the total number of firms owned by people of color in the U.S.<sup>31</sup> increased by 46% to 5.8 million.<sup>32</sup> Yet despite minority business growth, equal participation in contracting and procurement opportunities in all industries remains an ongoing challenge for the minority business community. David A. Hinson, national director of the **Minority Business Development Agency**, states, “While the number of minority-owned businesses continues to grow, they are still smaller in size and scale compared to non-minority-owned firms.”<sup>33</sup> According to the **Insight Center for Community Economic Development**, supplier diversity programs are mutually beneficial for hotel chains and small businesses owned by people of color because they “transform the nature of the purchasing body with diverse suppliers who benefit the hotel (product quality and

28 U.S. Department of Labor. *Career Guide to Industries 2010–11 Edition: Hotels and Other Accommodations*. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Retrieved from <http://www.bls.gov/iag/tgs/iag721.htm>.

29 Ibid.

30 Tsering, L. (2004 March 14). Is the industry recruiting racially diverse workforce? *India West*.

31 The total number of minority-owned firms is not specific to the lodging industry but includes all industries.

32 U.S. Census Bureau. (2007 June). *2007 Survey of Business Owners: Company Summary*. Retrieved from <http://www.census.gov/econ/sbo/>.

33 U.S. Department of Commerce. (2010 July 19). Number of minority-owned businesses increases but economic parity remains elusive. Washington, DC: U.S. Department of Commerce, Minority Business Development Agency. Retrieved from <http://www.mbd.gov/pressroom/press-releases/number-minority-owned-businesses-increases-economic-parity-remains-elusive>.

public image of purchaser), thereby increasing the opportunities for a diverse pool of firms, suppliers, and contractors.”<sup>34</sup> Additionally, firms owned by people of color benefit the community by fueling its economy, which leads to the creation of more jobs, an expanded tax base, community benefits, and global competitiveness.<sup>35</sup>

Hotel chains’ supplier diversity programs enable hotels to invest directly in communities of color by “building family and community assets and assisting them in overcoming the racial wealth gap.”<sup>36</sup> Overall, the lodging industry still needs to develop more effective partnerships with minority vendors and suppliers to bridge that gap.

## **Inclusive Business Practices: Ownership**

Hotel ownership is consistently cited as the greatest challenge for diversity in the hospitality industry.<sup>37</sup> In 2010, African American- and Latino-owned hotels represented less than 2% of all hotels in the nation. As previously mentioned, hotel ownership by people of color can spur job creation for other people of color, particularly at the management level. For instance, Asian Americans own approximately 40% of the nation’s franchised hotels, produce over 500,000 hotel jobs per year,<sup>38</sup> and have representation as general managers nearly proportional to their presence in the population.<sup>39</sup> In addition, hotel ownership creates a strong entrepreneurial network and widens the base of intellectual capital, which results in generational wealth. On the topic of African American hotel ownership, Michael Roberts states: “[African Americans] need legacy. We have to have examples of successes in order for us to be able to let the generations to come know that many of the successes that occurred by African Americans in this country can be seen and pointed out and can be emulated.”<sup>40</sup>

Lack of experience and access to capital are the most significant barriers to hotel ownership for people of color.<sup>41</sup> The presidents of affinity associations in the lodging industry emphasize that established hotels need to do more to level the playing field of hotel ownership and assist potential hotel owners of color in overcoming these barriers.<sup>42</sup> Associations have initiated efforts to improve minorities’ knowledge of the hospitality business by offering seminars, boot camps, and workshops, along with connecting potential owners with experienced owners. Nonetheless, capital is the key to hotel ownership. Many lenders, especially in the current economy, prefer to invest in franchisees that have existing or previous hospitality experience, and many potential hotel owners of color are first-time buyers.<sup>43</sup> In dealing with this challenge, affinity associations are reaching out to people of color who own successful franchises in other arenas, such as fast food restaurants or auto dealerships.

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34 Cooper, C. & Russell, S. (2008 July 20-22). Evaluating and articulating the benefits of supplier diversity and M/WBE programs. Presented at Insight Center for Community Economic Development meeting in Kansas City, MO.

35 U.S. Department of Commerce. (2010 July 19). Number of minority-owned businesses increases but economic parity remains elusive. Washington, DC: U.S. Department of Commerce, Minority Business Development Agency. Retrieved from <http://www.mbda.gov/pressroom/press-releases/number-minority-owned-businesses-increases-economic-parity-remains-elusive>.

36 Cooper, C. & Russell, S.

37 National Association of Black Hotel Owners, Operators & Developers (NABHOOD); Hispanic Hotel Owners Association (HHOA); and Asian American Hotel Owners Association (AAHOA), personal interview, August 10 –12, 2010.

38 Asian American Hotel Owners Association. (2010 May 27). New survey showcases unprecedented impact of AAHOA members. Retrieved from <http://www.aahoa.com/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay>.

cfm&CONTENTID=4717.

39 Tsering, L. (2004 March 14). Is the industry recruiting racially diverse workforce? India West.

40 Lavandera, E. & Drash, W. (2009 August 24). Two Brothers, No Fears and \$1 Billion Empire. CNN. Retrieved from <http://www.cnn.com/2009/LIVING/08/24/black.donald.trumps/index.html>.

