

NAACP OPPORTUNITY & DIVERSITY REPORT CARD

HOTEL & LODGING INDUSTRY



NAACP

OPPORTUNITY & DIVERSITY REPORT CARD

The Hotel & Lodging Industry

SPRING 2019

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INTRODUCTION

Equal opportunity for people of color in the United States remains an unrealized goal. We are on pace to become a majority-minority nation by 2045, and our children's generation, the workforce of tomorrow, have already crossed that threshold.¹ This demographic shift makes the ongoing racial divide in income and wealth more critical than ever.

Although the U.S. economy has struggled through a long, painful recovery, and as of this writing the official unemployment rate is just 3.8%, distressing signs of stagnant wages² and exclusion of too many people from the workforce remain. The recovery is leaving racial economic inequality almost untouched, as demonstrated by the continuation of long-term disparities in homeownership, income, and wealth.³ Nearly ten years into the economic recovery following the Great Recession, millions of Americans are still in strong need of living-wage jobs with long-term career tracks. The NAACP has developed a focused diversity and inclusion analysis for selected industries with our Opportunity and Diversity Report Card. We have selected industries with the highest potential to influence job creation and wealth building in the African American community and other communities of color.

Focusing on specific industries 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."

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 the current U.S. economy. Through our Opportunity and Diversity Report Card and ongoing partnerships with industry leaders, we believe that we can advance best practices for racial and ethnic inclusion and diversity.

Twenty years after the NAACP's launch of the NAACP Consumer Choice Guide, and in the tradition of the 2012 NAACP Opportunity and Diversity Report Card: The Hotel and Resort Industry, we analyze the racial inclusion and diversity practices of the lodging industry as they pertain to the industry's workforce, governing bodies, property ownership/management trends, employee transition numbers, and suppliers. The report card assesses the performance of the four largest U.S. companies in the industry, recognizing that they possess the greatest potential to influence industry trends, policies, and practices. The report card also provides information to the public on career opportunities and realities in the hotel and resort industry. We also compare the performance in this report card to the last report card on the hotel and resort industry and identify where improvements have been made or where challenges still exist.

1 <https://www.brookings.edu/blog/the-avenue/2018/03/14/the-us-will-become-minority-white-in-2045-census-projects/>

2 <https://www.bls.gov/news.release/empsit.nr0.htm>

3 https://inequality.org/wp-content/uploads/2019/01/IPS_RWD-Report_FINAL-1.15.19.pdf

INDUSTRY PROFILE

HOTEL AND LODGING TODAY AND TOMORROW

The traditional hotel and lodging industry continues to enjoy strong growth and bright forecasts,⁴ despite the growing popularity of peer-to-peer online lodging platforms such as Airbnb. The U.S. Census Bureau reports that since the Great Recession growth and revenue of non-casino hotels,⁵ the industry that this report card reviews, have both been strong. Industry data also reflects that 2018 is on track to be another record-setting year⁶ for hotel occupancy and incomes in the United States. This growth in lodging revenue has spurred the expansion of the hotel sector, with all signs pointing for this trend to continue.⁷

The growth of hotel and lodging as a significant employer and consumer of services stands in stark contrast to the uncertain future of many traditional services and retail-based operations. From 2009 to 2014, overall revenue for the lodging industry grew from \$123 billion to \$176 billion,⁸ a 40% increase in just five years. More than 2 million people work in the sector, roughly 10% more than it employed in 2014. For those averaging 30 hours a week, the hourly rate for the industry was just over \$17 per hour in the first quarter of 2018.⁹

A survey of millennials titled “Millennials in the Hotel Industry”¹⁰ notes that almost half of today’s workforce in the lodging industry are millennials. Broadly defined as those born between 1982 and 2000,¹¹ millennials now comfortably outnumber baby boomers as a share of the population, and, with over 44% of them being people of color, they are far more diverse. Like many employment sectors, the lodging industry is concerned with the recruitment and retention of this generation of employees. The great diversity of millennials and the already strong representation of millennials in the hotel industry makes examining diversity and inclusion especially important for hotels and lodging.

Although the lodging and hotel industry is staffed mainly by workers of color, racial and ethnic minorities remain inequitably dispersed throughout the lodging workforce. They are overrepresented in entry-level and lower-wage positions and underrepresented in higher-level, more lucrative positions, such as that of general manager. In fact, startling data indicate that at the very top of the workforce the hotel sector is getting whiter. In 2007 the Equal Employment Opportunity Commission (EEOC) reported that 71% of top management positions, those employees at the very top of the workforce, were held by non-Hispanic whites. By 2015, that share had grown to 81%.

4 <https://www.hotelmanagement.net/own/u-s-hotel-performance-growth-better-than-expected>

5 https://www.census.gov/library/visualizations/2017/comm/travel_hotel.html

6 <https://www.calculatedriskblog.com/2018/12/hotels-occupancy-rate-increased-year.html>

7 <https://www.hotelmanagement.net/own/pwc-growth-still-horizon-for-u-s-hotels-through-2019>

8 https://www.ahla.com/sites/default/files/Lodging_Industry_Trends_2015.pdf

9 <https://www.bls.gov/iag/tgs/iag721.htm#about>

10 <https://www.ahla.com/millennials-hotel-industry>

11 <https://www.census.gov/newsroom/press-releases/2015/cb15-113.html>



HOTELS AS ANCHOR INSTITUTIONS

Anchor institutions are large, fixed employers that form a core fixture of a local area and, like the name implies, rarely move.¹² As industrial manufacturing has ceased to be the primary employer in cities across the country, many former industrial cities have looked at anchor institutions such as hospitals and universities as important sources of employment and revenue. Hotels, as part of the tourism industry, are increasingly being recognized as another central institution to the future of cities across the country.

In Baltimore, Maryland, the Mayor's Office is currently piloting an initiative that focuses on hospitality and tourism as one of seven targeted growth industries. This initiative will gather insights from employee experiences, local nonprofit training agencies, and major employers within the hospitality and tourism industry. The goal of the initiative is to strengthen training opportunities so that Baltimore residents can gain greater access to entry-level positions; cultivate career-mentoring programs and pathways to professional development, so employees can attain career advancement; and improve overall retention, satisfaction, and opportunity for workers. In cities with higher unemployment levels, this type of partnership with growing anchor institutions is essential to addressing the economic insecurity of city residents.

