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Diversity in Frontline Employee Perceptions: Policies and Procedures, Training, and Leadership as Drivers of Service Equality

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Abstract

Excellent service is often discussed with an assumption of equivalency in its application, yet the reality is far more complex. Customers have distinct needs that pose distinct challenges for frontline service employees. In hotel settings, providing excellent service to a diverse set of guests is more nuanced when frontline employees themselves are from a wide variety of backgrounds. Whereas the literature considers operational tactics to promote excellence in guest service, it is unclear whether training, policies and procedures, and leadership designed to advance excellence have the same impact on employees who, by virtue of their background, are more attuned to guests' needs. We extend the literature by empirically demonstrating that operational tactics impact frontline employees' perceptions of service equality, with racial/ethnic minority employees seeing statistically distinct impacts. Employing a sample of 25,698 employee-year observations across 32 luxury hotels in the United States over 3 years, we find that codified policies and procedures, as well as training, improve assessments of guest service equality. In contrast, racial/ethnic minority employees are less impacted than their White counterparts by leadership stances that seem to promote equality more broadly. After controlling for time and other relevant employee- and hotel-level variables, operational tactics (a) improve perceptions of service equality, and (b) reduce the disparity between White and racial/ethnic-minority service-quality assessments. Our findings provide further direction for managers to elevate such perceptions of customer service equality across the board by leveraging training and by reinforcing clear operating policies and procedures.

Keywords

Diversity, service operations, policies and procedures, service equality

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1 Introduction

Recent reports place the organizational cost of poor customer service at a staggering $75 billion annually (Ferguson, 2021; Hyken, 2018). These costs may be attributable to problems with customer retention and acquisition (e.g., through word-of-mouth effects or reviews); customers who experience or hear about poor service are likely to redirect their demand for such service elsewhere. Other losses may result from customers seeing service deficiencies as avoidable, and associated retributive behavior by customers, including damage to facilities or disruption of other clients' experiences. Related factors include the attrition (and replacement) of experienced personnel made uncomfortable by the behavior of co-workers (Mest, 2017; SHRM, 2021).

What are the underlying causes of the service issues that lead to these costs? The literature is clear that poor service may result from inadequate training and quality standards incommensurate with price-related expectations (Heskett et al., 1994). How frontline employees value and are motivated in

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their work, including by management, can also impact service, as can the manner in which they value (or undervalue) individual customers. Specifically, discrimination in the treatment of customers (e.g., based on race/ethnicity, gender, or age), whether overt or implicit, can disrupt service delivery. We refer to this as a failure in service equality; that is, a failure to treat customers, clients, or guests equally based on prevailing conditions rather than demographics (Stamm and Basaran, 2023).

Perceptions of inequality can be easily influenced. In many cases, how frontline employees deliver service relies on subjective assessments and may also involve employee discretion (Feldberg and Kim, 2020; Jha, 2010). This can result in different customers receiving different services in the same circumstances. Since frontline employees also recognize and are subject to biases, implicit or otherwise, such differences feed employee perceptions that co-workers are not treating customers equally across demographic differences.

The operational value of a diverse workforce has been highlighted in the operations management literature (Bendoly, 2014; Corbett and Narayanan, 2022; Ma et al., 2021; Ta et al., 2018), but so too have the challenges of racial/ethnic bias in particular (Cui et al., 2022; Kelley et al., 2022; Mejia and Parker, 2022; Qiu et al., 2019; Samorani et al., 2022; Stauffer et al., 2022; Sunar and Swaminathan, 2022). Feldberg and Kim (2021) suggested limiting potential prejudiced behavior toward customers through such interventions as training, well-developed policies and procedures, and senior management conveying its clear commitment to diversity, equity, and inclusion (DEI). What remains unclear, and what we explore here, is whether operational tactics impact racial/ethnic minority and White frontline employees equivalently with regard to their perceptions about customer service equality.

Our empirical examination considers data from a sample of U.S. luxury hotels of the same brand and part of a larger international hotel company. Luxury hotels are an ideal setting because the quality and consistency of service across guests (regardless of background) are central to how they compete. Although typically known for service excellence, there are nonetheless still instances of guests of such hotels experiencing discrimination based on, for example, their race/ethnicity; a cursory search on TripAdvisor and Yelp makes this readily apparent. Even so, frontline employees are well-positioned to observe the occurrence and severity of discriminatory service; that is, they tend to have a holistic view of guest services and can observe variation in their delivery by themselves and colleagues over multiple instances.

Our study outlines key approaches organizations can deploy to reduce frontline employee bias during service delivery. Importantly, we show the considerable impact of these operational tactics on overall perceptions of service equality, and we detail the differential effects on racial/ethnic minority and White employees.