41 (2005 August 2). Blacks in the hotel business. The Miami Times.

42 National Association of Black Hotel Owners, Operators & Developers (NABHOOD); Hispanic Hotel Owners Association (HHOA); and Asian American Hotel Owners Association (AAHOA), personal interview, August 10 –12, 2010.

43 Ibid.



Presently, most of the largest national hotel corporations have hotel franchise development and owner programs that are, in some capacity, aimed at attracting diverse entrepreneurs interested in hotel ownership. According to NABHOOD president Andy Ingraham, a number of major brands are starting to recognize the importance of having owner diversity, allocating more resources to help grow these segments.<sup>44</sup> Diverse owners give hotels a competitive edge by drawing from their perspective and background to appeal to an increasingly diverse client base.<sup>45</sup> The affinity associations acknowledge that some programs are more successful than others, and that much work still needs to be done to level the playing field for owners of color. Therefore, more resources—specifically incentives and collecting more diversity data (particularly for franchises)—must be used to ensure that the industry provides ample opportunities for people of color to compete in this market.

## The Methodology of the NAACP Opportunity and Diversity Report Card

The NAACP analyzed data from the five largest hotel and resort corporations in the United States: Hilton Worldwide; Hyatt Hotels Corporation; Marriott International, Inc.; Starwood Hotels & Resorts Worldwide, Inc.; and Wyndham Hotel Group. Each corporation was asked to report on the percentage of African Americans and other people of color comprising its governing body (such as Board of Directors), its employees at multiple levels (from top management to unskilled workers), the number of employees hired or promoted, its suppliers providing goods and services, and its property owners and managers.

-Responses from the corporations were compared to industry averages. These industry averages were taken from research completed by the U.S. Equal Employment Opportunity Commission, the U.S. Census Bureau, and the Alliance for Board Diversity.

-For each question, corporations were rated on a scale that included A+, A, B, C, D, and F. A grade of C indicates an average performance, meeting the industry average. Higher grades corresponded to higher levels of diversity.

-Each corporation received an overall grade based on its performance in five sections. The sections were weighted as follows: Governing Body—10%; Workforce Diversity—40%; Employee Transition—10%, Supplier Diversity – 20%; Property Ownership/Management – 20%.

- **Governing Body – 10%**

- The governing body consists of elite members who jointly oversee the activities of the company. In a public company, this is typically a Board of Directors. In private organizations, the governing body might be organized under a different title, such as Executive Committee.

- **Workforce Diversity – 40%**

- Workforce diversity details the diversity of employees at many levels. In this report, we assessed five categories:
  - Top management, which includes chief officers like the CEO, who direct the corporation strategically and tactically on a day-to-day basis
  - Low/mid management, which includes all managers below the top management level
  - Highly skilled workers, which includes positions that need significant training
  - Semi-skilled workers, which includes positions that need moderate training

44 (2007 August 1). Hotels owned by blacks growing. The Mississippi Link.

45 Fortier, B & Ford, M. (2011 June). Diversity in hospitality franchising: Making good business sense. International Franchise Association. Retrieved from [http://franchise.org/IFA\\_NEWS/Diversity\\_in\\_Hospitality\\_Franchising\\_\\_Making\\_Good\\_Business\\_Sense/](http://franchise.org/IFA_NEWS/Diversity_in_Hospitality_Franchising__Making_Good_Business_Sense/).

- Unskilled workers, which includes positions that need minimal to no skill. In the lodging industry, jobs requiring fewer skills are far more plentiful.<sup>46</sup>
- **Employee Transition – 10%**
  - Employee transition reviews the diversity of employees newly hired or promoted in 2011.
- **Supplier Diversity – 20%**
  - Supplier diversity records the percentage of contracts for goods and services (e.g., everything from repairing buildings to providing linens) to businesses owned by African Americans and other people of color. This question is used in part to measure opportunities for the creation of wealth within diverse communities.
- **Property Ownership/Management – 20%**
  - This section conveys the percentage of African Americans and other people of color who own franchised properties or hold general manager positions at properties that each corporation owns or manages. This question is used in part to measure opportunities for the creation of wealth within diverse communities.

For each rating, the score for the corporation was compared to an industry average. These industry averages were pulled from the following sources for each variable:

- **Governing Body** – scores were compared to the diversity of members of Fortune 500 Boards of Directors, as detailed in an Alliance for Board Diversity report from 2011.<sup>47</sup>
- **Workforce Diversity** – all five sections (Top Management, Mid/Lower Management, Highly Skilled Positions, Semi-skilled Positions, and Unskilled Positions) were compared to corresponding job categories in the 2010 EEO-1 reports for the hotel and motel sector published by the U.S. Equal Employment Opportunity Commission.<sup>48</sup>
- **Employee Transition** – new hires were compared to the overall diversity in the hotel and motel sector as detailed in the 2010 EEO-1 report published by the U.S. Equal Employment Opportunity Commission.<sup>49</sup> Promotions were compared to the national working age population (ages of 18-64) as detailed in the 2010 Census published by the U.S. Census Bureau.<sup>50</sup>
- **Supplier Diversity** – scores were compared to the proportion of business ownership in the United States, weighted to take account of business size, as reported in the 2007 Survey of Business Owners published by the U.S. Census Bureau.<sup>51</sup>
- **Property Ownership/Management** – for this variable, scores were compared to hotel and motel sector ownership statistics from the 2007 Survey of Business Owners published by the U.S. Census Bureau<sup>52</sup>, and hotel and motel sector management statistics from the 2010 EEO-1 report published by the U.S. Equal Employment Opportunity Commission.<sup>53</sup>

46 These five workforce diversity categories were created utilizing the following EEO-1 job categories: top management consists of Executive/Senior Level Officials & Managers; middle/lower management consists of First/Mid Level Officials & Managers; highly skilled workers consists of Professionals, Technicians, and Craft Workers; semi-skilled workers consists of Sales Workers, Office & Clerical Workers, and Operatives; and unskilled workers consists of Laborers and Service Workers.