¹² https://www.policylink.org/sites/default/files/pl_brief_nola_institutional_FINAL3.pdf

HOTEL AND LODGING QUICK FACTS

QUICK FACTS: LODGING MANAGERS

2017 Median Pay	\$51,800 per year or \$24.90 per hour
Typical Entry-Level Education	High school diploma or equivalent
Work Experience in a Related Occupation	Less than five years
On-the-Job Training	None
Number of Jobs, 2016	47,800
Job Outlook, 2016–2026	4% (slower than average)
Employment Change, 2016–2026	1,900

QUICK FACTS: INFORMATION CLERKS (FRONT DESK CLERKS)

2017 Median Pay	\$33,680 per year or \$16.19 per hour
Typical Entry-Level Education	High school diploma
Work Experience in a Related Occupation	None
On-the-Job Training	Yes
Number of Jobs, 2016	1,516,800
Job Outlook, 2016–2026	3% (slower than average)
Employment Change, 2016–2026	38,600

QUICK FACTS: CHEFS AND HEAD COOKS

2017 Median Pay	\$45,950 per year or \$22.09 per hour
Typical Entry-Level Education	High school diploma
On-the-Job Training	None
Number of Jobs, 2016	146,500
Job Outlook, 2016–2026	10% (faster than average)
Employment Change, 2016–2026	14,100

QUICK FACTS: MEETING, CONVENTION, AND EVENT PLANNERS

2017 Median Pay	\$48,290 per year or \$23.22 per hour
Typical Entry-Level Education	Bachelor's degree
Work Experience in a Related Occupation	None
On-the-Job Training	None
Number of Jobs, 2016	116,700
Job Outlook, 2016–2026	11% (faster than average)
Employment Change, 2016–2026	12,700

QUICK FACTS: JANITORS AND BUILDING CLEANERS

2017 Median Pay	\$24,990 per year or \$12.02 per hour
Typical Entry-Level Education	No formal education
Work Experience in a Related Occupation	None
On-the-Job Training	Short term
Number of Jobs, 2016	2,384,600
Job Outlook, 2016–2026	10% (faster than average)
Employment Change, 2016–2026	236,500

TRAINING AND EDUCATION PROGRAMS

Education (both two- and four-year degrees) is increasingly becoming a requirement for advancement opportunities, particularly at the managerial level. Formal qualifications (e.g., a degree in hospitality management, business, or both), are increasingly considered more beneficial than informal training for career advancement.

Professional associations, individual hotels, and community organizations also provide development and educational opportunities. Hospitality associations for people of color who own hotels include the National Association of Black Hotel Owners, Operators and Developers (NABHOOD),¹³ the Latino Hotel Association,¹⁴ and the Asian American Hotel Owners Association (AAHOA).¹⁵ 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, in Philadelphia, PHI Diversity conducts a program that teaches teenagers about long-term career opportunities and options available in hospitality.¹⁶ 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.¹⁷ Additionally, several hotel 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 that allow for more rapid advancement than other middle-level management positions.

To encourage the number of African Americans in key management or executive positions, many Historically Black Colleges and Universities (HBCUs) offer competitive programs in hospitality and tourism management. Additionally, a number of reputable non-HBCUs play an influential role in the education and preparation of African American students. Students of these programs graduate with the educational background and often the contacts and experience needed to enter the workforce and succeed as managers.

In addition to hospitality management programs, several community initiatives, organizations, and professional associations educate and train people of color in hospitality.

¹³ <http://www.nabhood.net/home/>

¹⁴ <https://latinohotels.org/>

¹⁵ <https://www.aahoa.com/>

¹⁶ <https://www.aahoa.com/l.com/phldiversity/events/>

¹⁷ <https://www.nsmh.org/annual-conference>

Below is a list of higher education programs that provide a foundation for students interested in a career in the hotel and lodging industry.

TEN NOTABLE HOSPITALITY PROGRAMS IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUS)

College or University	Program Description
Howard University Washington, DC	College of Business with a Hospitality program
Hampton University Hampton, VA	School of Business with a B.S. in Hotel and Resort Management
Morgan State University Baltimore, MD	College of Business with a Hospitality Management program
North Carolina Central University Durham, NC	Hospitality and Tourism Administration program offered through the School of Business
Delaware State Dover, DE	College of Business with a focus in Hospitality and Tourism Management
University of Maryland Eastern Shore Princess Anne, MD	Hospitality and Tourism Management program and a PGA Golf Management program. Minors and concentrations in Culinary Arts Restaurant Management, Food and Beverage Management, Hotel Administration, and Travel/Tourism
Grambling State Grambling, LA	College of Business with a concentration offered in Hospitality Tourism Management
Virginia State University Petersburg, VA	Hospitality Management major from the School of Agriculture
Tuskegee University Tuskegee, AL	College of Business with a focus in Hospitality Management
Bethune-Cookman Daytona Beach, FL	Hospitality Management program that offers both in-person and online degree programs



SIX NOTABLE HOSPITALITY PROGRAMS IN NON-HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUS)

College or University	Program Description
Cornell University Ithaca, NY	Hotel Management program includes on-campus hotel and active faculty researchers
Michigan State University East Lansing, MI	College of Business with a major in Hospitality Business
University of Massachusetts, Amherst Amherst, MA	Isenberg School of Management offers B.S. and Ph.D. programs in Hospitality and Tourism Management, as well as an online certificate program and an online degree completion program
Virginia Tech Blacksburg, VA	Hospitality and Tourism Management program with options to double major in Business or Real Estate
University of Houston Houston, TX	Hotel and Restaurant Management program that includes industry-related work experience
University of Nevada, Las Vegas Las Vegas, NV	Hospitality Management program with concentrations offered in Gaming Management, Meetings and Events, PGA Golf Management, and Restaurant Management

20 YEARS OF EXAMINING DIVERSITY AND INCLUSION IN THE HOTEL AND LODGING INDUSTRY

In 1996, the NAACP launched the Economic Reciprocity Initiative (ERI) to measure corporate America's financial relationship with the African American community. As part of the ERI, the NAACP reviewed various industries, including the hotel and lodging industry. The initial 1996 results from the hotel and lodging industry indicated very little return on African American consumers' investment dollars. The overall grade for the lodging industry was a D-. Almost ten years later, following another NAACP review (2005), the overall grade for the lodging industry was a C+. In the 2005 NAACP review, the hotel and lodging industry did best in charitable giving, receiving a B+. In terms of employment, the industry got a C+, with a D+ in supplier diversity (vendor relationships) and a D in property ownership.

