Two sides of the same coin: Benefits and challenges of employing an ethnically diverse workforce in Australian hotels

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ABSTRACT

Although scholars have repeatedly discussed the importance of ethnic diversity in organisations, little research has addressed the role of ethnic diversity in hospitality firms. In this study, we explored the benefits and challenges of employing ethnically diverse employees in Australian medium-sized hotels. In-depth interviews were conducted with 27 hotel general managers at a national level and thematic analysis was used to analyse the data. Results show that there is a mix of benefits and challenges in employing ethnically diverse employees in Australian hotels. Practical implications are offered for implementing human resource management policies and practices related to diversity management.

Keywords: workforce diversity, ethnicity benefits, ethnicity challenges, Australian hotels

INTRODUCTION

The hotel industry is highly labour intensive and the demand for hospitality workers in Australia is projected to grow at an average rate of 3% per annum, creating around 40,100 new jobs in the next five years (ABS, 2011b). On the other hand the turnover rates are as high as 50.74% for operational employees in Australian four and five star hotels (Davidson, Timo & Wang, 2010) and the situation is similar to other categories of hotels. In fact, the skill shortages are so acute that not only do hotels recruit employees from diverse backgrounds, they also hire workers from overseas on special work visas. The above trend has resulted in increased ethnic diversity among employees.

Employing ethnically diverse employees in hotels may result in both benefits and challenges (Devine et al., 2007). Pitts & Jarry (2007, p234) raise the question ‘if we do not understand what diversity actually does in an organisation, how can we understand how to manage it?’ Given the economic contribution of the hotel industry, knowledge about the role of ethnically diverse employees in Australian hotels will assist managers to formulate policies and practices. It will also inform managers how to effectively utilise ethnically diverse employees to achieve organisational effectiveness. In spite of the growing importance of workforce diversity, very little empirical research has been done to assess what ethnic diversity achieves.

In the present study, we interviewed general managers from medium-sized hotels in Australia at a national level, to understand their views about the merits and challenges of employing ethnically diverse employees. Knowledge about these merits and challenges can facilitate hotels attempt to effectively utilise an ethnically diverse workforce in day to day operations. It also helps hotel
managers to develop human resource diversity management practices which will help to maximise the advantages and minimise the dis-advantages.

LITERATURE REVIEW

Diversity is defined as 'a characteristic of social grouping that reflects the degree to which objective or subjective differences exist between group members' (Van Knippenberg and Schippers, 2007, p.516). Diversity as a research topic has focused on two broad classifications based on (1) visibility, visible factors includes age, gender, ethnicity, race, mental and physical abilities, and (2) invisible factors including education, income, religion, personality and learning style. These studies have used diversity dimensions as antecedents to understand the consequences the organisational effectiveness.

Organisational diversity may lead to positive effects like the ability to attract people, creativity, quality and more system flexibility, and also negative effects like higher turnover, low job satisfaction, frustration and intergroup conflicts in the organisation (Cox, 1994). Considering the visible factors, predominant research comes from gender diversity (Peccei & Hyun-Jung, 2005; Pearsall et al., 2008), race (Gonzalez & Denisi, 2009; Richard, Ford & Ismail, 2006; McKay, Avery & Morris, 2008) and age diversity (Ball, 2008; Riach, 2009; Kunze et al., 2011). In the mid and late 1990’s organisational literature has seen a decline in the most prominent type of diversity – race and ethnicity (Milliken & Martins, 1996; Williams & O’Reilly, 1998). Research on ethnic diversity has primarily focused on the US context. This has led to very little acquired knowledge about ethnic diversity in Australia, and specifically about ethnic diversity among Australian hotels.

Modern societies are becoming increasingly diverse (Putnam, 2007). Cultural workers are a vital new source of workforce for the hospitality industry, provided that they are properly looked after and managed (Devine et al., 2007). Hotel managements purposefully hire an ethnically diverse employee workforce to meet the wide-ranging needs of diverse customers (Christensen-Hughes, 1992).

