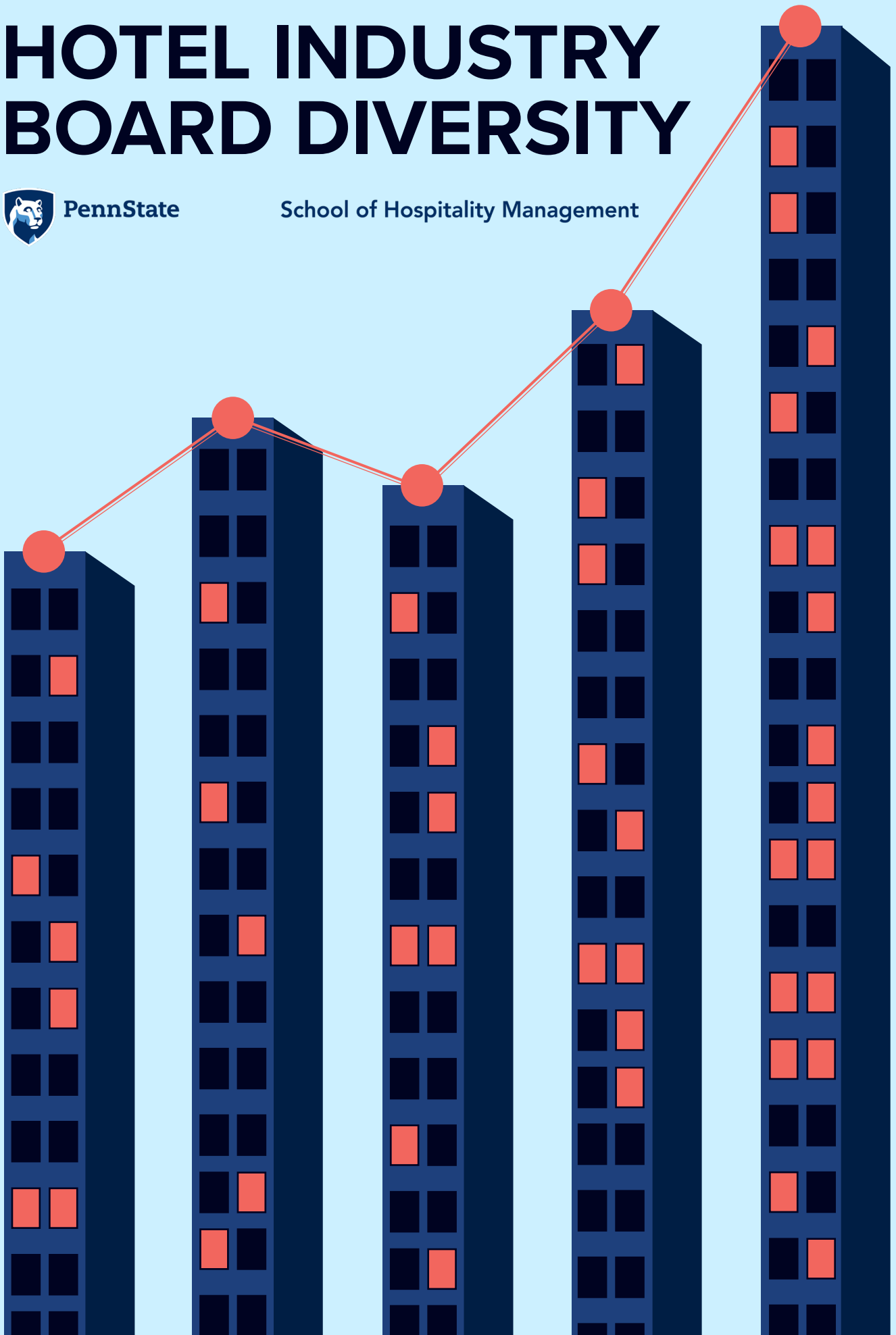


# HOTEL INDUSTRY BOARD DIVERSITY



PennState

School of Hospitality Management



This analysis of diversity on boards of directors of publicly-traded hospitality firms covers data from 2016-2022, and demonstrates that progress is being made in diversifying corporate boards, particularly with respect to racial diversity.