In 2011, the NAACP relaunched its diversity and inclusion studies with the Hotel and Lodging Opportunity and Diversity Report Card. This report card focused on the top five corporations in the industry and did not include categories such as charitable giving and advertising. The Opportunity and Diversity Report Card focused on workforce, leadership, supplier, and ownership diversity.

Comparing the 2005 top 12 hotel and lodging corporations to the industry-wide data of the 2011 report, we see continued weakness in diversity and inclusion of African Americans in the hotel and lodging industry.

Historical data suggest that in some cases the industry is moving in the wrong direction in terms of diversity and inclusion. According to data from the EEOC,¹⁸ the federal agency that collects data on staff diversity for U.S. employers, minorities are losing ground in the upper ranks of the hotel industry. The EEOC reported that, in 2007, 29% of top management positions were held by people of color. By 2015, that figure had fallen to just 19%. The share of these positions held by an African American fell by 50% over the same period.

Approximately 89% of African Americans, 90% of Hispanics, and 86% of Asians in the hotel workforce of 2007 were considered unskilled or semi-skilled, compared with just 75% of white staff. By 2015, these figures had not changed. From 2007 to 2015 about 15% of white workers occupied middle-management positions in the industry, with just 5% of minority staff rising to this level.

¹⁸ <https://www.eeoc.gov/eeoc/statistics/employment/jobpat-eeo1/index.cfm>



As this report card indicates, the NAACP continues to work to advance diversity and inclusion. Consistent with the NAACP's historic corporate engagement efforts, in July 2018 we launched an exchange-traded fund, the NAACP ETF (NYSE: NACP). This new effort reflects an innovative approach to harness the power of capital markets to incent social change. Building upon our rich history of social advocacy, the NAACP ETF represents an evolution of our corporate report card strategy by applying it to companies listed on the S&P 500. Partnerships with Impact Shares, a nonprofit fund manager; Morningstar, an industry-leading index fund provider; and Sustainalytics, our ESG research provider makes the NACP ETF, and Morningstar's Minority Empowerment Index, the first of its kind socially focused ETF. The NAACP ETF would not be possible without the long track record of corporate engagement reflected by the NAACP report card.

METHODOLOGY

This report card was compiled from EEOC data and the responses to a survey instrument developed by the NAACP to assess the diversity and inclusion commitment of the hotel industry as a whole and the specific hotel companies individually.

The survey asked a variety of questions about workforce and supplier diversity, the commitment of the respondent to diversity, and the company's efforts to encourage and retain diverse talent.

Grades are issued for board and workforce diversity; transitions such as promotions, new hires, and turnover; as well as procurement. The NAACP has set grades to reflect improvements in diversity levels given the African American and minority share of the workforce as a whole.

The respondents were asked to provide information on their U.S.-based workforce and procurement spending for 2017. Historical industry data was also pulled from the EEOC website.

Responses were first calculated as raw percentages for both African Americans and people of color. Those percentages were assigned a letter grade based on a scale determined by the NAACP. In general, a C grade could be achieved if the score matched the size of the minority population in the U.S. workforce or across the rest of the industry, if such data was available.

Once a letter grade was determined for each category, points were awarded based on a four-point scale. The point scores for African Americans and people of color were then averaged, weighted, and summed. Weights were determined by the importance of each section as defined by the NAACP.

Please see the appendix of this report for a full methodology. The report cards are divided into several sections, which are described below.

For the purposes of this survey, non-Hispanic white as well as any responses that did not indicate a race or ethnicity are considered "white." In some cases, the respondents have refused to disclose or do not collect data. In those circumstances, we indicate this in the grades and treat that response as a zero.

WORKFORCE

The workforce of the hotels includes every person from top management personnel that report directly to the board to unskilled laborers. Diversity is assessed individually at each level and graded based on the overall share of minorities in the workforce.

TRANSITIONS

This broad category looks at the race and ethnicity of new hires and promotions. It also looks at the status of those people leaving the company, both voluntarily and involuntarily. Recruitment, mentoring, and retention are critical aspects of a successful diversity and inclusion programmatic focus.

CORPORATE MANAGEMENT AND OWNERSHIP

The franchise model of the hotel industry presents a complexity that is addressed by assessing the diversity of the franchisees of our respondents. Several of the respondents fail to collect this critical data.

PROCUREMENT

As with other industries that are analyzed by the NAACP, the procurement of goods and services is one way that the hotel industry has a substantial impact. Tracking Tier 1 contracting diversity is a critical indicator of commitment to diversity and inclusion goals.

GRADES

This section includes detailed grades for each respondent across all categories for both African Americans and people of color. The grading scale was developed based on discussion with the respondents on the challenges of diversity and inclusion in 2018 and industry data from the EEOC and other sources. See the appendix for a full methodology and source information.

DIVERSITY AND INCLUSION PROGRAMS

Each respondent was asked to share the company's vision, programs, awards, and staffing for diversity and inclusion. This section summarizes their responses and includes leadership efforts and thoughts on the role of diversity in their organization.

HOTEL SUMMARY

This section summarizes our survey results and in general terms compares the respondent to diversity trends in the industry.

REPORT CARDS

HILTON

In 2017, Hilton had 5,000 properties throughout the world, employing approximately 169,000 people. Its 2016 revenues were \$8.1 billion. Hilton's brands include Waldorf Astoria, Conrad Hotels, DoubleTree, Embassy Suites, and others.

GRADES

Overall Grade Hilton	C	
Corporately Owned Property Managers	African American	People of Color (not African American)
Total Properties: 274	Grade	Grade
Managers	B	C
Franchise Ownership	African American	People of Color (not African American)
Total Properties: 4,057	Grade	Grade
Owners	DNR	A
Workforce Data from 274 Properties		
Hilton Racial Group/Workforce Category	African American	People of Color (not African American)
	Grade	Grade
Board	F	F
Top Management	F	D
Middle Management	C	C
Highly Skilled	A	A
Semi-skilled	A	B
Unskilled	A	A
Transition	African American	People of Color (not African American)
	Grade	Grade
New Hires	B	B
Promotions	F	F
Voluntary Turnover	C	B
Involuntary Turnover	F	A
Supplier Diversity	African American	People of Color (not African American)
	Grade	Grade
Tier 1 Supplier Diversity	F	F

WORKFORCE AND DIVERSITY

Hilton only collects diversity and inclusion data for its corporate offices and 274 corporately owned or managed properties. Of these, no African Americans are in top management, and only 12% are people of color (not including African Americans). Middle-management staff levels of African Americans and people of color (not including African Americans) are at about the industry average. However, highly skilled staff show high levels of both African Americans and people of color (not including African Americans) in this critical segment of the workforce.