The benefits of ethnic diversity are well documented. Ethnic diversity can lead to positive performance outcomes when organisations have a reputation for valuing employee diversity (O’Reilley, Williams & Barsade, 1997). McLeod & Lobel (1992) found that the qualities of ideas and
solutions produced by diverse groups were higher compared to homogeneous groups. Members of ethnically diverse groups are believed to have more access to informational networks outside their team (Williams & O’Reilly, 1998). A broad range of knowledge and experience is noted among ethnically diverse teams (Van Knippenberg & Schippers, 2007).

However, ethnic diversity may also lead to negative outcomes. Research has found that greater ethnic diversity may lead to lower career satisfaction, lower organisational commitment, and employee perception of promotion as unlikely (Greenhaus, Parasuraman & Wormley, 1990), higher rates of absenteeism (Tusi, Egan & O'Reilly, 1992), and more emotional conflicts in work teams (Pelled, 1996). The above outcomes cannot be generalised as they may vary due to the nature of the industry and demographic composition of a country. Against the backdrop of the above literature review, the present study addresses two research questions:

1. What are the benefits of employing ethnically diverse employees in Australian medium-sized hotels?

2. What are the challenges of employing ethnically diverse employees in Australian medium-sized hotels?

**METHODS**

To explore the advantages and challenges in employing ethnically diverse employees, a qualitative research design was chosen as ‘qualitative research reveals experience, processes, and causal mechanisms through its unconventional methods’ (Bluhm et al., 2011, p. 1870). The present study was conducted in Australian medium-sized hotels i.e., hotels employing 20 to 199 employees. We choose this sample because medium-sized hotels contribute 34.4% towards industry value (ABS, 2011a), and in spite of their prevalence, are under-represented in research. In addition, medium-size hotels employ highly diverse workforce, and understanding the benefits and challenges of employing an ethnically diverse workforce will benefit hotels in formulate Human Resource (HR) policies and practices. Face-to-face and telephone semi-structured interviews were conducted with 27 general
managers working in medium-sized hotels around Australia. The interviews were conducted between September 2012 to March 2013.

Study participants were contacted using the mailing list of Australian Hotel Associations (AHA) members. An initial support letter was sent from the AHA chief executive officer, then telephone calls were made to arrange a suitable time for face-to-face interviews. Telephonic interview appointments were organised with managers located in regional areas. All interviewees were general managers, overseeing all the functions of the hotel and in some cases more than one property. Most hotels did not have a separate human resource management department, so the major decision maker for all human resource management functions was the general manager.

The interview protocol included a set of key questions with opportunities for follow-up probes. This semi-structured format encouraged rich qualitative responses (Miles and Huberman, 1994). We started by asking the interviewees for a brief overview of their hotel, brand and role as general manager. The first set of questions covered merits of employing ethnically diverse employees. The second set of questions covered challenges of employing ethnically diverse employees. Respondents were encouraged to share examples about how they dealt with ethnically diverse employees. Out of 27 interviews, 16 interviews were conducted face to face and 11 interviews were conducted over the phone due to the remoteness of the hotel location. The interviews were digitally recorded and transcribed by the first author. The data were coded and thematic analysis was conducted from the interview transcriptions. The analysis identified eight main themes associated with the benefits and challenges of employing ethnically diverse employees, as shown in the next section.

RESULTS

Analysis of the data identified five main themes related to benefits in employing ethnically diverse employees and three main themes related to challenges in employing ethnically diverse employees.

Benefits

The five benefits include (1) language skills, (2) diverse knowledge and opinions, (3) cultural experience and diversity, (4) superior work ethics and (5) willingness to commit to hospitality as a
profession. These themes are discussed in detail below. The respondents’ percentage on the above mentioned benefits are presented in the Graph 1.