47 Alliance for Board Diversity. 2011. Missing Pieces: Women and Minorities on Fortune 500 Boards. Retrieved from [http://the-abd.org/ABD\\_report.pdf](http://the-abd.org/ABD_report.pdf).

48 Data retrieved from <http://www1.eeoc.gov/eeoc/statistics/employment/jobpat-eeo1/2010/index.cfm>, NAICS-5 code 72111: Hotels (except Casino Hotels) and Motels.

49 Ibid.

50 U.S. Census Bureau, 2010 Census: Summary File 2, Tables PCT3 and PCT4.

51 U.S. Census Bureau, 2007 Survey of Business Owners: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places: 2007

52 Ibid.

53 Data retrieved from <http://www1.eeoc.gov/eeoc/statistics/employment/jobpat-eeo1/2010/index.cfm>, NAICS-5 code 72111: Hotels (except Casino Hotels) and Motels.

# 2012 Analysis of Lodging Leaders' Racial Diversity and Inclusion Practices

## Overview of Industry Wide Trends and Averages

Corporation-specific report cards of the five largest hotel companies will be more meaningful when analyzed in the context of the entire lodging industry and general population. By comparing the industry-wide averages to the population, we can examine the amount of inclusion that exists for African Americans and other people of color in the lodging sector. These trends do not specifically focus on the five selected corporations, but instead reflect the current state of the industry.

In the following table, the industry average for each variable is listed. Each of these averages can be compared to the percentage of African Americans and other people of color in the working age population, ages 18-64. According to the 2010 U.S. Census, the working age population in the United States was 12.3% African American and 35.6% people of color. When the rate of inclusion of African Americans and other people of color is higher than or equal to these percentages, the score is listed in green, indicating high levels of diversity. However, when inclusion falls below the working age population, the percentage is listed in red, indicating low levels of diversity.

### Industry Averages Relative to Population

	<i>African Americans</i>	<i>People of Color</i>
<b>Governing Body</b>	7.6%	12.8%
<b>Workforce Diversity</b>		
<i>Top Management</i>	3.8%	19.4%
<i>Mid/Lower Management</i>	9.2%	30.7%
<i>Highly Skilled</i>	12.1%	45.5%
<i>Semi-skilled</i>	16.7%	46.5%
<i>Unskilled</i>	18.6%	63.0%
<b>Employee Transition</b>		
<i>New Hires</i>	16.8%	55.7%
<i>Promotions</i>	12.3%	35.6%
<b>Supplier Diversity</b>	0.9%	6.4%
<b>Property Ownership/Management</b>	2.0%	16.7%

- **Red numbers** indicate inclusion at levels below the working age population
- **Green numbers** indicate inclusion at levels equal to or higher than the working age population

On the non-management level, African Americans and other racial minorities are well represented. Inclusion increases as the skill level of the job decreases. African Americans are proportionately represented in highly skilled positions, while showing even more representation in semi-skilled and unskilled positions.

Similar trends are seen for people of color.

However, African Americans and other people of color are poorly represented in upper management positions and governing body membership. Industry averages are lowest in the categories that best generate wealth: supplier diversity and hotel ownership/management.

## Industry Report Cards

In the following analysis, the data for each corporation will be compared with industry averages. As noted, for African Americans and other people of color, governing body membership, management positions, supplier diversity, and hotel ownership have industry-wide percentages that are often dramatically lower than their share of the United States population. Thus, a favorable rating above C indicates rates that are more inclusive relative to the rest of the industry, but does not necessarily indicate the absence of disparity and discrimination.

On the other hand, some variables in the industry, such as unskilled and semi-skilled positions, have dramatically higher percentages for African Americans and other people of color than their representation in the United States population.

Currently, the lodging corporations included in this report do not include franchises in most of their diversity planning or even data collection. Thus, despite the number of total properties under each corporate umbrella, only a portion of those properties are included in the following report cards. We will note the portion of properties included in the following analyses.