Hilton's nine-member board of directors has no African Americans and no people of color (not including African Americans).

TRANSITIONS

Hilton receives strong grades of a B and an A in hiring for African Americans and people of color (not including African Americans), respectively, yet it reports very few promotions for minority staff. In addition, Hilton has a high involuntary turnover rate for African Americans, receiving an F in this category.

CORPORATE MANAGEMENT AND OWNERSHIP

Overall, the management representation of the corporate offices and 274 corporately owned and managed properties that Hilton reported data for surpasses or meets industry averages and surpasses half of its peers in this survey.

PROCUREMENT

Hilton saw a dramatic decline in both African Americans and people of color (not including African Americans) for supplier diversity. In 2012, Hilton received Cs in this category but now receives Fs.

HILTON DIVERSITY AND INCLUSION PROGRAMS

Hilton has four full-time employees dedicated to staff diversity. In the last year, Hilton has been recognized as the #1 Workplace for Diversity by Fortune and the Great Places to Work Institute. The Black EOE Journal has also recognized Hilton for the past five consecutive years as Top Employer, Top Supplier Diversity Program, and Top LGBT-Friendly Company. Hilton also has coaching and mentoring programs in place to encourage minority development. When asked to describe the role of top leadership in its equal opportunity efforts, Hilton responded as follows:

The commitment to Diversity and Inclusion (D&I) is a top priority of our senior leadership team, especially our President & CEO, Christopher J. Nassetta. As the preeminent global hospitality company, we hold ourselves and all of our Team Members to the highest standards of integrity, ethics, and service excellence. We will achieve and maintain this status by living our core values, attracting the best and the brightest talent, and valuing and leveraging the diversity and inclusion of our team members, guests, suppliers, owners, and community partners.

In 2019, Hilton mandated diversity and inclusion and unconscious bias training as a core brand standard in all 5,500 properties around the world. All general managers, department heads, managers, front office staff, and security team members (including third-party contractors) are required to complete the course within Q2 2019.

HILTON SUMMARY

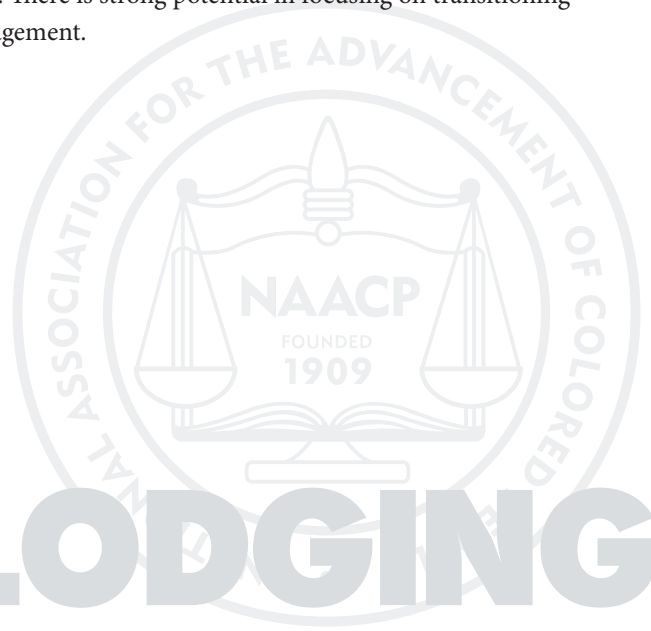
Hilton's report card is complicated by its lack of African American franchisee data. The large number of people of color (not including African Americans) among franchisees is a positive sign. However, the overall low level of diversity, specifically among African Americans, throughout the upper levels of the workforce is of particular concern.

In addition to substantive declines in supplier diversity between 2012 and this current report card, we see other areas where numbers have worsened. Hilton has moved from a D to an F in top management for African Americans and similarly for people of color (not including African Americans) in governing body representation. Throughout the lower levels of the workforce, Hilton shows modest improvements for both African Americans and people of color.

Hilton has clear paths to substantive diversity and opportunity advancement in several areas. Hilton received Fs for African Americans and people of color (not including African Americans) in the categories of governing body, promotions, and supplier diversity. Sharing the level of African American franchise ownership for African Americans would also hopefully result in a better grade than the current F received in this category. Finally, Hilton gets a B and an A for semi-skilled and highly skilled people of color (not including African Americans) yet receives a C for middle management and an F in top management for people of color (not including African Americans). There is strong potential in focusing on transitioning people of color in skilled positions to middle management.

HILTON

HOTEL & LODGING
INDUSTRY



HYATT HOTEL CORPORATION

Hyatt has almost 600 properties throughout the United States and reports diversity and inclusion data on almost all of its properties. Hyatt employs nearly 100,000 people worldwide, and in 2016 global revenue was \$4.43 billion.

GRADES

Overall Grade Hyatt	C	
Corporately Owned Property Managers	African American	People of Color (not African American)
Total Properties: 20	Grade	Grade
Managers	F	F
Franchise Ownership	African American	People of Color (not African American)
Total Properties: 363	Grade	Grade
Owners	DNR	DNR
Workforce Data from 572 Properties		
Hyatt Racial Group/Workforce Category	African American	People of Color (not African American)
	Grade	Grade
Board	C	F
Top Management	D	D
Middle Management	C	A
Highly Skilled	D	B
Semi-skilled	D	B
Unskilled	C	A
Transition	African American	People of Color (not African American)
	Grade	Grade
New Hires	C	A
Promotions	C	F
Voluntary Turnover	D	A
Involuntary Turnover	F	A
Supplier Diversity	African American	People of Color (not African American)
	Grade	Grade
Tier 1 Supplier Diversity	F	F

WORKFORCE AND BOARD

Reporting data based on just over 49,000 workers, Hyatt generally shows weak diversity numbers as it relates to African Americans, with not much improvement from 2012. For people of color, we see much better inclusion except in the categories of governing body, top management, and promotions, where Hyatt receives failing grades. Again, as with African Americans, people of color have seen little progress in diversity numbers since the 2012 report card.

Hyatt has an 11-member board with one nonwhite board member who is an African American.