This research was conducted by the School of Hospitality Management at Pennsylvania State University with financial support from the AHLA Foundation and funds provided from the Walter J. Conti Visiting Professorship in the School of Hospitality Management

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## **SHM**

Established in 1937 Penn State's School of Hospitality Management is one of the nation's oldest and most respected. Its top-ranked undergraduate, professional master's, and doctoral degree programs prepare global leaders with a rigorous, diverse curriculum focused, since its inception, on engaged scholarship, featuring partnerships with top global hospitality brands. It's also home to the oldest Penn State alumni program group, The Penn State Hotel and Restaurant Society. For more information about the School, email [pennstateshm@psu.edu](mailto:pennstateshm@psu.edu) or visit the SHM website at <https://hhd.psu.edu/shm>

## **AHLA FOUNDATION**

The AHLA Foundation is the charitable arm of the American Hotel & Lodging Association that supports the industry's workforce at all stages of their career journey. While the hospitality sector is diverse, research points to disparities in representation of women, people of color and other historically marginalized groups at the leadership levels. The AHLA Foundation is committed to advancing the careers of these populations through a variety of initiatives, including female leadership development programs BUILD & ELEVATE (formerly part of Castell), and ForWard; mentorship; and industry trainings focused on inclusive and equitable practices. With the merger of Castell and AHLA Foundation in 2022, we proudly support the legacy of diversity-focused research projects to help inform future action and continued areas of improvement for the hotel industry.

# Executive Summary

This annual report on board of director diversity in the hotel industry was compiled by the Pennsylvania State University School of Hospitality Management with support from the American Hotel and Lodging Association Foundation and Castell, an AHLA Foundation project. Data indicate that from 2021 to 2022 there has been a marked improvement in the percentage of board seats held by Black directors, and a small increase in the number of board seats held by women. However, these gains are largely attributable to merger activity and/or bankruptcy among several firms included in the 2021 sample.

## Notable statistics from this year's report:

- Women occupied 31.3% of independent board seats on hotel public company boards in 2022, a significant increase from 22.5% in 2021. This exceeds the 2022 average for firms in the Russell 3000 Index<sup>1</sup>, which was 28.4% women.
- Only one publicly traded hotel firm has no women on its board of directors. In 2021, there were two firms with no women on their boards.
- 67% of directors who were new to a board in 2022 were women.
- In 2022, 12.6% of hotel public company board members were Black, a significant increase from 6.5% in 2021. This exceeds the 2022 average for firms in the Russell 300 Index, which was approximately 6% Black<sup>2</sup> and is approaching the overall percentage of the U.S. population that is Black<sup>3</sup> (13.6%).
- 22% of directors who were new to a board in 2022 were Black.
- 17 of the 28 companies (60.7%) in the 2022 sample had at least 1 Black board member.



# Methodology

To benchmark diversity in hotel industry corporate boards, members of the research team identified all publicly-traded hotel firms (including owner/operators, brands, REITs, etc.) through an industry search on Yahoo! Finance. Data were then collected from a range of sources including company websites, SEC filings (10-K and DEF 14-A), and individual board member websites and/or social media profiles. The 2022 data set covers:

**28**

companies

**230**

board members

**7 years**

2016-2022

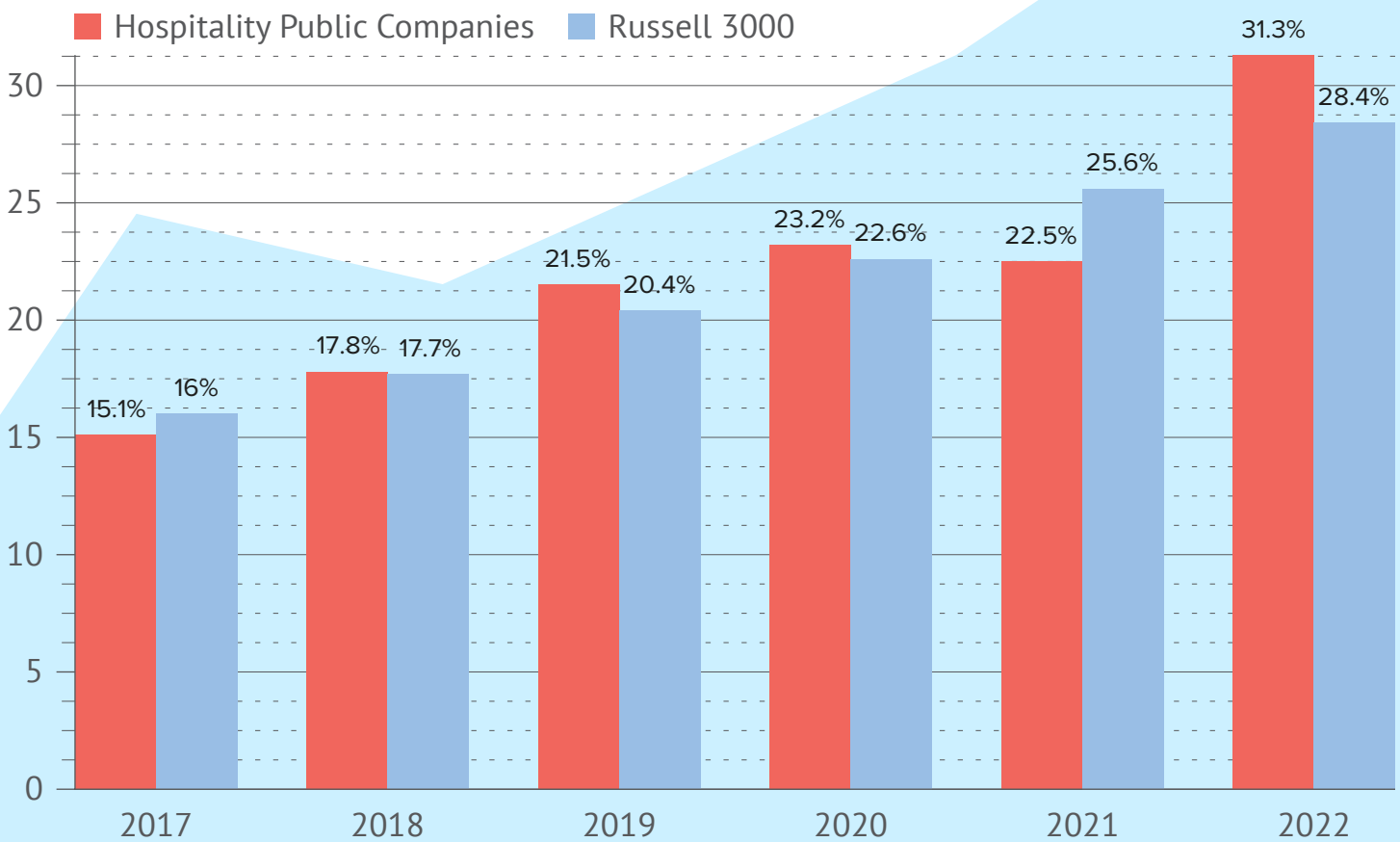


# Women on Hotel Public Company Boards

Hotel public companies had an average of 31.3% of board seats occupied by women in 2022, exceeding the average of Russell 3000 companies for the first time since data collection began in 2017.