# Hilton Worldwide

## Overall Grade: C+

	<i>African Americans</i>	<i>People of Color</i>
<b>Governing Body</b>	<b>F</b>	<b>D</b>
<b>Workforce Diversity</b>		
<b>Top Management</b>	<b>D</b>	<b>F</b>
<b>Mid/Lower Management</b>	<b>C</b>	<b>C</b>
<b>Highly Skilled</b>	<b>C</b>	<b>A</b>
<b>Semi-skilled</b>	<b>C</b>	<b>B</b>
<b>Unskilled</b>	<b>B</b>	<b>A+</b>
<b>Employee Transition</b>		
<b>New Hires</b>	<b>B</b>	<b>C</b>
<b>Promotions</b>	<b>C</b>	<b>A+</b>
<b>Supplier Diversity</b>	<b>C</b>	<b>C</b>
<b>Property Ownership/Management</b>	<b>B</b>	<b>A+</b>

At the end of 2011, Hilton Worldwide had 3,866 properties in 91 countries, with 3,271 properties in the United States. This includes such brands as Doubletree, Embassy Suites, and the eponymous Hilton Hotels and Resorts. 92% of Hilton's properties are franchises. Hilton provided employment

and supplier diversity data for the remaining 8% of its properties, in addition to a small number of additional locations, such as corporate headquarters.

For its small, select percentage of reported properties, Hilton received the second highest grade in this report. Hilton's performance was, on average, better for people of color than African Americans.

## **Notable Areas of Performance**

Hilton earned excellent scores in hotel ownership/management, scoring highly for African Americans and exceedingly well—an A+ grade—for people of color. Hilton also performed very well in its non-managerial workforce, with high marks for people of color for its highly skilled, semi-skilled, and unskilled positions, as well as for new hires and promotions. For unskilled positions and new hires among African Americans, Hilton exceeded the industry average.

## **Opportunities for Improvement**

Although Hilton is one of the largest hotel corporations in the country, it reports diversity and inclusion data for only a little over 300 of its properties—an unacceptably low percentage that greatly hinders proper analysis of its diversity and inclusion. Hilton's poor grades in its governing body are another cause for concern, receiving an F for African American inclusion and a D for people of color inclusion. Additionally, Hilton received only fair to poor scores for its management positions and supplier diversity in reported properties.

## **Diversity Initiatives**

For supplier diversity, Hilton has instituted a purchasing policy that requires diverse suppliers be included on larger bids at all supplier levels. The company gives diverse suppliers the opportunity to meet decision-makers to better prepare for future contracts.

For workforce diversity, Hilton recruits diverse talent using a variety of resources, including recruiting at historically black colleges and universities (HBCUs) with hospitality programs, and at the National Society of Minorities chapters at a number of schools. Hilton also collaborates with a minority executive search firm. Additionally, Hilton has established Team Members Resource Groups for diverse employees, which benefit from the sponsorship of an executive (Senior Vice President or higher). Hilton also selects 20 team members to be mentored for 18 months by executives to assist with leadership and career development for diverse employees.

The organization collects and segments data by brand at all levels, enabling a targeted analysis and response. Additionally, Hilton sends out and analyzes employee surveys to examine team member experiences for racial bias or discrimination.

# Hyatt Hotels Corporation

## Overall Grade: C

	<i>African Americans</i>	<i>People of Color</i>
<b>Governing Body</b>	<b>C</b>	<b>F</b>
<b>Workforce Diversity</b>		
<i>Top Management</i>	<b>F</b>	<b>F</b>
<i>Mid/Lower Management</i>	<b>C</b>	<b>B</b>
<i>Highly Skilled</i>	<b>D</b>	<b>C</b>
<i>Semi-skilled</i>	<b>D</b>	<b>C</b>
<i>Unskilled</i>	<b>C</b>	<b>A+</b>
<b>Employee Transition</b>		
<i>New Hires</i>	<b>C</b>	<b>F</b>
<i>Promotions</i>	<b>C</b>	<b>B</b>
<b>Supplier Diversity</b>	<b>C</b>	<b>B</b>
<b>Property Ownership/Management</b>	<b>C</b>	<b>C</b>

At the end of 2011, Hyatt Hotels Corp had 483 properties in 45 countries, with 350 properties in the United States. This includes such brands as Hyatt Regency, Grand Hyatt, and the eponymous Hyatt. 40% of Hyatt's properties are franchises. Hyatt provided employment and supplier diversity data for all of its corporately owned and managed properties (60% of total U.S. properties) in addition to a small number of other locations, such as corporate headquarters.

Hyatt's C grade indicates performance at the industry average. Overall, Hyatt performed a little better for people of color than for African Americans.

### Notable Areas of Performance

Hyatt well exceeded the industry average for unskilled workers of color in reported properties, and performed fairly well in mid/lower management and supplier diversity for people of color in their reported properties. Hyatt also exceeded the industry average for promotions among people of color.

### Opportunities for Improvement

Though Hyatt is the only hotel in the survey that collects diversity and inclusion data for the majority of its properties, it still needs to collect diversity and inclusion data for its franchised properties. At the top of the corporate flowchart, Hyatt's governing body had poor diversity for people of color. Hyatt also fails in diversity and inclusion for top management for both African Americans and other people of color.

Additionally, Hyatt only met the low industry average in a number of categories, including property ownership/management for both African Americans and other people of color, as well as mid/lower management, supplier diversity, and governing body for African Americans. In these vital areas, Hyatt should strive to exceed these already-low industry averages.

## **Diversity Initiatives**

For employment, Hyatt has a number of pipeline efforts and partnerships, including the Hyatt Hotel Fund for Minority Lodging Management Students, which has awarded over 300 scholarships totaling more than \$500,000. However, Hyatt strives to actively participate in partnerships that go beyond mere monetary support. To that end, Hyatt recently launched Employee Network Groups to facilitate personal and professional development among diverse employees. This includes mentoring and networking opportunities that share best practices and ensure corporate accountability.