TRANSITIONS

Hiring and promotions of African Americans and people of color for Hyatt were generally in line with industry averages and those of the other respondents. Like several of the other respondents, Hyatt reported much higher levels of voluntary and involuntary turnover for African Americans than their share of the workforce would suggest. Interestingly, for people of color (not including African Americans) Hyatt has voluntary and involuntary turnover rates substantively lower than their proportion of the workforce, resulting in A grades for these categories.

CORPORATE MANAGEMENT AND OWNERSHIP

Hyatt reported that it does not track the race or ethnicity of its franchisees or those of the managers of its corporately owned properties. The lack of data collection as it relates to management and ownership prevents understanding and advancing diversity and opportunity in this vital area.

PROCUREMENT

Hyatt was the only corporation that would not share its procurement data with the NAACP. Not giving the NAACP data for an area results in an F. We hope in the future this information will be shared so that there can be measured public progress in the very important space of procurement.

HYATT DIVERSITY AND INCLUSION PROGRAMS

Hyatt has developed several strategies to increase the recruitment and retention of diverse talent and suppliers. This includes training, monitoring, and mentoring processes that are intended to develop minority, veteran, and LGBT talent. Hyatt collects racial and diversity data on almost all of its U.S. properties, which makes it stand out amongst its peers.

Hyatt has implemented several processes that increase promotion and development opportunities for diverse candidates. Hyatt Workforce 2025 has been designed and created to address the pipeline needs of women and people of color at the director level and above at the corporate office and the leadership committee at the hotels. Hyatt reports strategic partnerships with two organizations, NABHOOD and AAHOA, to increase hotel ownership by people of color.

Hyatt CEO Mark Hoplamazian chairs the Hyatt Global Inclusion & Diversity Council. Each of his direct reports is a champion of the recruitment, retention, and promotion of diverse candidates across their area of responsibility. This has led to Latino, Black, and Veterans Summits in an effort to identify pitfalls and eliminate barriers prohibiting opportunities for professional growth and advancement.

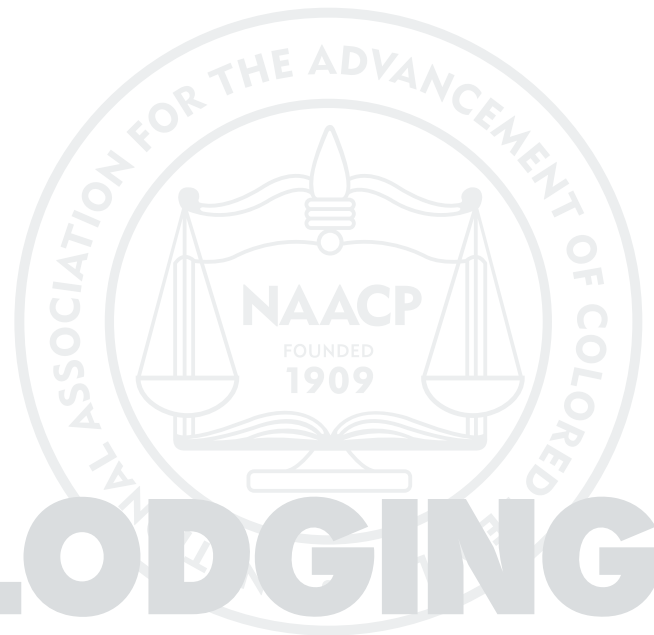
HYATT SUMMARY

Hyatt has improved the representation of African Americans among top management staff since the 2012 survey. Although 2017 showed a decrease in the number of people of color working in highly skilled positions in comparison with 2012, the level of African American diversity throughout the rest of the workforce held steady in 2017.

Opportunities for improvement include collecting and sharing diversity data for ownership and management, as it did in 2012; sharing supplier diversity data; and working on inclusion of people of color (not including African Americans) on its board.

HYATT

HOTEL & LODGING
INDUSTRY



MARRIOTT INTERNATIONAL

Marriott International acquired Starwood Hotels & Resorts in 2016, creating the world's largest hotel company. Marriott represents 30 brands, including JW Marriott, Westin, Renaissance Hotels, W, Courtyard, The Ritz-Carlton, and St. Regis. In 2017, Marriott employed 175,215 people worldwide and had global revenues of \$23 billion.

GRADES

Overall Grade Marriott	B	
Corporately Owned Property Managers	African American	People of Color (not African American)
Total Properties: 802	Grade	Grade
Managers	B	B
Franchise Ownership	African American	People of Color (not African American)
Total Properties: 3844	Grade	Grade
Owners	D	A
Workforce Data from 802 Properties		
Marriott Racial Group/Workforce Category	African American	People of Color (not African American)
	Grade	Grade
Board	A	D
Top Management	C	D
Middle Management	B	A
Highly Skilled	A	A
Semi-skilled	A	B
Unskilled	A	A
Transition	African American	People of Color (not African American)
	Grade	Grade
New Hires	C	B
Promotions	C	B
Voluntary Turnover	C	B
Involuntary Turnover	DNR	DNR
Supplier Diversity	African American	People of Color (not African American)
	Grade	Grade
Tier 1 Supplier Diversity	D	C

WORKFORCE AND BOARD

Marriott reported workforce and other data for the 802 company-operated properties that include managed, owned, and leased hotels in the United States. The workforce data also includes employees at headquarters and other office locations. Marriott shows a generally strong workforce diversity score for African Americans from its board to unskilled labor. Middle managers and semi-skilled workers show particularly high levels of African Americans. As for people of color (not including African Americans), Marriott has a below average level of representation for top management or board positions.

Three African Americans served on Marriott's board in 2017, holding 21% of voting positions. The board also had one person of color who was not an African American.

TRANSITIONS

For African Americans, new hires, promotions, and turnover are in line with their share of the workforce. For people of color (not including African Americans), Marriott does well with new hires and voluntary turnover and but poorly in terms of promotions. Marriott does not report data on involuntary turnover; thus, Marriott receives a failing grade in this category.

CORPORATE MANAGEMENT AND HOTEL OWNERSHIP

People of color are strongly represented among both managers and franchisees. Marriott receives a B for African Americans managing 7.5% of the 802 corporately managed hotels but a D with regards to franchise ownership by African Americans.