2 Conceptual Development

Despite an organization's best efforts, frontline employees may, at times, treat customers differently during service delivery depending on customer characteristics such as race/ethnicity, gender, age, and physical characteristics. Importantly, even luxury hotels are not immune to inequitable service delivery. For example, a guest's posting on Yelp about a Four Seasons hotel details an incident in which several Black children and their chaperones (all of whom were registered guests) were asked to leave the hotel's pool (mistakenly) while other (non-Black) children were allowed to stay. Although this example is discouraging, it is not surprising; as Brewster and Lynn (2013) conclude, some of the more visible discrimination against customers occurs in the hospitality industry. Even if done implicitly/unconsciously, it is nonetheless harmful, and its costs are economic and social.

Why might such discrimination occur? One explanation is that racial/ethnic minorities and Whites often have different perceptions about what constitutes discrimination (Carter and Murphy, 2015; Dovidio et al., 2007; Gaertner and Dovidio, 2000). On this point, and for the purpose of our current research, we adopt the U.S. Census Bureau's definition of racial/ethnic minorities, which includes "Black or African American," "American Indian or Alaska Native," "Asian," "Native Hawaiian or Other Pacific Islander," and "Some Other Race" (2010 Census Briefs, "Overview of Race and Hispanic Origin: 2010," March 2011).

The common in-group identity model (CIIM) suggests that this difference in perceptions may result from differing social identities and, thus, group memberships (Dovidio et al., 2007). Social identity is a core tenet of modern social psychology, with robust findings in a variety of situations, and is a fundamental driver of how individuals view themselves and the rest of the world (Turner and Oakes, 1986). Specifically, individuals tend to distinguish between an "in-group," to which they belong, and an out-group to which they do not (i.e., "like me" and "not like me," respectively) and to support and/or protect in-group members (Carter and Murphy, 2015; Dovidio et al., 1997).

These designations can significantly impact how individuals act toward each other (Morewedge et al., 2016) and perceive one another's actions (Krumm and Corning, 2008). As an example of the former, frontline employees who are White may infer, consciously or not, that hotel guests who are unlike themselves (demographically) are less of a priority or do not belong in a luxury establishment; these inappropriate assumptions can inform the identification and fulfillment of customer needs.

Consistent with the CIIM, we argue that racial/ethnic minority and White employees tend to have different group-based motivations, which may lead to their focusing on different information in detecting discrimination against guests during service delivery. Racial/ethnic minorities are often subject to implicit bias or even more overt discrimination

(Ta et al., 2018) and also tend to experience elevated occupational stress (e.g., Brandford et al., 2023; Pascoe and Richman, 2009; Wadsworth et al., 2007; White, 2015). Occupational stress has deleterious impacts on worker performance in hospitality and other operational settings (Bendoly, 2011; Chandrasekaran and Mishra, 2012). Racial/ethnic minorities are thus more likely to be motivated to recognize early warning signals or subtle cues that they or a member of their in-group are being discriminated against.

In contrast, White employees are more likely to avoid confirming racism by their in-group, perhaps giving in-group members the benefit of the doubt (Carter and Murphy, 2015). Simultaneously, they may find it harder to interpret subtle discrimination against racial/ethnic minorities. Therefore, Whites may have a higher threshold and only identify more explicit discriminatory actions or behaviors. Our first hypothesis is based on this in-group/out-group phenomenon:

H1: Racial/ethnic minority frontline employees perceive unequal service delivery to hotel guests more readily than White frontline employees.

2.1 Operational Tactics to Improve Perceptions of Service Equality

How can organizations combat discrimination against customers during service delivery? The CIIM suggests organizations move employees away from an "us" versus "them" mentality by highlighting a shared identity/developing a common goal among social groups. While employees may still consider themselves part of their original subgroup, they can also identify with a more inclusive superordinate group (Dovidio et al., 2007). With this alteration in the perceptions of intergroup boundaries, attitudes toward "out-group" members tend to improve, reducing intergroup bias.

In our study, the goal for the combined superordinate group is for frontline employees to deliver exceptional service regardless of guests' demographic characteristics. To that point, our research partner, an organization with a long-standing diversity, equity, and inclusion (DEI) commitment, began an initiative to enhance their efforts at the start of the data timeframe; for details, see our E-Companion. Even with organization-wide DEI efforts, failures in service equality still occur. We argue that organizations must shore up support for dealing with a diverse clientele and range of encounters at the local level as well. We examine three such hotel-level operational tactics, in line with Feldberg and Kim's (2021) three categories of recommendations to reduce bias in customer service; as we develop below, we expect each to improve service equality, and thus perceptions thereof, in general.

The first operational tactic, the training of frontline employees, addresses the challenges of employees having incomplete and/or imperfect information about the guests they serve. Here, "training" refers to learning opportunities beyond basic job-related instruction, for example, customer service training that increases employee familiarity with and understanding of hotel guests with various backgrounds and service needs (Feldberg and Kim, 2021; Luo et al., 2019). We thus hypothesize as follows:

H2a: Training promotes employees' perceptions of equality in guest service.