Hyatt uses data for benchmarking purposes, including providing a summary to its Board of Directors. The corporate office works closely with hotel properties on affirmative action goals, including good faith efforts to hire diverse employees. Finally, a Diversity and Inclusion Council is now actively implementing changes at the hotel level.



# Marriott International, Inc.

## Overall Grade: B

	<i>African Americans</i>	<i>People of Color</i>
<b>Governing Body</b>	<b>A+</b>	<b>A+</b>
<b>Workforce Diversity</b>		
<b>Top Management</b>	<b>C</b>	<b>F</b>
<b>Mid/Lower Management</b>	<b>C</b>	<b>C</b>
<b>Highly Skilled</b>	<b>B</b>	<b>A</b>
<b>Semi-skilled</b>	<b>B</b>	<b>B</b>
<b>Unskilled</b>	<b>B</b>	<b>A+</b>
<b>Employee Transition</b>		
<b>New Hires</b>	<b>B</b>	<b>C</b>
<b>Promotions</b>	<b>A</b>	<b>A+</b>
<b>Supplier Diversity</b>	<b>C</b>	<b>B</b>
<b>Property Ownership/Management</b>	<b>B</b>	<b>B</b>

At the end of 2011, Marriott International, Inc. had 3,718 properties in 73 countries, with 3,072 properties in the United States. This includes such brands as the Ritz-Carlton, Renaissance Hotels, and the eponymous Marriott Hotels and Resorts. 76% of Marriott's properties are franchises. Marriott provided employment and supplier diversity data for the remaining 24% of its properties in addition to a small number of additional locations, such as corporate headquarters.

Marriott earned a B—the highest grade for reported properties in this report. A key component of this overall grade is a high score for African Americans in a number of categories. On average, Marriott performed nearly as well with African Americans as they did with people of color, whereas the other four corporations were inclined to receive worse scores for African Americans.

### Notable Areas of Performance

One area of note was Marriott's exceptionally diverse governing body, receiving the highest marks for both African Americans and other people of color. Marriott also performed well in the area of promotions for reported properties.

Marriott received fair to better than average scores in property ownership/management and supplier diversity, two especially problematic areas in which we challenge corporations to meet and exceed low industry averages.

Marriott's non-managerial workforce scored well for African Americans and particularly well for people of color for reported properties.

## Opportunities for Improvement

Marriott's weakness lay at the top of its employment structure, receiving only average to failing marks for management positions.

## Diversity Initiatives

For employment, Marriott provides extensive support that helps students of color reach higher status positions in the lodging industry. For instance, Marriott has a Career Acceleration Program that promotes career advancement for high-potential leaders of color. Marriott also openly strives to promote from within, providing hourly associates with promotion opportunities. This is reflected in Marriott's excellent grades in the area of promotions, although we note that there is still much room for improvement in reaching management positions.

For supplier diversity, Marriott runs a Supplier Diversity Council staffed by key leaders in different departments. Marriott provides training and resources to diverse suppliers.

Marriott's CEO is heavily involved in promoting diversity and inclusion efforts, reviews diversity metrics and progress, and personally signs off on executive compensation tied to diversity. Management and executive performance reviews and compensation are tied to diversity results in both employment and procurement.

The Committee for Excellence, which includes three board members and seven senior executives, oversees Marriott's diversity efforts. This committee establishes diversity goals and monitors progress via a diversity scorecard. Additionally, the Global Diversity and Inclusion Council, chaired by Marriott's CEO, helps coordinate diversity and inclusion efforts. Marriott also has regional councils that focus on diversity efforts in smaller geographic areas.

# Starwood Hotels and Resorts Worldwide, Inc.

## Overall Grade: C

	<i>African Americans</i>	<i>People of Color</i>
<b>Governing Body</b>	<b>C</b>	<b>B</b>
<b>Workforce Diversity</b>		
<i>Top Management</i>	<b>F</b>	<b>C</b>
<i>Mid/Lower Management</i>	<b>D</b>	<b>C</b>
<i>Highly Skilled</i>	<b>D</b>	<b>C</b>
<i>Semi-skilled</i>	<b>C</b>	<b>B</b>
<i>Unskilled</i>	<b>B</b>	<b>A+</b>
<b>Employee Transition</b>		
<i>New Hires</i>	<b>C</b>	<b>B</b>
<i>Promotions</i>	<b>C</b>	<b>A+</b>
<b>Supplier Diversity</b>	<b>C</b>	<b>D</b>
<b>Property Ownership/Management</b>	<b>D</b>	<b>B</b>

At the end of 2011, Starwood Hotels and Resorts Worldwide, Inc. had 1,090 properties in 100 countries, with 484 properties in the United States. This includes such brands as the Le Méridien, W Hotels, and Sheraton. 70% of Starwood's properties are franchises. Starwood provided employment and supplier diversity data for the remaining 30% of its properties along with a small number of additional locations, such as corporate headquarters.

Starwood earned a C, indicating an average performance. Overall, Starwood performed far better with people of color than with African Americans.