PROCUREMENT

Though receiving a D in Tier 1 spending for African Americans and a C for people of color (not including African Americans), Marriott reported the largest expenditure with African American suppliers of the hotels surveyed, with \$26 million spent in 2017. It also reported \$238 million spent with suppliers owned by a person of color (not African American). These amounts are still relatively small compared with the total amount of \$3.5 billion it reported spending on procurement in 2017.

MARRIOTT DIVERSITY AND INCLUSION PROGRAMS

To ensure both workforce and supplier diversity, Marriott has 18 full-time staff dedicated to these functions. When asked how Marriott creates accountability across its organization for staff and supplier diversity, Marriott responded,

Marriott has a deeply-rooted cultural approach to diversity and inclusion. We believe that our success is embedded in our commitment—since our founding in 1927—to put the wellbeing of people first and provide opportunity to everyone. This commitment starts with our senior leaders who establish priorities and strategies that drive accountability throughout the organization.

President and CEO Arne Sorenson chairs the company's Global Diversity and Inclusion Council, comprised of the entire C-Suite, that monitors plans, actions and results. They have established comprehensive diversity performance metrics, which are part of their globally-shared MBOs and compensation plans.

The Marriott board of directors-led Committee for Excellence, chaired by Debra Lee, former CEO BET Network, also reviews the company's diversity and inclusion results and engages directly with senior leadership team members to discuss progress, future actions and goals. The Committee establishes specific annual goals for each facet of diversity (employees, customers, owners, suppliers) and monitors progress.

MARRIOTT SUMMARY

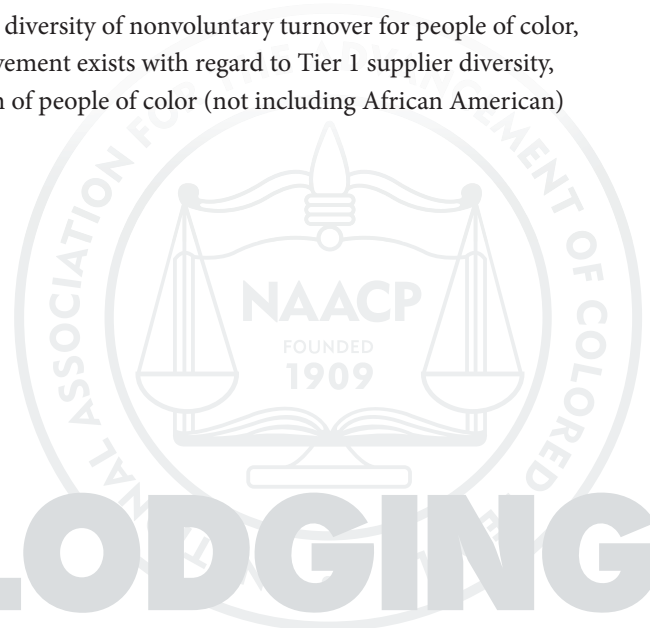
Marriott excels in African American workforce diversity in several categories, including board membership, middle management, and semi-skilled workers. For people of color, the results are not as strong but at least meet industry averages. For top and middle management there is room for improvement, but among the other workforce categories African Americans and other minorities are strongly represented.

In comparison to the responses offered to the NAACP 2012 survey, Marriott shows continued workforce diversity for people of color. For African Americans, the data shows very little change since 2012. The grades for management and ownership of Marriott hotels have maintained at the B level since 2012. Supplier diversity appears to have declined for both people of color and African Americans over this period.

Opportunities for improvement include reporting on diversity of nonvoluntary turnover for people of color, including African Americans. Much room for improvement exists with regard to Tier 1 supplier diversity, African American franchise ownership, and inclusion of people of color (not including African American) on the board and at top management levels.

MARRIOTT

HOTEL & LODGING
INDUSTRY



WYNDHAM HOTEL & RESORTS

This report comprises data from the former Wyndham Hotel Group, LLC (WHG), a primarily franchised organization that has since become Wyndham Hotels & Resorts (WHR). WHR is home to approximately 9,200 hotels across more than 80 countries on six continents. The Company operates a portfolio of 20 hotel brands, including Super 8, Days Inn, Ramada, Microtel Inn & Suites, and Wyndham.

GRADES

Overall Grade Wyndham	C	
Corporately Owned Property Managers	African American	People of Color (not African American)
Total Properties: 2	Grade	Grade
Managers	F	F
Franchise Ownership	African American	People of Color (not African American)
Total Properties: 5500	Grade	Grade
Owners	F	F
Workforce Data from 58 properties		
Wyndham Racial Group/Workforce Category	African American	People of Color (not African American)
	Grade	Grade
Board	A	B
Top Management	F	F
Middle Management	F	C
Highly Skilled	F	A
Semi-skilled	C	B
Unskilled	B	A
Transition	African American	People of Color (not African American)
	Grade	Grade
New Hires	C	B
Promotions	D	F
Voluntary Turnover	F	C
Involuntary Turnover	F	C
Supplier Diversity	African American	People of Color (not African American)
	Grade	Grade
Tier 1 Supplier Diversity	F	B

WORKFORCE AND BOARD

Wyndham provided workforce data for 58 of its 5,558 U.S. properties from 2017. These 58 properties represent the Wyndham properties that are corporately owned or managed; the other 5,500 properties are franchised, and Wyndham does not collect diversity data for franchised properties. Of the 58 corporately owned or managed properties, the top management is dominated by white men, who hold 75% of the top management positions. This figure is more than 20% above the industry average, according to EEOC figures. Just 1% of the top management is Asian, and there are no African American or Hispanic top management at all. In total, Wyndham reported details on over 6,700 people employed in 2017.

The six voting members of the Wyndham Hotel & Resorts board of directors include two people of color. This is similar to the board diversity of our other respondents.

TRANSITIONS

Wyndham reported a rate of involuntary turnover for African Americans much higher than the proportion of its African American workforce. By comparison, white involuntary turnover was less than their percentage of the workforce. Whites were also much more likely to be promoted at Wyndham, with a clear majority of promotions going to a white man or woman, although representing a minority of total staff.

PROCUREMENT

For 2017, Wyndham receives a B for procurement for people of color (not including African Americans). Wyndham gets the lowest grade for African American procurement, an F.

WYNDHAM DIVERSITY AND INCLUSION PROGRAMS

Since 2017, the company has evolved significantly: on June 1, 2018, WHG spun off as an independent company from Wyndham Hotel & Resorts Corporation to form Wyndham Hotels & Resorts, Inc. (WHR), the world's largest hotel franchising company. Since then, the company's managed hotel portfolio has grown exponentially to include more than 350 managed hotels in the United States. Today, approximately 28% of the company's 366 managed hotels in the United States are managed by minorities, and 8.7% are managed by African Americans.