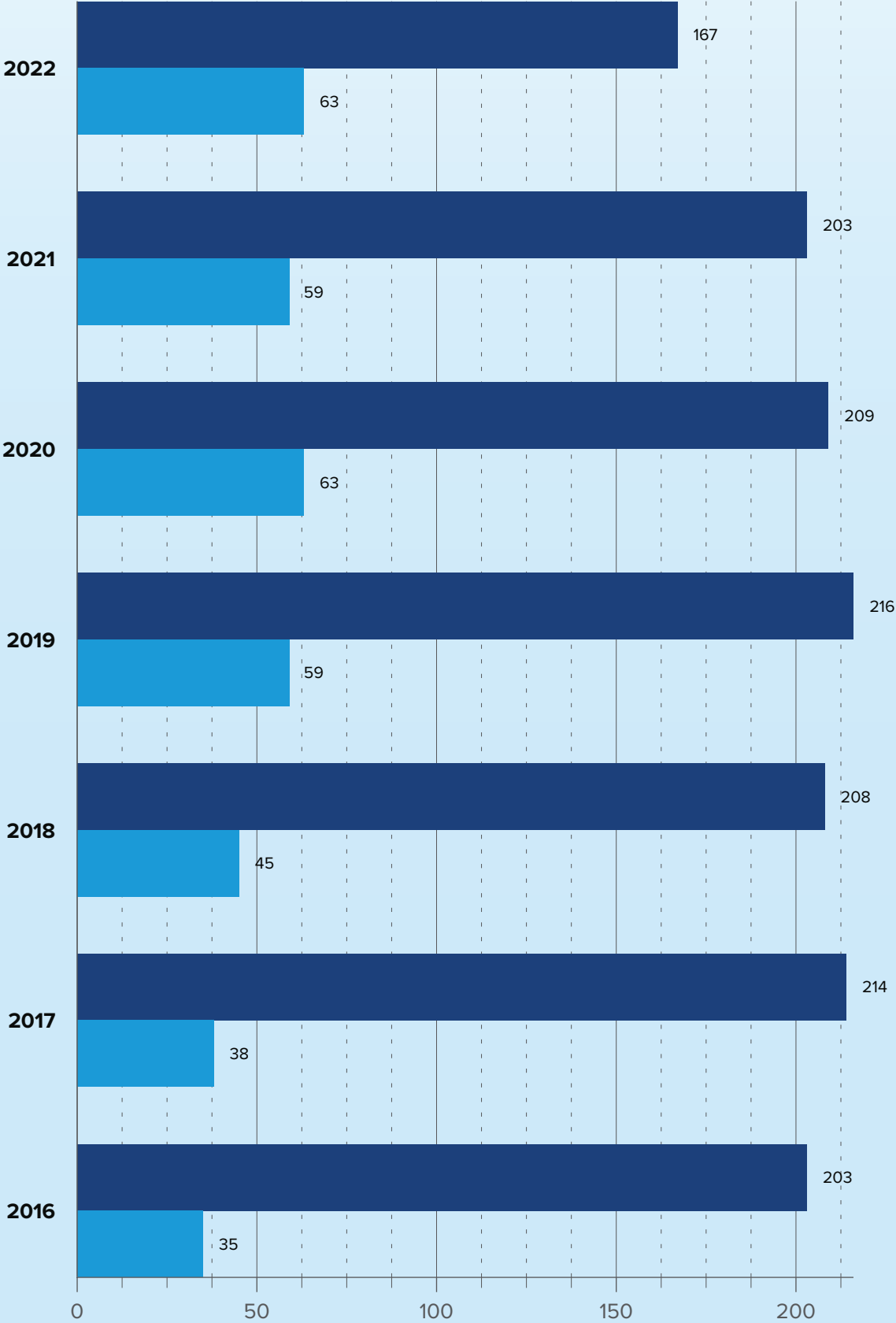
- Women on Boards (2022 WOB) reports that 34% of Russell 3000 companies have at least 3 women on their boards of directors. The hotel industry surpasses the broader market of publicly-traded firms, with 37% of hotel companies having at least 3 women serving on their board.
- No boards in the hotel industry have yet achieved gender parity - the most gender-diverse boards across hotel firms have approximately 40-45% women directors.
- While gender diversity is increasing in hotel boards, 94% of women holding board seats are outside members, a slight decrease in inside members from 2021, when women serving as outside directors made up 92% of the women in the sample.