### Notable Areas of Performance

For reported properties, Starwood received high marks for its unskilled workforce, and very high marks for promotions among people of color. Starwood's governing body also received average to above average grades. Starwood's property ownership/management for people of color was also above average, despite having a high number of luxury brands that have relatively high start-up costs.

### Opportunities for Improvement

Starwood received fair to poor scores for both its highly skilled workforce and upper and mid/lower management for reported properties. Starwood also received mediocre grades for its supplier diversity program in reported properties, particularly for people of color. Overall, Starwood's grades were relatively low for African Americans, suggesting that attention should be paid to African Americans in particular.

## Diversity Initiatives

For employment, Starwood has instituted Diverse Recruitment Slate goals to ensure that people of color are included for all hiring decisions, particularly senior-level positions. High-potential employees of color are rotated through different positions to gain experience needed for a lateral move or promotion. The Human Resources Department has also created a review process to determine if there are differences in the work experience for people of color compared to white employees.

Starwood's CEO personally signs off on executive compensation tied to diversity, including diversity metrics and progress in both employment and supplier diversity. A Diversity Council that includes key members of leadership meets quarterly and is driven by established diversity and inclusion metrics.

# Wyndham Hotel Group

## Overall Grade: C

	<i>African Americans</i>	<i>People of Color</i>
<b>Governing Body</b>	<b>A</b>	<b>A+</b>
<b>Workforce Diversity</b>		
<i>Top Management</i>	<b>C</b>	<b>F</b>
<i>Mid/Lower Management</i>	<b>F</b>	<b>D</b>
<i>Highly Skilled</i>	<b>F</b>	<b>F</b>
<i>Semi-skilled</i>	<b>D</b>	<b>D</b>
<i>Unskilled</i>	<b>C</b>	<b>A+</b>
<b>Employee Transition</b>		
<i>New Hires</i>	<b>B</b>	<b>D</b>
<i>Promotions</i>	<b>F</b>	<b>F</b>
<b>Supplier Diversity</b>	<b>B</b>	<b>A</b>
<b>Property Ownership/Management</b>	<b>F</b>	<b>A+</b>

By the end of 2011, Wyndham Hotel Group had 7,206 properties in 70 countries, with 5,821 properties in the United States. This includes such brands as Days Inn, Ramada Worldwide, and the eponymous Wyndham Hotel and Resorts. 99.7% of Wyndham's properties are franchises. Wyndham provided employment and supplier diversity data for the remaining 0.3% of its properties in addition to a small number of additional locations, such as corporate headquarters.

### Notable Areas of Performance

Although this NAACP report card does not punish corporations for their business model or corporate structure, the high number of franchises under the Wyndham umbrella complicates the analysis of Wyndham's performance. Despite having the largest number of U.S. properties of all the corporations included in this report card, Wyndham only provided data for 20 non-franchise properties, or less than 1% of the properties under their corporate umbrella. This unacceptably low percentage of data greatly obstructs our ability to assess Wyndham's diversity and inclusion.

Wyndham's most impressive scores come from a factor not influenced by its franchise structure—its governing body, which is exceptionally diverse for both African Americans and other people of color. Additionally, Wyndham scores highly for property ownership/management, which includes franchise ownership, with people of color.

Wyndham's supplier diversity program, though small, has made significant progress and has now resulted in Wyndham working with a diversity of contractors and suppliers above the industry average for reported properties. Wyndham also scores very highly for unskilled workers of color, and scores above

average for African American new hires.

## **Opportunities for Improvement**

When looking at job categories in reported properties, Wyndham's workforce statistics represent a lack of diversity. This is particularly noteworthy at the highly skilled worker level and in management positions. Diversity in promotions was also lacking, and although Wyndham's property ownership/management was diverse for people of color, African Americans were poorly represented.

## **Diversity Initiatives**

Based on employee requests, Wyndham hosts Associate Business Groups, including SPECTRUM, which represents African Americans via networking and education. These workers have goals to guide their development and their success is tracked via new hire and promotion data.

For supplier diversity, Wyndham aids businesses owned by people of color through the bidding process and relies on numerous factors in decision-making, not just cost, to promote businesses owned by people of color. Wyndham connects business owners of color to larger prime contractors and other business development resources.

Wyndham highlights diversity and inclusion as one of its top five strategic objectives. Wyndham maintains a scorecard to set goals and track results, which is reviewed by top leadership. The compensation of procurement associates is tied to diversity goals.

# Discussion and Report Summary

## Opportunities for the Hotel and Resort Sector

In summary, the current report finds that the hotel and resort industry has substantial inclusion and opportunity for people of color and African Americans. However, much of the inclusion occurs in lower-level positions. For these lower-level positions, African Americans and other people of color are vastly overrepresented relative to their share of the working age population ages 18-64. The importance of gainful employment is hard to overstate. However, the overrepresentation of employees of color and African Americans in lower status, lower paying jobs is a real point of concern when they continue to be vastly underrepresented in management. Additionally, African Americans are also less likely to own, run, or provide goods and services to a lodging property, or be represented on the governing bodies of these corporations.

Supplier diversity and hotel ownership exhibited the lowest level of African American inclusion industry-wide, while supplier and board diversity were the least inclusive categories for people of color as a whole. In the important area of supplier diversity—that is, the inclusiveness of the businesses with which hotels contract for goods and services—the industry average is poor, at only 6.4% (with people of color making up 35.6% of the population ages 18-64). For African Americans, supplier diversity is a meager 0.9% (with African Americans making up 12.3% of the population ages 18-64). Much work remains to be done in the lodging industry to avoid deepening the racial economic inequality that threatens the future of this country.