The second tactic—developing formal policies and procedures for frontline service delivery—can reduce uncertainty and the risk that employees are biased in exercising their discretion. For example, reducing employees' cognitive burden (through guidelines) can reduce the likelihood of error in hospitality decisions (Bendoly, 2011, 2013) and avoid service inconsistencies. Well-developed policies and procedures can also curb discretionary actions that are, or might be perceived as, biased against or favoring certain clientele. For these reasons, we pose the following:

H2b: Well-developed policies and procedures promote employees' perceptions of equality in guest service.

In describing their third recommendation category, accountability for actions, Feldberg and Kim (2021) asserted that organizations must signal to frontline employees that they are serious about fighting discrimination. The effectiveness of leadership signaling priorities is addressed in a wide range of operational contexts, from project management (Gattiker and Carter, 2010) and healthcare operations (McFadden et al., 2009) to technology management (Bendoly et al., 2008) and supply chain sustainability (Lee and Klassen, 2008). These signals can take many forms, including the expression of values held by senior management and observed by frontline employees. If they feel that these values can translate into approaches to service, hotel employees may mimic the values either for organizational citizenship reasons or for increased job-related recognition. Therefore, we propose the following hypothesis:

H2c: The value placed on diversity by hotel leadership promotes employees' perceptions of equality in guest service.

2.2 Convergence in Perceptions of Service Equality

The operational tactics we examine not only have the potential to elevate the perceived equality of service in general, but they may also promote convergence in the perspectives held by racial/ethnic minority and White frontline employees; in line with the CIIM, we expect these tactics to facilitate a shared identity (Dovidio et al., 2007; Jiang et al., 2019; Nier et al., 2001).

Specifically, we have argued that racial/ethnic minority employees will tend to have a more accurate, and more critical, view of actual levels of equality in service delivery (cf. Carter and Murphy, 2015). Racial/ethnic minority employees can also better appreciate the role of organizational efforts in how their White co-workers serve a diverse range of hotel guests. That is, if frontline employees who are racial/ethnic minorities begin with a perception that service equality is undermined by their White co-workers' lack of insight, then pervasive training and well-developed policies and procedures, capable of

advancing that insight, have the potential to ameliorate the concern.

At the same time, while still capable of perceiving the improvements produced, White employees are likely to be more tempered in their perception of the value these tactics add due to their newfound awareness of discriminatory actions or behaviors. Taken together, we hypothesize:

H3a: Increased training promotes the perception of service equality more among racial/ethnic minority frontline employees than among White frontline employees.

H3b: An increase in well-developed policies and procedures promotes perceptions of service equality among racial/ethnic minority frontline employees more so than among White employees.

Assuming that racial/ethnic minority frontline employees begin with a more critical eye on service equality (H1), the net result may be a convergence in perceptions, consistent with employees' shared identification with the more inclusive superordinate group.

A similar convergence can be generated by leadership expressing that diversity is valued. We expect that such efforts may prove more personal to racial/ethnic minority workers: "If leaders value diversity, then they must value me." Thus, we also expect a greater positive impact of such leadership expression among racial/ethnic minority employees. That is:

H3c: Increased valuation of diversity by leadership promotes perceptions of service equality among racial/ethnic minority frontline employees more so than among White frontline employees.

3 Research Design and Methods

Our research partner is a leading hotelier and Fortune 500 member with various brands. We focus on their luxury brand and restrict consideration to the United States, where most hotels under this brand are located, for the period 2010–2012, during which employees were surveyed annually (with a response rate of 95%). Employees are our primary unit of analysis, but we also consider relevant hotel-level data (characteristics) and assessments of service quality by guests.

3.1 Measures in Detail

The operationalization of our dependent variable, service equality (*SE*), is rooted in the CIIM, in that it is based on employee *perceptions* of whether guests are being treated equally and fairly. This single-item measure is drawn directly from the annual employee survey data. We presume the operational tactics we consider have the potential to improve service equality, each for distinct reasons. However, we focus on whether perceptions of this benefit differ between White employees and those representing racial/ethnic minorities (i.e., if there is a bigger impact for one group). Perceptions are critical, as they have knock-on effects, impacting subsequent levels of responsibility, cooperation, and effort among workers (Rea et al., 2021; Salem et al., 2022; Schoenherr et al., 2017; van Burg and van Oorschot, 2013).

Our key independent variables (e.g., *LVD* ("leaders value diversity") and *Training*) are single-item measures designed to capture these constructs in the annual employee survey. The only exception is the policies and procedures variable (*PP*), which is the mean of two closely related items (i.e., employees have the authority to make decisions to do their jobs well; procedures allow me to serve the customer well; $r = .646$; $p < .001$), following Rosenzweig et al. (2019). Employee perceptions are measured on a Likert-type scale ranging from 1 ("*strongly disagree*") to 6 ("*strongly agree*"). For the purposes of interpretation, and without loss of generality, we rescale these items to range from 0 to 5.

