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What Leads to Recognition for Diversity?

By Ashokkumar Manoharan, Ph.D., College of
Business, Government and Law,
Flinders University,
Manisha Singal, Ph.D., Pamplin College of
Business, Virginia Tech, and
Juan Madera, Conrad N. Hilton College of Hotel
and Restaurant Management,
University of Houston (UH)

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About the Authors



Ashokkumar Manoharan, Ph.D., is a senior lecturer in Strategic Management at the College of Business, Government and Law. His research interests cover human resource challenges in the hospitality industry, focusing on workforce diversity and related diversity management practices, migrant workers, and organisational culture. Dr. Manoharan has published in the *International Journal of Hospitality Management*, *Journal of Industrial Relations*, and has presented in numerous international conferences. [Linkedin](#).



Manisha Singal, Ph.D., is an associate professor in the Howard Feiertag department of hospitality and tourism management in Pamplin College of Business at Virginia Tech. Her research explores the relationship between corporate social and financial performance and how the ownership and governance of firms, including family firms, influences their strategic decision-making in the hospitality and tourism industry. Dr. Singal is the recipient of several best paper awards at international conferences and serves as an editorial board member at many journals including *International Journal of Hospitality Management*, *Journal of Hospitality and Tourism Research*, and *Family Business Review*. [Linkedin](#).



Juan M. Madera is a professor at the Conrad N. Hilton College of Hotel and Restaurant Management, University of Houston (UH). His research interest includes Diversity and Discrimination in the Workplace, Employment Interview and Selection Issues, Training and Development, and Research Methodology. Dr. Madera has authored more than 80 peer-reviewed journal articles, trade articles, and book chapters, and he is the recipient of numerous grants and fellowships, including from the NSF, USDA-NIFA, Sloan Foundation, and the Ford Foundation. [Linkedin](#).

What Leads to Recognition for Diversity?



Recent social movements such as Black Lives Matter and Stop Asian Hate have caught the attention of business bringing forth social justice and diversity as strategic priorities. Recognizing that diversity management has business and social value, corporate America has been re-examining its policies and practices, and is committing greater resources than before to diversity and inclusion in the workplace. Leading organizations leverage corporate social responsibility (CSR) to engage stakeholders and to make meaningful change towards greater diversity and inclusion in their workforce. Nearly 67% of the largest U.S. companies made official corporate statements supporting social justice while 36% made financial contributions to organizations focusing on social and racial justice (Sumagaysay, 2021). McDonald's recently announced that it will boost U.S. spending with diverse suppliers and service providers and increase spending by another \$200 million annually to the \$3.3 billion that McDonald's already spent with diverse suppliers in 2020, and both Nasdaq and SEC have neared an agreement to increase diversity within corporate boards (Good, 2021). As a result of similar efforts, Marriott International was ranked Number 1 on the 2020 Diversity Inc.'s top-50 companies for Diversity, and Hilton Hotels is ranked Number 1 on the same list for 2021.

Diversity inclusive programs are voluntary initiatives by organizations to manage and celebrate a multicultural workforce effectively. In recent times, firms consider diversity and inclusive practices a vital component of corporate social responsibility and embed

them in their strategic mission statements for reputational benefits (Jamali & Dirani, 2014). Several hospitality firms feature their diversity statements and practices on corporate web pages, not only to attract talent but also to communicate their commitment to various stakeholders. However, there are often doubts whether these pledges and statements are indeed followed up by real initiatives and policies or investment, and whether these policies and practices lead to any substantial outcomes like awards or recognition by the public or media (Nguyen, 2021). In this article, we outline findings of a study we conducted to link diversity statements of companies to their policies and practices and whether such links lead firms to gain recognition for their diversity efforts.

Methods

To explore the question of whether companies walk their talk in diversity management, we collected historic data regarding diversity statements, practices, policies, and outcomes like reputation and awards for diversity achievement from the Fortune 1000 list in the hotels, restaurants, and leisure sector. We studied 27 Fortune 1000 firms that could be classified within the hospitality sector in 2017, and since there is often a lag between practices implemented and results, we measured the outcomes such as external recognition via diversity awards in 2018 and 2019. Thematic analysis was used to analyze the data.