## Women on Corporate Boards: Comparison of Hotel Companies to the Russell 3000



# Number of Men and Women on Boards of Public Hotel Companies

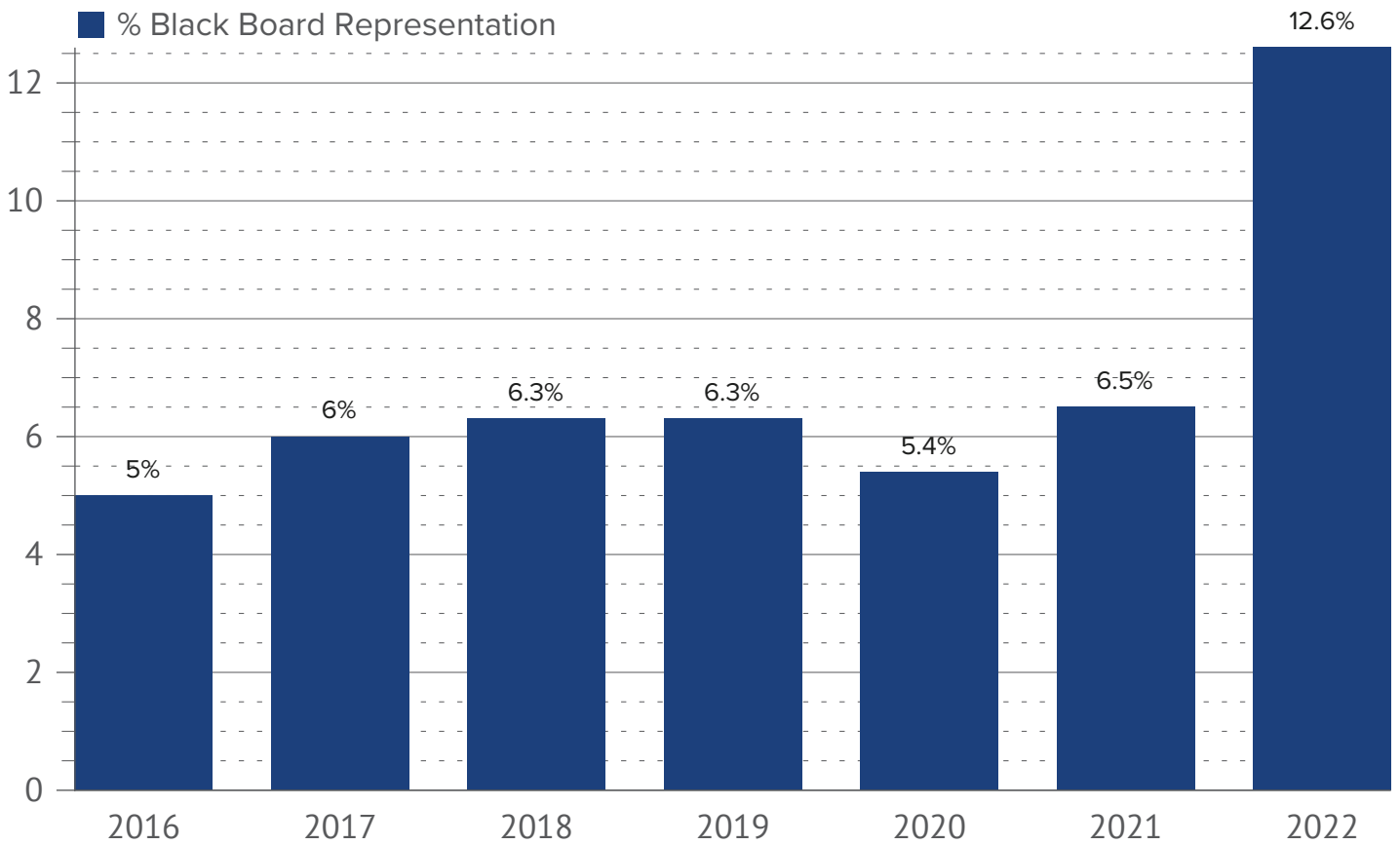
Male Female



# Black Representation on Public Hospitality Boards

- A single firm in this year's sample (RLJ Lodging Trust) has a majority Black board.
- Six additional firms have two Black board members.
- Seven firms have no Black board members.
- Black representation across boards as a whole jumped significantly in the hotel industry from 2021 to 2022, rising from 6.5% in 2021 to 12.6% in 2022. However, this is due less to the addition of Black board members, and instead results largely from the winding down/merging of multiple firms that were included in last year's sample, decreasing the total number of board members used in calculating percentage of Black representation.