The suitability of single-item measures stems largely from the objectively concrete nature of the construct each is intended to measure (cf. Rossiter, 2002). When constructs are multi-faceted or intended to capture abstract ideas or broad gestalt (e.g., personality, ethicality, or positive affect), there are established multi-item scales with well-documented psychometric properties that help ensure validity and comparability across studies. Single-item measures are sufficient when constructs are more concrete and specific and theoretical arguments and research hypotheses focus on that level of specificity. In our context, the dependent variable requires no more than assessing a relative level of difference, with concrete and unambiguous bounds (e.g., no difference); this difference is the focus of our arguments and hypotheses. Similarly, our key independent variables capture the extent to which individuals feel that specific issues are or are not representative of the construct, with an associated focus on such concrete notions in respective arguments and hypotheses.

We provide an overview in the E-Companion of the key constructs and examples of corresponding measures consistent with the questions asked of employees; the terms of the confidentiality agreement with our research partner do not allow us to disclose the actual survey items, although these were shared with reviewers and the editorial team for peer review.

We operationalize employee race/ethnicity using data from the annual employee survey. Specifically, in line with the U.S. Census Bureau classification described above, our *Racial/Ethnic Minority* variable includes: "Black or African American," "American Indian or Alaska Native," "Asian," "Native Hawaiian or Pacific Islander," "Hispanic or Latino," and "Two or more races." Correspondingly, our operational definition of *White* is those who self-identify as such.

We make use of multiple control variables in our analysis of *SE*. These include service quality, an overall measure of the quality of the service delivered, derived by our research partner from guest feedback surveys (documented response rate of 24%). This measure is an index bound between zero and one. Additional controls include the hotel's age (in years) and size (number of rooms) and employee gender (M/F), age (in six ordinal categories), and job tenure (in six ordinal categories).

Given the nature of the various data sources, the combined data set has a nested structure: each employee within a particular hotel has the same hotel-specific details associated with them (e.g., age of the hotel, rooms, etc.). This nested nature must also explicitly be controlled for to mitigate the potential for associated interdependence due to clustering.

Using 2012 as an exemplar, the data for that year involves 32 hotels with a maximum of 10,430 observations for the set of items; the descriptive measures for our variables of interest appear in Table 1. Of the 10,430 raw observations, 5,329 are observations from surveys completed by racial/ethnic minority frontline employees (51.1%, or 55.5% of the total valid observations). Using listwise deletion for estimation of the correlation matrix, the sample size for 2012 is 8,773.

Such listwise deletion is not used when fitting the model; we instead include all observations without missing data on the regressors, leveraging a maximum likelihood estimation approach, which assumes that the probability of missingness depends on the observed data (known as missing at random). As Singer and Willett (2003, Section 5.2.3) note, when data are missing at random, valid inferences still hold in the framework we use, as we discuss momentarily. In our dataset, it is reasonable to assume that data are missing at random conditional on the other observed variables. As such, we believe our modeling framework leads to valid estimates and standard error inferences, even in the presence of missing data on *SE*.

In Table 2, we provide the cross-frequencies for the factors we use in our models.

3.2 Model Estimation and Results

We use a mixed-effects modeling framework to investigate the impact of our operations-related variables on the perceptions of equitable service. Mixed-effect models are sometimes referred to as multilevel or hierarchical linear models (e.g., Bates et al., 2015; Gelman and Hill, 2006; Pinheiro and Bates, 2000; Raudenbush and Bryk, 2002; Singer and Willett, 2003; Verbeke and Molenberghs, 2000). Using this mixed-effects modeling framework allows us to account for the inherently nested structure of the data and the unequal number of observations within the hotels. We include several hotel-level variables to capture likely differences in hotel size and managerial practices of the hotels in the sample, which are located across the United States.

Correspondingly, to appropriately acknowledge and measure within-variation as well as between-variation, we use the aforementioned mixed-effects modeling approach, which is common with behavioral data and fitting for our current situation (see McNeish and Kelley (2019) for a comparison of mixed-effects and fixed-effects models). Our three-time-point longitudinal (panel) analysis combines structural characteristics of the hotel (between-level) with behavioral data from employees (changing yearly; within-hotel). Additionally, we include hotel-level characteristics related to the overall level of service, which serve as a key time-varying hotel control.

Table 1. Descriptive statistics and correlations.