![Graph 1 Respondent percentage of benefits](image)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Language skills</td>
<td>55</td>
</tr>
<tr>
<td>Diverse knowledge and opinions</td>
<td>30</td>
</tr>
<tr>
<td>Cultural experience and diversity</td>
<td>74</td>
</tr>
<tr>
<td>Superior work ethics</td>
<td>18</td>
</tr>
<tr>
<td>Willingness to commit to hospitality as a profession</td>
<td>11</td>
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</tbody>
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**Language skills**

Fifteen interviewees (55% of the sample) highlighted language skills as the advantage of employing ethnically diverse employees. Employees coming from different ethnicities were fluent in different languages and in many cases more than one language. When an employee can speak to a hotel guest in their language, service is improved. As a manager spontaneously said:

*We have employees from different part of the world, and customers do arrive from all these places say when a housekeeping staff can speak in their language the guest experience is totally different.* (General Manager, interview 5).

The language advantage also can be crucial in dealing with guest complaints. This is highlighted in the following quotes:

*If you can have two or three people on the front desk each speak two languages it just blows people away in hospitality point of view, but when they have a problem they can come and speak to someone they can speak to of their language and just understanding people’s background helps a lot.* (General Manager, interview 14).
The communication benefits were so strong that managers often match the language of the employee to the guest if they expect a group arrival in their hotel.

**Diverse knowledge and opinions**

Eight interviewees (30% of the sample) highlighted diverse knowledge and opinions given by the ethnically diverse employees as an advantage. One of the interviewee pointed out that:

*Diversity of the opinion and diversity of knowledge particularly helps when working in hospitality. Especially the knowledge and background of where certain foods come from and what products match with that food I think that is the real advantage.* (General Manager, interview 21).

**Cultural experience and diversity**

Twenty interviewees (74% of the sample) highlighted cultural experience and diversity as an advantage of employing ethnically diverse employees. Cultural experience and diversity are advantages at two different levels in Australian hotels. At the first level it has its impact on the guest experience and this is highlighted in the following quotes:

*Having an ethnically diverse group in our hotel simple represents the multicultural nature of Australia, this gives a first-hand experience about the country to the foreigners.* (General Manager, interview 6).

*Our region is culturally diverse and you need to be reflective and you need to cater for those people from the community as well, by having the different nationalities working in different areas is then you are catering to that cliental.* (General Manager, interview 11).

At the second level it enriches the work environment at the time of social activities within the hotel and this has a positive impact on team commitment. This is highlighted in the following quotes:

*At lunch time you can sometimes have people from ten different ethnic backgrounds sitting at one table all having lunch and talking about one another I think probably if they had been homogeneous they might have set a group or split, there is more diversity in our culture, than the worlds culture.* (General Manager, interview 9).

**Superior Work ethics**

Five interviewees (18% of the sample) highlighted superior work ethic as an advantage of employing ethnically diverse employees. This is highlighted in the following quotes:
They are very hard working, with good work ethics, something to be seen across the board. I think they are looking for the opportunity; as well they are looking to find a place in fact. (General Manager, interview 24).

I tend to think Australians by nature are bit lazy and you know ethnic groups seem to have a better work ethics. I am not saying in all instances but I would say probably if you took the average across different cultures so we are very pleased to have different groups. (General Manager, interview 19).

And as for the bulk of the job concerned the housekeeping and concierge, porters and that sort of things it is the work ethics and unfortunately most of the people have better work ethics than the Australians do… they work hard, no issues, no complaints (General Manager, interview 7).

Willing to commit to hospitality as a profession

Three interviewees (11% of the sample) highlighted that ethnically diverse employees are willing to commit to hospitality as a profession. There will be an obvious difference in the work attitude, willingness to learn and to work in a team when one wants to grow in a profession. This was reflected in the below quotes:

To be honest most non Australian employees give better results than the Australian employees for different reason. The hospitality business in India in Asia is very different from what is in Australia. Most people don’t look on it as a profession, most people look at it as a side job or do it while they are studying and also if they failed in everything else they go to hospitality. In India, China and other areas it is a profession the people study and wants to get their degrees and it shows in the results and attitude towards the work. (General Manager, interview 7).