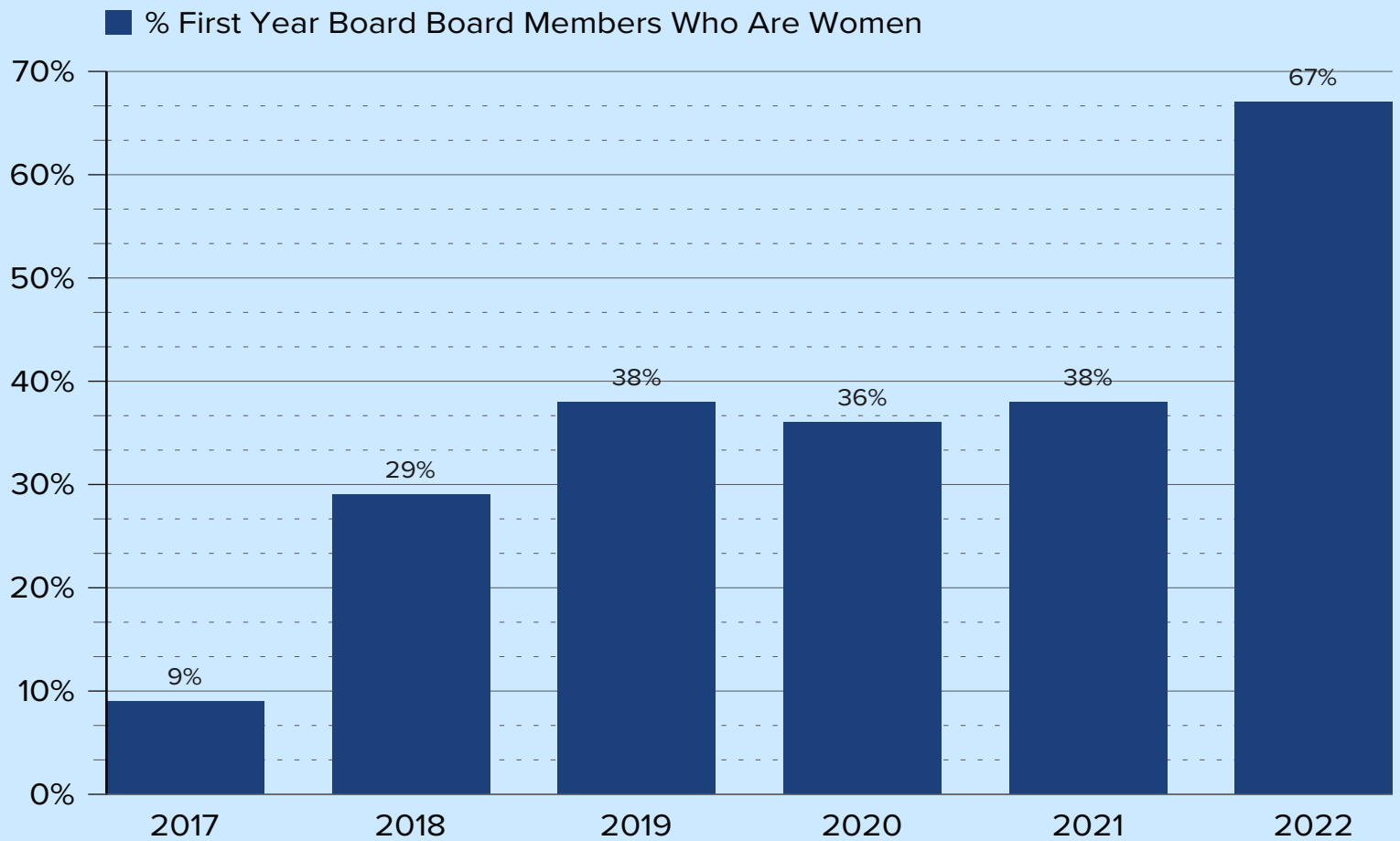


# Black Representation on Hotel Public Company Boards





# Percent of First Year Board Members Who Are Women



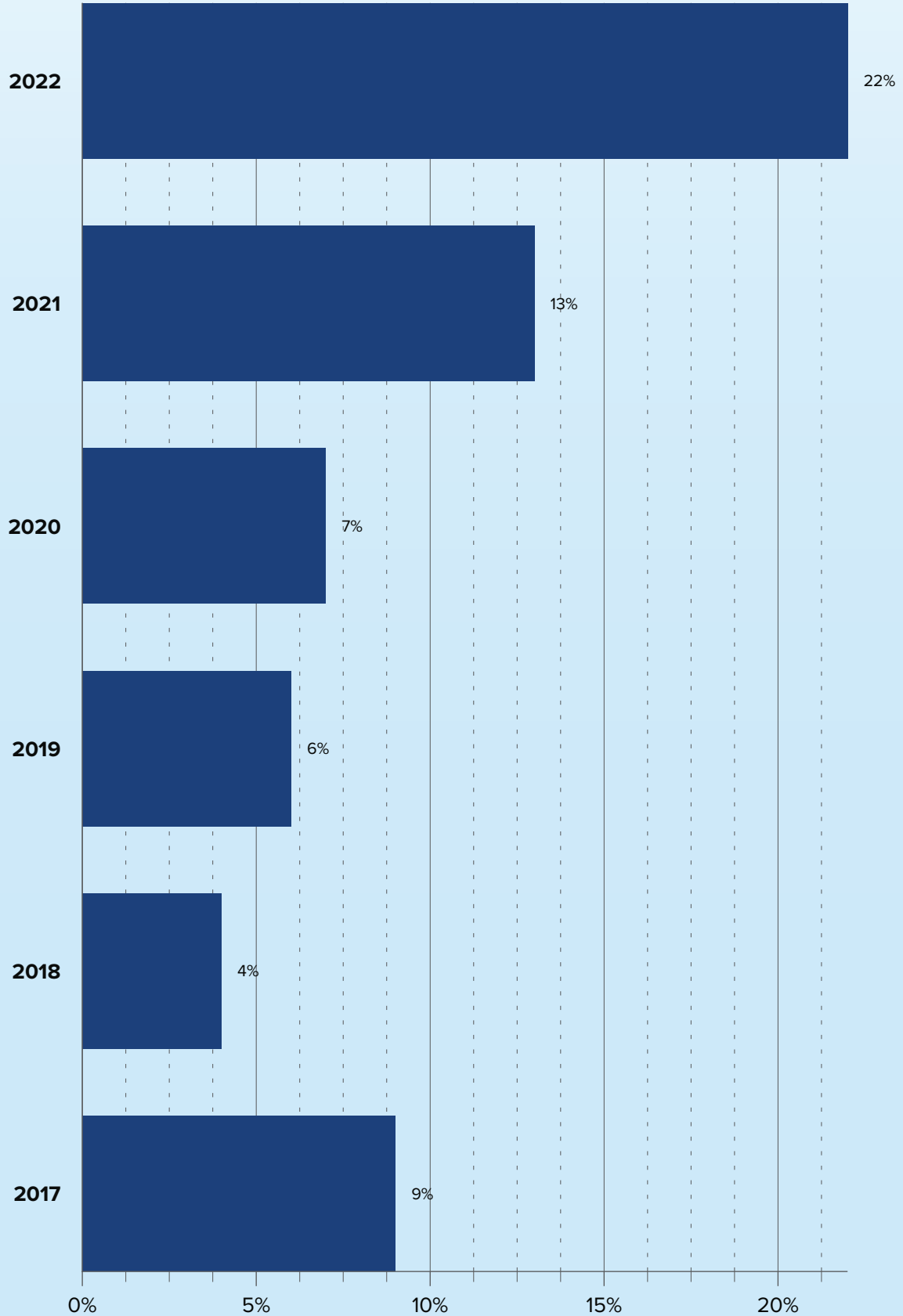
## Board Turnover

One of the primary roadblocks to diversifying boards of directors is board turnover or board refreshment. Recent work by the Conference Board indicates that board turnover levels have been low over the past several years at approximately 9%, and remained at this level in 2022<sup>4</sup>. Results from 2022 indicate that the hotel industry lags this metric, with approximately 5% of directors in 2022 being new to the board in that year. While women did make up a large majority of new board members in 2022, the small overall number of new board members means that numerical progress was less significant.

- Only 9 directors in the 2022 sample began their board service in 2022.
- Of the new directors, 67% were women and 22% were black.
- These percentages work out to 6 new women and 2 new Black board members.
- Given that boards of directors have traditionally not been highly diverse, the long tenure of board members serves to limit opportunities for the addition of diverse board members.