		Descriptive statistics					Pearson correlations						
		N	Min	Max	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1)	Service equality (SE)	10, 359	0	5	4.41	1.01							
(2)	Age_Hotel_Years	10, 430	1	29	14.82	8.08	0.007						
(3)	Rooms	10, 430	86	584	332.9	125.37	−0.019*	.553***					
(4)	Service quality	9, 472	0.6	0.83	0.73	0.05	.090***	.143***	−.098***				
(5)	Male_Employee	9, 754	0	1	0.5	0.5	0.007	−.039***	−.058***	0.002			
(6)	Training	10, 343	0	5	4.09	1.18	.485***	.035***	0.017	.081***	−0.013		
(7)	Policies and procedures (PP)	10, 390	0	5	4	1.16	.503***	.039***	−0.001	.101***	−0.004	.616***	
(8)	Leaders value diversity (LVD)	10, 324	0	5	3.99	1.38	.438***	0.018	0.003	.075***	−0.014	.437***	.530***

Valid N = 8,773 (used in list-wise correlations), Year = 2012; ***$p < .01$; **$p < .05$; *$p < .1$.

Table 2. Breakdown of the White and racial/ethnic minority groups by tenure and Age for 2012.

		Age					
	Tenure	< 25	25–34	35–44	45–54	55–64	> 65
White	< 1 year	312	319	114	57	25	5
	1–2 years	223	412	121	87	33	6
	3–5 years	60	296	152	102	47	15
	6–9 years	9	160	187	139	70	28
	10–14 years	4	44	129	135	87	35
	15 years or more	0	1	61	90	92	31
Racial/ethnic minority	< 1 year	267	274	137	57	17	7
	1–2 years	183	318	176	106	36	4
	3–5 years	76	335	267	203	81	12
	6–9 years	8	218	311	271	131	24
	10–14 years	4	79	216	227	114	28
	15 years or more	4	4	95	134	96	38

We model the intercept with a fixed effect, namely a conditional mean, and allow for random variation across hotels around this overall mean with random effects (i.e., there is a distribution of intercepts around the conditional mean to acknowledge inherent differences across hotels). The hotel-specific effect for the intercept serves as a scaler to create a starting point for the 2010 data (when all other variables are zero and for the reference categories: female, under 25 years old, and employed for < 1 year); we scale the yearly surveys as 0 (baseline), 1 (one-year post baseline), and 2 (two-years post baseline). We include a linear time effect to capture systematic linear change across the three-year data-collection window. We appropriately weight each hotel's contribution to the model fit based on the number of employees with data in a given year.

We use maximum likelihood for the estimation as the resulting estimates have the three desirable properties of being (a) asymptotically unbiased, (b) asymptotically normally distributed, and (c) asymptotically efficient; properties that depend on assumptions related to the residuals, of which both the errors and the random effects are special cases (Singer and Willett, 2003: 64–65, 66). In particular, it is assumed that (a) the residuals are normally distributed, (b) the level-1 errors (repeated measures) are independent of the level-2 residuals (from the random intercept), and (c) that the residuals are independent of the model's predictors.

We fit the mixed-effects models using the widely used lme4 R package, discussed in Bates et al. (2015). We use restricted-information maximum likelihood to estimate the coefficients and their standard errors; this explicitly considers the analog of degrees of freedom when estimating the residual variance (full-information maximum likelihood simply uses sample size). Correspondingly, the variance is more conservative and thus the standard errors, especially when the sample is not large, or the number of regressors is large (e.g., Verbeke and Molenberghs, 2000, see Section 5.3.5). Note, however, that we use full-information maximum likelihood for the log-likelihood ratio test in comparing nested models, which simultaneously considers fixed effects and variance components.

Model 1 in Table 3 can be written in a mixed-effects modeling framework as follows:

$$SE_{it} = \pi_{0i} + \pi_1 Years_t + \pi_2 Age_t + \pi_3 Rooms_t + \pi_4 Service\_Quality_t + e_{it} \text{ (Level 1, time-varying)},$$
$$\pi_{0i} = \beta_{00} + r_{0i} \text{ (Level 2, time-invariant)},$$

where π_{0i} represents the hotel-specific intercept (a random effect) and each of the π_j are the coefficients (fixed effects) for the regressors of interest; i represents an individual hotel ($i = 1, \ldots, N$) at a specific time $t = (0, 1, 2)$ and e_{it} represents the residual specific to hotel i at time t. The random effects for hotels, the r_{0i} values, represent a specific hotel's deviations from the overall estimated intercept. We employ a model-comparison approach, where the models increase in complexity as additional regressors are added. Note that *Male* (*Employee*), *Employee Age*, and *Employee Tenure* are treated as factors, with the first category being the reference group.

As shown in Table 3, the data provide strong support for H1 and H2a-c. In particular, for H1, Models 2 and 3 show that racial/ethnic minorities have significantly lower perceptions of hotel service equality (*SE*), conveyed in the negative main effects ($\hat{\beta} = -.19,\ p < .001$ for Model 2 and $\hat{\beta} = -.14,\ p < .001$ when including operational tactics in Model 3). Model 3 shows support for H2a-c, with each of the operational tactics having statistically significant positive main effects ($\hat{\beta} = .19,\ p < .001$ for *Training*; $\hat{\beta} = .24,\ p < .001$ for *PP*; and $\hat{\beta} = .13,\ p < .001$ for *LVD*).