Wyndham has also developed a cross-functional team at the C-suite level that meets quarterly to set goals for diversity and inclusion training, recruitment, and retention.

Wyndham has seven staff dedicated to workforce and supplier diversity on a full-time basis. When asked how it fosters growth among diverse staff and contractors and assists minority employees' professional development, Wyndham responded,

We have a culture rich in diversity where personal accountability, professional growth opportunities and recognition for a job well-done are everyday occurrences. At all levels in our organization, we have robust programs and process to ensure people have access to opportunity

and can engage in meaningful conversations regarding their careers. Through our performance management and feedback program, our mentorship and sponsorship programs as well as our global talent review and succession planning process, we seek out and nurture the best performers in our organization, with special attention to under-represented groups. These individuals participate in various internal management development programs as well as attend external programs based on their interests and needs. Many of our internal programs are sponsored by our Associate Business Groups making access easy and comfortable in a trusting environment.

Franchisees are offered diversity and inclusion training via the web, and Wyndham managers are trained to identify biases, both conscious and subconscious, in the hiring and disciplinary processes. Wyndham also makes use of third-party recruitment firms that have special programs aimed at diverse recruitment.

WYNDHAM SUMMARY

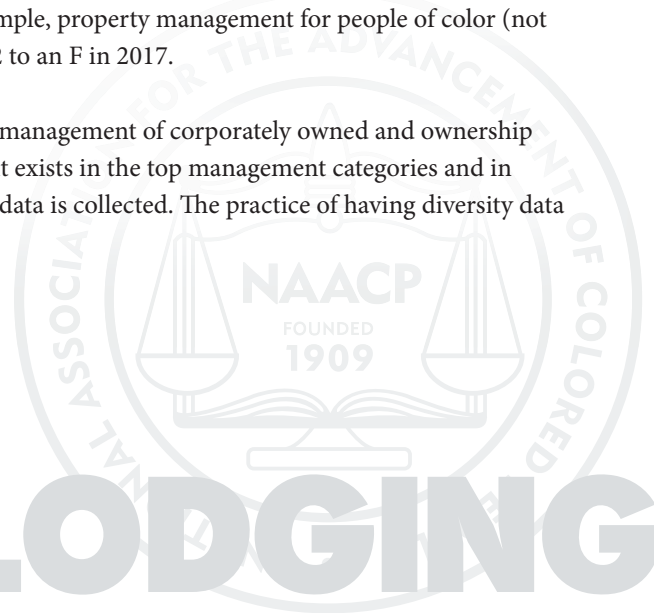
Out of their peer corporations in this report card, Wyndham has diversity data for the smallest number of hotels and employees. For this small sample of hotels, we give an overall C grade, which is the same grade Wyndham received in the NAACP Opportunity and Diversity Report Card of 2012. The diversity data examined in this report card shows failing grades in many vital areas, including ownership, top and middle management, and procurement.

Wyndham has also reported lower African American diversity in several categories in comparison to its responses to the NAACP Opportunity and Diversity Report Card of 2012. In 2012, Wyndham received a C in African American top management, but now has an F. Another steep decline occurred in supplier diversity, where Wyndham went from having an industry-leading B in 2012 for African Americans to an F in 2017. Wyndham saw similar levels of diversity for people of color (not including African Americans) between 2012 and 2017 except in a few cases. For example, property management for people of color (not including African Americans) fell from an A+ in 2012 to an F in 2017.

Opportunities for improvement include reporting on management of corporately owned and ownership of franchised properties. Much room for improvement exists in the top management categories and in increasing the number of hotels from which diversity data is collected. The practice of having diversity data for about 1% of its properties is inadequate.

WYNDHAM

HOTEL & LODGING
INDUSTRY



HOTEL AND LODGING: A GROWING INDUSTRY THAT MAINTAINS DEEP RACIAL ECONOMIC INEQUALITY

It appears there has been little progress made from the NAACP 2005 survey, and possibly the 1996 survey, particularly with regard to diversity of high-level positions, ownership, and suppliers. In 2007, the EEOC reported that 71% of top management positions, those employees at the very top of the workforce, were held by non-Hispanic whites. In 2015, that share had grown to 81%. This is particularly concerning given that the hotel and lodging industry continues to be a strong and growing industry with a strong base in many urban communities where communities of color are in most need of economic opportunities.

As employers,¹⁹ consumers of local goods and services,²⁰ and social hubs that feed other local businesses, hotels are an important feature of every city. It is critical that both in their employment practices and supplier sourcing that these local anchors maintain a focus on diversity. This can take the form of actively researching the local workforce demographics and making an effort to recruit based on this research or employing a system to monitor the diversity of their suppliers. Both Wyndham and Hilton told us that they collect data on the demographics of the local workforce, a positive step to address local staff diversity. Anchor institutions are more likely to have a positive impact on local communities if they approach diversity with an intentional goal.²¹ A key indicator of this intention is by tracking diversity in supplier contracting and procurement. Wyndham, Hilton, and Marriott all noted that they use procurement software that monitors the diversity of their suppliers (referred to as Tier 1 suppliers). Marriott also indicated the use of a system that tracks diversity among subcontractors. Minority business owners often lack the financial, social, and professional relationships to seek out and bid on lucrative contracts. Anchor institutions that seek out diverse suppliers help offset this disparity.

Andy Ingraham, President and CEO of NABHOOD, clarifies the different roles that can be found in the lodging industry at the highest levels and what is needed for success:

The common denominator for African American hotel owners is having a successful background in any business which allows him to have access to capital to be an investor or owner. As an operator, they will need to have hotel industry operation background . . . Keep in mind that most owners are purely investors and therefore hire a third party operator to run the hotel.

¹⁹ <https://penniuir.upenn.edu/uploads/media/Anchor-Institutions-PRAI-2014.pdf>

²⁰ <https://www.bostonfed.org/publications/communities-and-banking/2017/spring/anchor-institutions-the-economic-benefits-of-putting-community-first.aspx>

²¹ https://www.huduser.gov/portal/pdredge/pdr_edge_hudpartprt_062211.html

With this type of understanding of the hotel and lodging industry, we see that the industry is much more than a place where one can acquire employment and career, but rather is a growing industry that is in great need of African Americans and Latinos as investors, operators, and owners.