Challenges

The themes have also highlighted three challenges which include (1) lack of English fluency, (2) operational issues and (3) intercultural issues. But these were stated by only 10 managers which were less than 40% of the total sample. The respondents’ percentage of the above mentioned challenges are presented in Graph 2.
Lack of English fluency

As most of the ethnically diverse employees are from non-English speaking background countries, this will be a potential challenge for managers. Six interviewees (22% of the sample) pointed out that ethnically diverse employees are lacking in English language skills. This will have an impact at different stages of the communication process. One of the managers pointed out the difficulty with interpretation:

*The challenges would be around language and interpretation mostly. Talking to the guest understanding the instructions, given you know we speak fast sometimes that sought of stuff, and look not quit understanding two word in a sentence which means they completely miss interpreting what is the intention was.* (General Manager, interview 12).

A few interviewees pointed out their concern about English language skills. This is highlighted in the quotes below:

*When I say communication... it is about the language, more so it’s in English... nothing more about it.* (General Manager, interview 25).

*Yaa...Yaa ... it’s all the language. It is huge in relation to communication and written skills. When English is the second language it makes everything very hard.* (General Manager, interview 19).
Operational issues

Out of the total sample three interviewees (11% of the sample) pointed out operational issues as one of the challenges with ethnically diverse employees. As some of the managers mentioned, the operational standards and procedures in Australia may be different to their employees’ home country. This is highlighted in the below quotes:

*When it comes to the generic skills if the housekeeping staff making a bed it might be slightly different, the standards of cleanliness may be different, the use of chemicals will be different, bleach was used in the water for a cleaning product whereas here it is not so. Ensuring the staffs are aware that when they are on board they have good chemical training. There is no cross contamination of cloths etc. It is the same with food hygiene. In certain parts of the world how they defrost meats etc. is different to Australian standards. Things like that we need to be very mindful of someone coming from other nations.* (General Manager, interview 14).

Intercultural issues

Cultural issue are unavoidable when an organisation employs people from different ethnic backgrounds. Ten interviewees (37% of the sample) highlighted intercultural issues as a challenge, and this could be in different avenues. One of the primary challenges for managers was to understand ethnically diverse employee cultures and vice-versa. This is emphasised in the quotes below:

*Certainly the challenges are their understanding of our culture & understanding of their culture. Things that might be normal in where they live may not be normal here and they have to change their ideas. We are also conscious of how to speak to them.* (General Manager, interview 6).

Cultural issues could be a challenge as well within an ethnic group and this is highlighted in the quotes below:

*There could be challenges primary enough when we get employees from the same ethnicity for example in our hotel: front office employees coming from the same country hate each other.* (General Manager, interview 19).

*When the group gets very large they tend to talk in their language and that affects the guest particularly if they are in the public areas (reception, lobby and in the floors) and that’s something we try and avoid particularly. We don’t want the guest to think someone is talking about them.* (General Manager, interview 9).
DISCUSSION

Demands from the workforce and customer are concurrently applying pressure to hotels to employ ethnically diverse employees. The present study drew on extant literature to understand the benefits and challenges of employing ethnically diverse employees. We were able to identify benefits and challenges of employing ethnically diverse employees in Australian medium-sized hotels. Findings indicate that there is a mix of both benefits and challenges in employing ethnically diverse employees.

The literature suggests that employing ethnically diverse employees adds values to the organisation by providing more access to informational networks outside their team (Williams & O’Reilly, 1998) and through their broad range of knowledge and experience (Van Knippenberg & Schippers, 2007). Our study has found other benefits of language skills, cultural experience and diversity, superior work ethics, and willingness to commit to hospitality as a profession with respect to the hotel industry in Australia. The literature also suggests that there are challenges in employing ethnically diverse employees such as lower organisational commitment, and employee perception of promotion as unlikely (Greenhaus et al., 1990), higher rate of absenteeism (Tusi et al., 1992), and more emotional conflicts in work teams (Pelled, 1996). The present study identified three important challenges faced by managers with respect to the hotel industry in Australia: lack of English fluency, operational issues and intercultural issues.