Next, we test Hypotheses H3a and H3b using Model 4, which includes interactions of the operational tactics with racial/ethnic minority status. In Model 4, the simple main effects, discussed above as main effects, remain positive and statistically significant for the operational tactics, but racial/ethnic minorities increase more quickly in perceptions of *SE* as *Training* increases ($\hat{\beta} = .09,\ p < .001$) and as our measure of hotel *PP* improves ($\hat{\beta} = .10,\ p < .001$). Thus, both

Table 3. Model estimations and hypothesis tests.

	Dependent variable: Service equality (SE)							
	Model (1)		Model (2)		Model (3)		Model (4)	
Year Since 2010	0.052***	(0.009)	0.055***	(0.009)	0.020***	(0.007)	0.021***	(0.007)
Age (Hotel Years)	0.005	(0.004)	0.008*	(0.004)	0.002	(0.002)	0.002	(0.002)
Rooms	−0.0001	(0.0003)	−0.0001	(0.0003)	−0.0001	(0.0001)	−0.0001	(0.0001)
Service Quality	0.742***	(0.208)	0.534**	(0.225)	0.244	(0.175)	0.258	(0.173)
Male (Employee)			−0.016	(0.013)	0.005	(0.011)	0.004	(0.011)
Age Employee (25–34)			0.02	(0.023)	0.017	(0.019)	0.011	(0.019)
Age Employee (35–44)			−0.03	(0.025)	−0.029	(0.021)	−0.033	(0.021)
Age Employee (45–54)			−0.019	(0.026)	−0.054**	(0.022)	−0.062***	(0.022)
Age Employee (55–64)			0.069**	(0.031)	−0.015	(0.026)	−0.022	(0.026)
Age Employee (65 and over)			0.059	(0.048)	−0.007	(0.041)	−0.015	(0.041)
Tenure Employee (1–2 years)			−0.137***	(0.022)	−0.041**	(0.019)	−0.044**	(0.019)
Tenure Employee (3–5 years)			−0.165***	(0.022)	−0.037**	(0.018)	−0.037**	(0.018)
Tenure Employee (6–9 years)			−0.171***	(0.024)	−0.039*	(0.020)	−0.035*	(0.020)
Tenure Employee (10–14 years)			−0.233***	(0.028)	−0.101***	(0.024)	−0.097***	(0.024)
Tenure Employee (15 years +)			−0.199***	(0.034)	−0.116***	(0.029)	−0.118***	(0.029)
Racial/Ethnic Minority			−0.186***	(0.015)	−0.136***	(0.013)	−0.732***	(0.052)
Training					0.189***	(0.006)	0.127***	(0.011)
PP					0.238***	(0.007)	0.175***	(0.012)
LVD					0.131***	(0.005)	0.160***	(0.010)
Racial/Ethnic Minority × Training							0.092***	(0.013)
Racial/Ethnic Minority × PP							0.095***	(0.015)
Racial/Ethnic Minority × LVD							−0.041***	(0.011)
Intercept	3.733***	(0.168)	4.161***	(0.182)	2.110***	(0.14)	2.489***	(0.142)
Level 1 Error Variance	1.04		0.97		0.68		0.68	
Intraclass Correlation Coefficient	0.02		0.02		0.01		0.01	
Marginal Coef. of Determination	0.01		0.02		0.31		0.32	
Conditional Coef. of Determination	0.03		0.05		0.32		0.33	
Observations	27,605		21,764		21,568		21,568	
N (Hotels)	33		33		33		33	
Log Likelihood	−39,827.36		−30,611.21		−26,600.39		−26,511.79	
Akaike Inf. Crit.	79,668.73		61,260.41		53,244.79		53,073.58	
Bayesian Inf. Crit.	79,726.30		61,412.18		53,420.32		53,273.06	

Note: PP = policies and procedures; LVD = leaders value diversity. ***$p < .01$; **$p < .05$; *$p < .1$.

H3a and H3b are supported; we do not find support for H3c, as the coefficient on the interaction term is negative (we hypothesized it would be positive) and statistically significant ($\hat{\beta} = -.04,\ p < .001$). Figure 1, which we discuss in the next section, illustrates these three coefficients and their impact on *SE* in the context of the fitted model in Panels A, B, and C, respectively.