The disparities that occur in employment, ownership, and procurement occur not just at the hotels and resorts selected for this report card, but throughout the entire hotel and resort industry. Moving forward, hotel and resort corporations must continue to advance their equal opportunity efforts, focusing on encouraging the inclusion of African Americans and other people of color among higher-skilled workers, management, governing bodies, property owners, and suppliers. Given the high level of representation of African Americans and other people of color in semi-skilled and unskilled positions in this industry, determining ways to encourage progression towards higher-skilled and management positions is an important step to remedy the disparity at higher levels. Many of these efforts are detailed in the earlier section “Professional Pipeline Initiatives” and are noted for individual corporations detailed in the previous section.

## Prevalent Diversity and Inclusion Practices

Policies and programs put into place by the corporations contacted by the NAACP demonstrate their recognition of the importance of inclusion. It is common to have high-level officers that focus exclusively on diversity—or sometimes even supplier diversity alone. Most corporations also have high-level committees that are focused on diversity. They also work with and support a variety of diversity advocacy groups.

The use of data and research is also valuable. A number of the corporations mentioned data initiatives, including creating scorecards for internal use and making results available to all employees. Goal setting was also frequently mentioned.

For supplier diversity, corporations typically send representatives to events geared toward helping small, minority- and women-owned businesses succeed by teaching these businesses how to contract with the company. However, national research confirms that these efforts need to be more than just superficial to be effective. Some organizations mentioned pipeline programs that work to advance new or small minority businesses, or encouraging successful minority businesses to work in the lodging sector.

On the workforce level, the lodging corporations included in this report demonstrated the many ways in which they address diversity. For example, some corporations noted that they recruit top employees using executive search firms that have a focus on diversity, or recruit through relevant minority business associations. All corporations mentioned training for their own employees, though corporations should ensure these trainings are effective.

## Recommendations – Elevations of Noteworthy Practices

Particularly noteworthy initiatives emerged from a review of the corporations' diversity and inclusion programs and initiatives.

- Some corporations use metrics and goals not only to measure progress and performance, but also to make needed changes and corrections. Furthermore, some corporations dive deeply into the analyses, looking for ways to improve their business practices and provide better experiences for their workers, business partners, and customers.
- Some corporations enforce accountability through various measures, including tying diversity and inclusion results to performance evaluations and compensation.
- Some corporations ensure that diverse candidates have a chance to be considered and compete for both employment and supplier contracts. They do this by requiring executive-level positions or contracts to include people of color in their pool of candidates.
- Some corporations have active leadership that not only promote diversity and inclusion goals when speaking to groups interested in these topics, but also make diversity and inclusion a top priority. This includes chief officers and governing body members actively participating in groups dedicated to diversity and inclusion.

## Recommendations – New Initiatives

In *The NAACP Opportunity and Diversity Report Card: The Hotel and Resort Industry*, the NAACP chose to focus on the five largest corporations because they have the largest potential impact on diversity and inclusion. However, in all cases, only a portion of the properties under each corporation's umbrella were included. In all cases, franchises were not included. Though the corporations point out that these franchises are separate entities, they still include them in their corporate umbrella, reach revenue deals with them, and hold them to national brand standards. In most cases, franchising enables these corporations to enjoy nationwide visibility and growth across the United States. The average consumer does not make a distinction between a hotel's franchise and non-franchise properties—as far as he or she is concerned, the diversity and inclusion standards that help boost the hotel's brand should apply to all properties that carry the company's name.

We understand that corporations are under no legal obligation to provide diversity and inclusion efforts from their franchise properties. However, with relatively minimal effort, the corporations could collect the EEO-1 diversity surveys that franchises submit to the federal government each year. These surveys contain the same data used in this report to examine workforce diversity in non-franchises.



We ask that all five of the leading hotel and lodging corporations evaluated in this report collect EEO-1 surveys from all corporately branded hotels. We also encourage anyone hosting major events at hotels to request the hotel's EEO-1 survey. It is important that all major consumers make diversity and inclusion an important factor in their decision-making process. The NAACP Economic Department will work with our units and our national staff to ensure that diversity and inclusion data is reviewed before deciding on future contracts with hotels.

Another goal is to include franchises in supplier diversity planning and data collection efforts. If the franchises are not already utilizing and collecting supplier diversity data, this may take longer to implement, but the value of such an undertaking would be high.

Some corporations receive diversity and inclusion data from their franchises. For example, the food services corporation Domino's Pizza provides a Workforce Availability Analysis to franchise owners that compares its staff to the available local workforce and helps set diversity goals for each store. McDonald's also provides data on the diversity of its franchise staff. These are some of the promising models that the lodging industry could adopt to promote diversity throughout all its properties. Reflecting the diversity of the communities being served is a necessary mark of a good business in an increasingly diverse nation, which includes franchised properties under corporate brands.

## Data Limitations

**Data disaggregation was limited in this analysis.** For example, the NAACP was not able to collect data by state or region. We are therefore unable to account for regional differences in the racial and ethnic composition of the workforce or business ownership.