## Percent of First Year Board Members Who Are Black

■ Percent of First Year Board Members Who Are Black

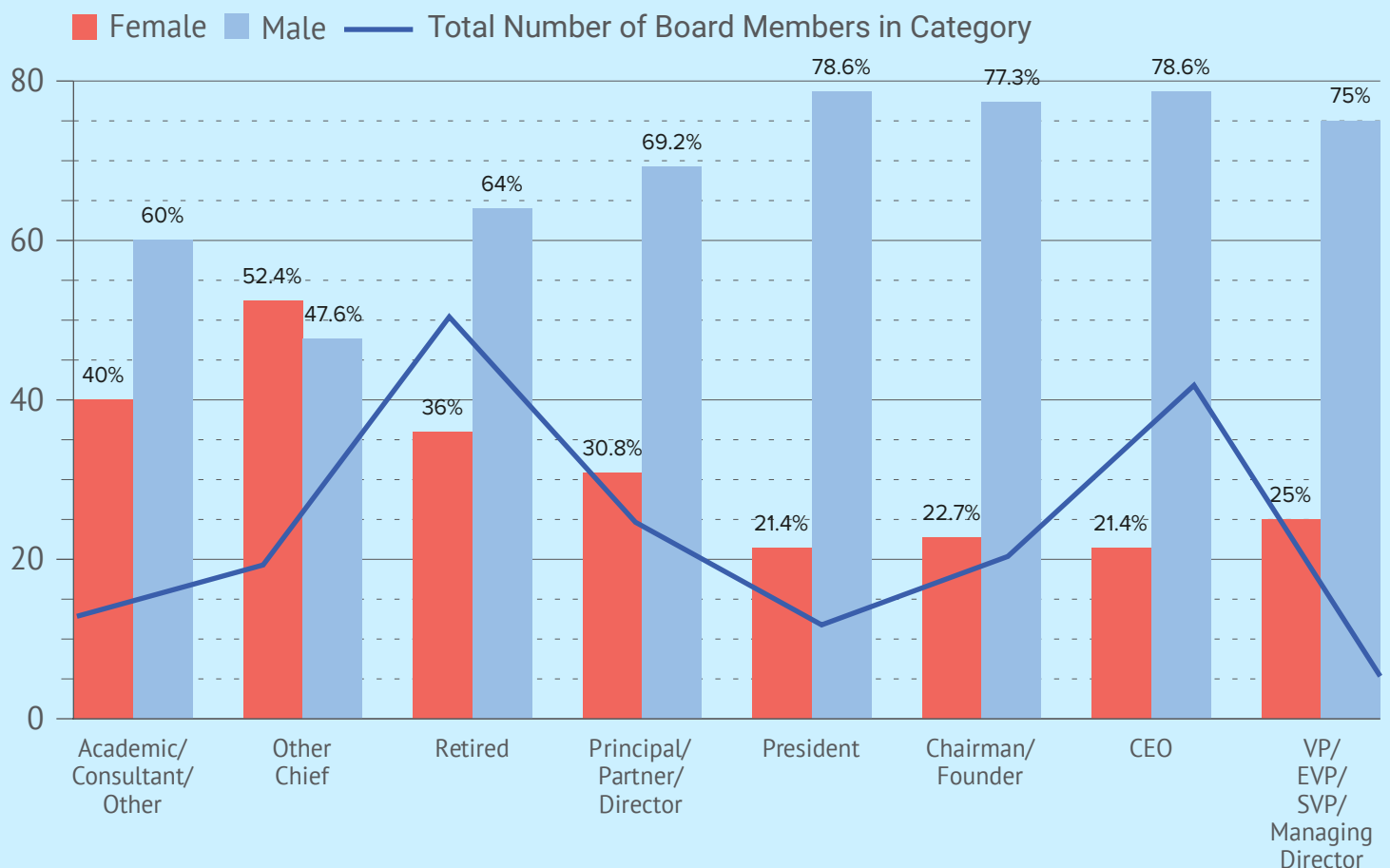


# Characteristics of Public Company Board Members

As boards seek to acquire a greater diversity of backgrounds, experience, and knowledge, they have broadened their search for members beyond traditional pool of CEOs and CFOs in order to increase the pool from which to draw new directors<sup>5</sup>.

- While serving CEOs still make up a large percentage (21.2%) of hotel industry company boards, occupying 42 seats, the largest percentage (25.3%) in 2022 was made up of retired individuals who occupy 50 seats.
- 21.4% of board members currently serving as CEOs, and 36% of retired board members, were women.
- More than half (52.4%) of board members serving in C-level positions (other than CEO) at other companies were women.

## Job Title of Board Members and Gender Distribution Within Each Title Category



## References

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