Formally comparing the full model of main effects (Model 3) with that including interactions (Model 4) requires refitting with full-information maximum likelihood; there is a statistically significant improvement in model fit ($\chi^2 = 198.76,\ p < .001,\ df = 3$) when including the three interaction terms. In sum, an interactive model (i.e., one that takes interactions into account) provides statistical value in the representation of *SE* estimation, emphasizing the importance of appreciating that operational tactics have distinct impacts for Whites and racial/ethnic minority employees (note that, consistent with the formal model comparison, the Akaike and Bayesian information criterion measures also show that Model 4 is a better fit than Model 3, where smaller values of the criterion measures represent better model fit).

4 Discussion and Conclusions

The Black Lives Matter and Stop Asian Hate movements in the United States are reminders that discrimination is ongoing. A key question for organizations is how they can reduce discrimination in serving customers. In our study of U.S. luxury hotels, the pursuit of equitable service for diverse guests is not simply altruistic behavior. Poor service to a few guests reflects badly on a hotel and can make an outsize negative impression on guests and potential guests (through reviews).

Stopping discrimination requires first being able to detect it. Unfortunately, determining behavior as discriminatory is often a subjective matter. Consistent with the CIIM, our results

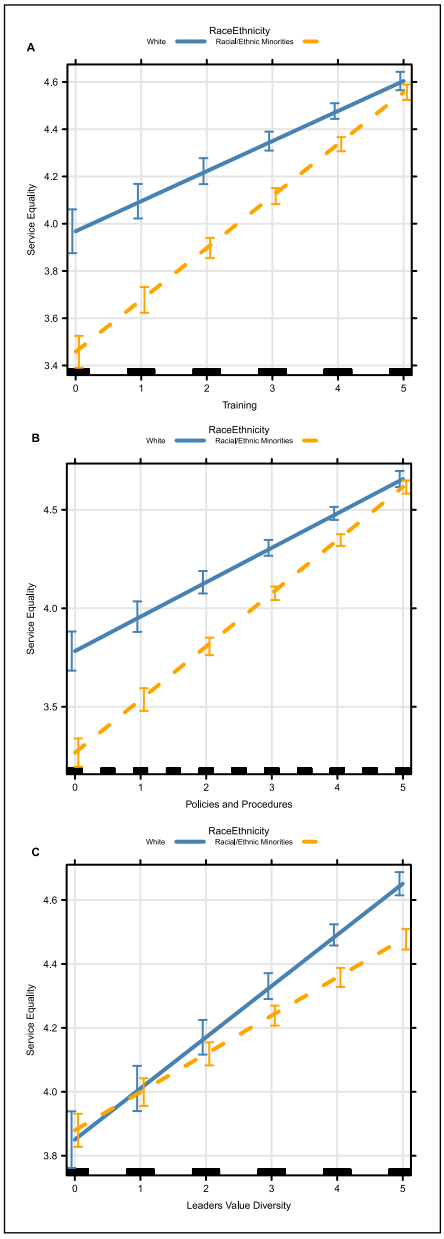

Figure 1. Impact of main variables for frontline employees in the interaction model.

suggest that racial/ethnic minority frontline employees typically perceive more guest-service inequalities than their White co-workers (H1). Aside from the three operational tactics we examine, hotels would be wise to prioritize the perspectives of racial/ethnic minority employees to better understand the extent to which discrimination occurs during service delivery.

Importantly, discrepancies in such perceptions may have negative ramifications beyond the discrimination itself. For example, racial/ethnic minority and White employees seeing the same service delivery differently can increase tension, reduce contact, and limit communication among the groups (Carter and Murphy, 2015). Organizations must continue to find ways to transcend such group boundaries to facilitate more positive intergroup attitudes and, in the context of our study, deliver more equitable service as a result.

We contribute empirical evidence that (a) employee training (H2a), (b) well-developed policies and procedures (H2b), and (c) senior management clearly conveying its commitment to DEI (H2c) can reduce perceptions of inequality in guest service. The effects are both statistically and practically significant; the estimated coefficients are an effect size that captures what we regard as a considerable change in the *SE* (Kelley and Preacher, 2012).

Specifically, our main effects-only model shows that unit increases in *Training*, *PP*, and *LVD* each lift *SE* between 0.13 and 0.19 units, holding all else constant; this can be contrasted, for example, with the effect of time over the three years in a hotel focused on continuous improvement. The average annual lift in *SE* is only 0.02 units, holding all else constant. However, when *Training*, *PP*, and *LVD* are increased simultaneously by 1 point each on the Likert scale, holding all else constant, we expect *SE* will improve by 0.56 (about 11% of the maximum value of this variable). If we consider the standardized regression coefficients (presented in the E-Companion), in the main effects-only model, a one-standard-deviation improvement in each of the operational tactics leads to an increase in *SE* of 0.22 standard deviations from *Training*, 0.27 from *PP*, and 0.18 from *LVD*. A combined improvement of this sort, across all operational tactics, would be associated with a 0.67 standard deviation increase in *SE*; again, we contrast this with a 0.02 unit increase per year, holding all else constant.