Diversity statements

Results showed that hospitality firms use six themes when communicating their strategic diversity priorities in statements published on their company webpages as part of CSR initiatives towards employees. Out of 27 companies, 23 companies mentioned diversity as a priority. All 23 firms mentioned **(1) diversity management practices** and **(2) diversity and inclusion as a core value**; for example, Marriott stated that “diversity and inclusion are fundamental to our core values and strategic business goals. Taking care of people and putting their wellbeing above all else is in our Company’s DNA and our most precious cultural inheritance.” In addition, hospitality companies highlighted **(3) organizational culture** in their strategic statements, which supports diversity and inclusion. **(4) Diversity dimensions** were mentioned, including gender, race, ethnicity, sexual orientation, disability, religion, age, color, cultural background/diversity, language, minority, citizenship, national origin, veteran status, and protected status in their strategic statement. Companies also highlighted **(5) diversity and inclusion as a strategy**; for example, Bloomin’ Brands stated that “embracing and celebrating a diverse and inclusive work environment enables Bloomin’ Brands to delight our guests

and grow our business over the long term.” Finally, the companies mentioned **(6) valuing/support/inclusion for external stakeholders**, including suppliers, especially minority suppliers, partners, owners, local communities, and global communities.

Diversity management practices

Other hospitality companies mentioned nine diversity practices as a CSR activity. **(1) Diversity talent management practices** such as diversity recruitment, hiring, retention, development, and planning future talent were highlighted on their company’s webpage. **(2) Disability support** was mentioned on their company’s page too. Companies offered disability support to both physical and intellectual disabilities. **(3) Corporate diversity council**. For instance, Yum Brands “established a corporate diversity council, Leading Inclusion for Tomorrow (LIFT). Wynn Resorts has a diversity council that includes senior management, employees, and members from legal counsel.” Many companies include **(4) diversity training programs** on their web pages, which offered training to diverse groups such as Asian-Pacific, Middle Eastern, Black, Hispanic, Lesbian, Gay, and Women. **(5) Supplier diversity management practices** were highlighted on the company’s webpage. For example, Caesars Entertainment’s supplier stated, “diversity department’s top management team has committed to supplier diversity programs.” Companies offered **(6) employee networking and mentoring**, which was a part of diversity management practices, in which companies offered an open forum to the network that fosters professional and personal development. **(7) Cultural awareness** was a critical diversity management practice that facilitated understanding, appreciation, and celebration of different cultures. Further, companies all offered **(8) support for women and (9) support for LGBT network programs and same-sex benefits** as diversity management practices.

Links vs. no-links

We then examined the links between diversity statements and practices – how many firms actually back up their statements with corresponding diversity practices in place. The practices were extracted from the diversity and corporate governance documents presented on the companies’ webpages. We found that 14 companies showed clear links between diversity statements and their diversity practices, and it was these companies that received external recognition for diversity. Several organizations like Business Equality Network, Diversity Inc., Forbes best employers for Diversity etc., rank companies based on their diversity initiatives and programs. Our clear finding is thus that companies that “walk the talk” on CSR initiatives on diversity receive rewards in terms of external recognition for their efforts, which in turn leads to higher financial

outcomes (Cook and Glass, 2014). We also noted that there were very few firms where we did not find links between statements and policies, yet there was some recognition – we attribute this finding to the fact that there may be a gap in these firms’ communication of their diversity statements or diversity practices on their webpage or on secondary available media that we had access to.

Recommendations

This study provides a few practical implications for hospitality companies, firm managers, and industry associations.

1. Communicate, communicate, and then communicate more.

Irrespective of size, it is vital that hospitality firms communicate their CSR and diversity policies and practices on their webpage. Company websites act as information and marketing tools and are often a first stop for potential employees and other stakeholders seeking information about the firm, thus diversity initiatives must be communicated in detail through text, pictures, and descriptions.

2. Integrate diversity statements and practices.

Hospitality firms must convert diversity statements into policies and practices. For instance, if a company states that supplier diversity is an objective goal, then companies should first embed this into their strategic statements and then integrate into their practices, boosting the company’s image by positioning business strategy with management practices as a tool for competitive advantage.

3. Implement diversity practices boldly and fairly.

These diversity practices should be combined with the hospitality firms’ operations – walk the talk, which will lead to external recognition. “Diversity-washing,” like greenwashing, will backfire.

4. Set up internal diversity awards.

Companies often install diversity awards to recognize diversity champions within the firm. Each year an award has to be given to a property and/or an employee/manager who takes initiatives related to diversity. This will encourage managers to implement those practices in their firms.

5. Be proactive in the diversity award submission.

Several US bodies offer diversity awards. These bodies include (1) Black Enterprise, (2) Business Equality Network, (3) DiversityInc, (4) Forbes Best Employer for Diversity, (5) Great Place to Work®, (6) Human Rights Campaign Corporate Equality Index, (7) Mogul's Top 100 Innovators in Diversity & Inclusion, and (8) the US Government honor to employers for supporting National Guard and Reserve employees. Therefore, it is vital that hospitality companies identify these diversity-awarding bodies' criteria and deadlines, and then submit an application.

6. Industry associations & diversity awards.

Industry associations function at a broad, collective perspective that advance the industry's interests, as a representative of the many organizations within an industry. Therefore, hospitality industry associations are the peak bodies to protect the interest of the members. So, these associations must promote diversity through diversity awards.

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