**By using industry averages as comparison figures, we cannot fully account for the impact of discrimination in these figures.** A high mark in areas such as top management, governing body membership, supplier diversity, or property ownership does not indicate representation proportional to the country's population. Accounting for the impact of discrimination, including structural racism and implicit bias, is beyond the scope of the current analysis.

**The ranking system can magnify small differences, particularly for smaller groups.** For example, the inclusion of one African American or person of color in a small group, such as in a governing body, can have a large effect on the ranking.

**Reliance on self-reported totals provided by corporations is not ideal.** While we did not receive the raw data used to create the statistics in this report, or have the ability to verify its accuracy, we trust the integrity of the data provided by the corporations.

Despite these limitations, this report provides valuable information for consumers and advocates interested in advancing fairness and racial diversity among the nation's leading corporations in the lodging sector. By using multiple methodologies, the NAACP was able to examine trends that advanced diversity and inclusion while highlighting opportunities for improvement.

# Appendix: Race by Gender Intersectional Analysis of Employment Data

In this appendix, we examine the intersection of race and gender in the lodging sector. We examine employment data separately for women and men—once for African American men and women, and once for men and women of color in total.

## Industry-wide Figures Used as Comparison Group

Industry-wide figures were obtained from 2010 EEO-1 reports for the hotel and motel sector published by the U.S. Equal Employment Opportunity Commission used in the main body of this report card. The below table examines the percentage of men and women of color and African American men and women employed in each of the five employment categories.

### Employment Percentages, by Race and Gender

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
<b>African American Men</b>	2.1%	4.7%	8.9%	5.5%	9.0%
<b>African American Women</b>	1.6%	4.5%	3.1%	11.3%	9.5%
<b>Men of Color</b>	11.6%	16.2%	35.5%	15.8%	30.6%
<b>Women of Color</b>	7.8%	14.4%	10.0%	30.7%	32.3%

The next table presents the gender imbalance between men and women. Higher numbers (labeled in blue) indicate higher employment of men and negative numbers (labeled in pink) indicate higher levels of employment of women.

### Gender Imbalance, by Race

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
<b>African American</b>	0.5%	0.3%	5.8%	-5.8%	-0.5%
<b>People of Color</b>	3.9%	1.8%	25.5%	-14.9%	-1.7%

- **Blue numbers** indicate higher rates of male employment
- **Pink numbers** indicate higher rates of female employment

From these data, it is evident that both African American men and men of color are more likely to be hired for management and highly skilled positions. On the other hand, African American women and women of color are more likely to be hired for semi-skilled and unskilled positions.

For male-dominated positions, the clearest trend of higher rates for male employment occurred at the highly skilled level, which includes skilled crafts such as construction. For female-dominated positions, the clearest trend of higher rates for female employment occurred at the semi-skilled level, which includes administrative support positions. Though African American men and men of color were more likely to be employed at the mid/lower management level and African American women and women of color were more likely to be employed at the unskilled level, these differences were relatively small.

## Comparing Each Corporation to the Industry Average

The tables below indicate whether each corporation employed more men and women of color and African American men and women relative to industry-wide averages obtained from EEO-1 reports. Each time the corporation met or exceeded the industry average, they received a mark.

### Hilton Worldwide

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
African American Men	■		■		■
African American Women		■	■	■	■
Men of Color			■	■	■
Women of Color		■	■	■	■

### Hyatt Hotels Corporation

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
African American Men		■			■
African American Women				■	
Men of Color		■			■
Women of Color			■	■	■

### Marriott International, Inc.

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
African American Men	■	■	■	■	■
African American Women	■	■	■	■	■
Men of Color			■	■	■
Women of Color		■	■	■	■

### Starwood Hotels and Resorts Worldwide, Inc.

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
African American Men				■	■
African American Women			■		■
Men of Color	■	■		■	■
Women of Color			■	■	■

## Wyndham Hotel Group

	Top Management	Middle/Lower Management	Highly Skilled	Semi-skilled	Unskilled
African American Men	■				■
African American Women	■				■
Men of Color				■	■
Women of Color			■		■

Hilton beat the industry average in 14 out of 20 categories, meeting or exceeding the industry average in 7 out of 10 categories for both African Americans and people of color. Overall, Hilton's most noticeable area of weakness lay in its management-level positions.

Hyatt beat the industry average in only 8 out of 20 categories. Hyatt met or exceeded the industry average in 3 out of 10 categories for African Americans and 5 out of 10 categories for people of color.

Marriott had the best performance of all corporations. Marriott beat the industry average in 17 out of 20 categories. Marriott bested the industry average in all 10 out of 10 categories for African Americans and 7 out of 10 categories for people of color.

Starwood beat the industry average in 11 out of 20 categories. Though only meeting or exceeding the industry average in 4 out of 10 categories for African Americans, Starwood beat the industry average in 7 out of 10 categories for people of color.

Wyndham beat the industry average in only 8 out of 20 categories. Wyndham met or exceeded the industry average in 4 out of 10 categories for both African Americans and people of color.

In total, when comparing the corporations to the industry averages for African American men and women and men and women of color, there were no ubiquitous gender differences. These trends point to an industry-wide need to examine the intersection of race and gender for people of color, and African Americans specifically.