As important omnibus measures can be difficult to impact, the three operational tactics represent an impressive set of management levers. For example, well-developed policies and procedures for managing guest requests give employees critical guidance on service execution and, when applied consistently, can ameliorate the risk of racial bias in service delivery (Cavender et al., 2013; Herb et al., 2021; Nikoubashman et al., 2017). These tactics are, to a large extent, within management's control. Moreover, as Brewster and Lynn (2013) note, there are few empirical tests confirming the effectiveness of tactics designed to abate race-based service in the hospitality industry, and we do so with proprietary data collected under tight control by our research partner.

In examining the impact of our three operational tactics, we provide some empirical support for Feldberg and Kim's (2021) conceptual framework to address bias in customer service, and we do so in an ideal service environment. Importantly, our data and analysis clearly show that racial/ethnic minority and White frontline employees respond to these tactics distinctly (albeit generally positively, and, overall, their perceptions of equitable guest service typically improve).

In support of H3a and H3b, while perceptions of service equality tend to improve with training and the implementation of well-developed protocols for guest interactions, these

impacts are relatively greater for racial/ethnic minority frontline employees (who would otherwise maintain a more critical perspective than their White co-workers). Indeed, our results suggest that, for the most part, the employee groups have similar views on the treatment of guests with increased employee training or policies and procedures (Panels A and B of Figure 1). This supports the idea of a shared identity and our expectations of convergence in perceptions, consistent with the CIIM.

This convergence may be valuable for several reasons. First, a more inclusive superordinate group (with a shared understanding of discrimination) should enhance employee communication and collaboration. Second, in expanding their understanding of discrimination to be more in line with that of their racial/ethnic minority co-workers, White employees should more frequently recognize and (hopefully) fight discrimination. In fact, (White) majority-group members may have considerable influence in combating discrimination against minority-group members (Rasinski and Czopp, 2010). Examining such ideas in more detail is an important avenue for future research.

As presented above, we find support for all of our hypotheses except H3c, for which the model estimates are statistically significant but in the opposite direction from what we hypothesized. There is also some divergence in views when senior management emphasizes the value of diversity; these strong diversity-related signals resonate more among White frontline employees than those in the racial/ethnic minority group (see Panel C, Figure 1).

This result was surprising. We wonder if management's emphasis on valuing diversity seemed disingenuous, in which case the results might be moderated by the "authentic value" of diversity among senior management. That is, would such statements have an impact if a leader is seen to truly value diversity? If so, our original H3c might hold. This idea is in line with what Simons et al. (2007) refer to as behavioral integrity. Specifically, if leadership's expression of value is not historically matched with commensurate action to support diverse clientele, it can backfire. Simons et al. (2007) suggest that racial/ethnic minority workers are far more attuned to behavioral integrity and more likely to balk at disingenuous signals. This is an interesting subject for future research in service operations.

We did investigate whether the race/ethnicity of senior leaders might play a role in the H3c results, and, in a post hoc analysis, we found that the hotels in our sample have (statistically) more White than racial/ethnic minority senior managers (70% of the senior management teams are in fact White); this is not surprising given studies on the demographics of top management teams (Richard et al., 2021). At the same time, the majority of the hourly (i.e., frontline) workforce is comprised of racial/ethnic minorities. There may thus be a credibility or an authenticity argument here, where racial/ethnic minorities are less inclined than Whites to put stock in strong signals from senior leaders regarding the value of diversity, and how that translates to delivering service equitably.

Given that the archetypal guest at a luxury hotel (like those in our sample) is from the upper or upper-middle class, which, at least in the United States, remains largely White (Reeves and Joo, 2017), the credibility argument may also apply to the relationship between one of our control variables, guest assessments of service quality, and employee perceptions of equitable guest service. Consistent with this idea, and despite the rigorous guest-satisfaction survey sampling plan employed by our research partner, a second post hoc analysis suggests that racial/ethnic minority perceptions of equitable service are less impacted by service quality than those of White employees. A careful examination of such credibility arguments warrants future study.

Since discrimination is a global phenomenon, it would also be interesting to see if and how the results might change with a global sample of luxury hotels or within a different service industry. Further, while the focus on single-item measures is appropriate here, future studies should triangulate our results with a more robust instrument using multiple items from multiple sources.

Our results have several additional managerial implications. Since we find that racial/ethnic minority and White employees tend to have different responses to the operational tactics we study, luxury establishments cannot afford to take a "one-size-fits-all" approach. We, therefore, recommend that such establishments invest heavily in employee training and structured practices associated with service delivery to combat discrimination in the treatment of customers more effectively. Whereas it is also important for senior leaders to champion and demonstrate a strong commitment to diversity, they should be aware that this particular tactic may not be as impactful for racial/ethnic minority employees as it is for White employees when the messaging is delivered by a mostly White leadership team.

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