Organisational research has argued about the benefits and challenges of employing ethnically diverse employees in various industries. Our research confirms that a similar situation exists in Australian medium-sized hotels. It is evident that our research findings are in the forefront in understanding the role of ethnically diverse employees in medium-sized hotels in Australia.

Practical Implications

Employing ethnically diverse employees in Australian medium-sized hotels has both benefits and challenges. These suggest that there are opportunities to effectively utilise and maximise the merits and to make organisational decisions to overcome the challenges.
In our study, ethnically diverse employees brought in language skills, diverse knowledge and opinions, cultural experience and diversity, superior work ethics, and willingness to commit to hospitality as a profession. Hotel managers can effectively utilise these benefits by allocating the right person for the right job. For example, due to recent trends in the tourism market, hotels often receive group guests from Asian countries. Employees who can speak guests’ languages could be utilised to identify and cater to their needs. Based on the March 2013 results of the quarterly international visitor survey, there were 5.8 million international visitors to Australia, an increase of 5% compared to 2012 (TRA, 2013) this includes tourist from non-English speaking countries such as Japan, Hong Kong, Singapore, Malaysia, Indonesia, Taiwan, Thailand, Korea, India, Germany, Scandinavia, France, Italy, Netherlands, Switzerland. When you have more employees speaking different languages, these employees could be a resource as translators for in-house guests. Having superior work ethics, and willingness to commit to hospitality as a profession, improves employees’ morale. This often helps managers to discuss their career path and succession planning. Hotels can plan effective rewards systems to sustain these practices.

Previous research argues that diversity can affect organisations’ effectiveness either in a positive or negative way. However, undoubtedly, these differences would not be considered as hazards but rather as opportunities and benefits if they can be managed well (Robert, 2007). Considering the challenges in employing ethnically diverse employees, managers can formulate identity-conscious human resource practices (Konrad and Linnehan, 1995) to overcome these challenges. Through identity-conscious practices, organisational human resource decisions include demographic group identity. Australian medium-sized hotels can formulate human resource management practices exclusively for ethnically diverse employees. An effective induction program may be helpful in minimising these three challenges. Eight of the top 10 countries from which migrants arrive in Australia have English as their second language (DIAC, 2013). Coming from a non-English speaking background is both a benefit and a challenge. Training will be essential to warrant the managing of cultural diversity in the hotel industry (Devine et al., 2007). Managers can design regular off-the-job training programs to improve the English skills of ethnically diverse employees. Operational issues could be sorted out
through providing on-the-job training for ethnically diverse employees and this can also be addressed by development and issuance of a standard manual of hotel procedure. This will lead to better understanding of Australian standards. Intercultural issues could be overcome through organising more social activities within the hotels. This will give an opportunity to understand the employee cultures in a more relaxed environment. At a higher level, sensitivity training could be an option to understand cultural issues among employees. Issues related to employees’ informal interaction in their own language could be avoided through strong organisational policy and that can be emphasised at the time of the recruitment and selection.

**CONCLUSION**

The present study has provided insights into how ethnically diverse employees bring benefits and challenges to medium-sized hotels in Australia. The benefits include language skills, diverse knowledge and opinions, cultural experience and diversity, superior work ethics and willingness to commit to hospitality as a profession, and challenges include lack of English fluency, operational issues and intercultural issues. Hotels equipped with this understanding can effectively utilise ethnically diverse employees in day to day operations and implement identity-conscious HR practices to overcome the challenges faced by employing them.

Our study used semi-structured interviews to explore the merits and challenges of employing ethnically diverse employees. We encourage further researchers to focus on large samples which include large and small-sized hotels. Conducting a quantitative study with performance outcomes will assist in validating the present study. Findings of such studies will enhance the understanding of the role of ethnically diverse employees in the hospitality industry.
REFERENCES