Our respondents to this survey reflect the aforementioned lack of diversity of African Americans and people of color as a whole at the highest levels of management and ownership. The responses from our four hotel companies showed that the diversity among their leadership was generally poor. Marriott reported the most diverse top management staff with only a C for African American representation and a D for people of color representation. Wyndham received the lowest grades in top management, with Fs for both African Americans and people of color (not including African Americans).

In terms of top management, the hotel and lodging industry average for African American inclusion is a weak 4.5%. For people of color (not including African Americans), the industry average is much higher at 13.6%, though none of the four leading companies in this report attains this industry average.

In terms of board diversity, African American representation ranges from 0% to 21%, with a report card average of 12%. Surprisingly, people of color (not including African Americans) have worse representation, with a report card average of 6%, and all but Wyndham receiving a failing grade in this category.

Marriott continues with the highest grade of a B, as in 2012. Marriott has the highest African American top management representation with its C grade, and its B grade leads in African American middle management. Marriott does poorly for people of color (not including African Americans) in board and top management representation, but has As for people of color in middle management and highly skilled positions.

Marriott's leadership in diversity and inclusion corresponds with having the largest number of staff focused on equal employment opportunity in 2012 and 2017. Marriott has more than twice the number of team members dedicated to advancing diversity and inclusion than its peers in the NAACP Opportunity and Diversity Report Card.

To move beyond the ceiling the industry has hit in terms of racial/ethnic inclusion, we recommend they focus on their most troubled areas: ownership, board of directors, top management, and supplier diversity. Each of these areas does not require massive numbers of new people in these spaces, but rather targeted ongoing efforts that can have significant impact over time. These type of efforts will require staffing that can develop relationships and end the long-standing history of lack of diversity in these top-level positions.

APPENDIX

METHODOLOGY FOR OVERALL GRADES

	Category Weights
10%	Governing Body
40%	Employment
10%	Employee Transition
20%	Supplier Diversity
20%	Property Ownership/ Management

Each hotel represented in this report was asked to fill out a survey asking a variety of questions related to their diversity at the leadership, workforce, supplier, and ownership levels. A total of 13 different variables were assessed from this survey. Respondents were asked to submit details about their diversity in terms of African Americans and other people of color, for a total of 26 individual data points. These were grouped broadly into five categories: Governing Body, Employment, Employee Transition, Supplier Diversity, and Property Ownership/Management.

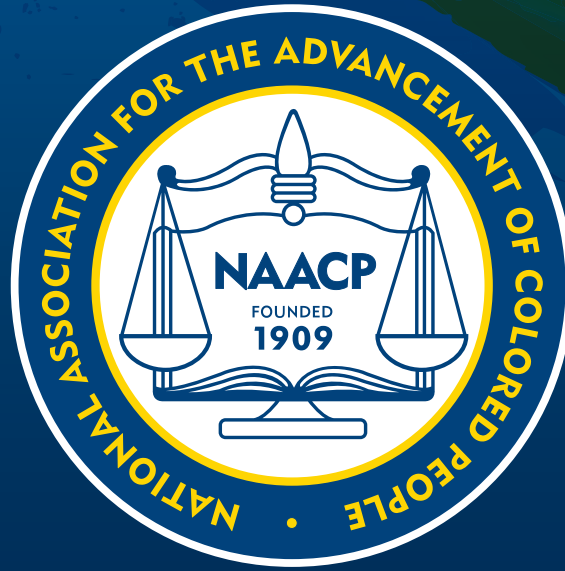
Governing Body includes the diversity of voting members that sit on the respondent's board of directors. Supplier Diversity refers to the share of Tier 1 sourceable spending on businesses owned by African American or people of color. Property Ownership/Management includes franchisee owners or managers of corporately owned/managed properties. The performance of the respondents in these categories was compared with the overall demographics of the U.S. workforce and their peers.

For Employee Transition, the new hires responses were also compared with national workforce demographics. For promotions and turnover, scores were compared with diversity of the respondent's workforce.

Workforce data was graded based on a comparison of the respondent-provided figures with 2015 EEOC data for the hotel and lodging industry.

For each variable, a letter grade was assigned from A through F, with each grade corresponding to a point value on a four-point scale, with Fs receiving a value of zero. These grades were then averaged to create a category grade. Category grades were then weighted and averaged to produce a final grade.

AFRICAN AMERICAN	D	C	B	A
Overall	0.50	1.50	2.50	3.50
Managers	1.0%	2.0%	5.0%	8.0%
Owners	1.0%	3.0%	5.0%	8.0%
Board	5.0%	8.0%	11.0%	14.0%
Top Management	2.0%	4.0%	7.0%	10.0%
Middle Management	6.0%	9.0%	13.0%	16.0%
Highly Skilled	8.0%	11.0%	14.0%	17.0%
Semi-Skilled	12.0%	16.0%	20.0%	24.5%
Unskilled	12.0%	16.0%	20.0%	24.0%
Total Workforce	14.0%	19.0%	22.0%	25.0%
New Hires	15.0%	20.0%	25.0%	30.0%
Promotions	-6.0%	-3.0%	3.0%	6.0%
Voluntary Turnover	-6.0%	-3.0%	3.0%	6.0%
Involuntary Turnover	-6.0%	-3.0%	3.0%	6.0%
Tier 1 Suppliers	0.5	1.0%	3.0%	5.0%
PEOPLE OF COLOR	D	C	B	A
Managers	7.0%	13.0%	19.0%	25.0%
Owners	7.0%	13.0%	19.0%	25.0%
Governing Body	7.0%	10.0%	14.0%	18.0%
Top Management	11.0%	14.0%	17.0%	20.0%
Mid/Lower Management	18.0%	22.0%	26.0%	30.0%
Highly Skilled	20.0%	26.0%	32.0%	38.0%
Semi-skilled	20.0%	26.0%	32.0%	38.0%
Unskilled	30.0%	40.0%	48.0%	54.0%
Total Workforce	19.0%	25.0%	32.0%	40.0%
New Hires	26.0%	32.0%	38.0%	44.0%
Promotions	-10.0%	-5.0%	5.0%	10.0%
Voluntary Turnover	-10.0%	-5.0%	5.0%	10.0%
Involuntary Turnover	-10.0%	-5.0%	5.0%	10.0%
Tier 1 Supplier	3.0%	6.0%	10.0%	13.0%



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