EMCC company network

Case example of NH Hoteles

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Interview with Francisco Catalá
Seminar proceedings

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Company background

NH Hoteles was founded in 1978 and opened its first hotel, the ‘NH Ciudad de Pamplona’ in 1979. From there the company expanded throughout Spain; however it was not until 1998 that it started international expansion. In 2000 the company acquired the Dutch hotel chain Krasnapolsky. Further acquisitions included Chartwell (a Mexican hotel chain) and Astron in Germany, as well as Golden Tulip, Krystal, Framon and Sotogrande elsewhere in Europe.

In 2006, the group took a further step in its European development, mainly via the acquisition of Jolly, the Italian hotel chain. Jolly hotels also provided NH with the opportunity to enter the US and French markets through the hotels that the company has in New York and Paris. The company now employs over 19,000 staff from 115 different countries.

As of April 2007, the company operated 335 hotels and 48,825 rooms (this has since risen to 340 hotels in August 2007) in 21 countries across Europe, the Americas and Asia. In addition, NH has 35 portfolio projects in hand that will mean more than 6,000 rooms, mainly in Italy, the Netherlands, Spain and Mexico.

The strategic plan

NH has initiated a strategic three-year plan to double the financial results of the company and to reach a total of 71,000 rooms. The strategic plan which involves an investment of €1.3 billion will be financed from internal resources, as well as by a capital injection of €250 million which was completed by the company in March of this year.

NH Hoteles plans to strengthen its leadership in the mid-market segment by concentrating its investments in the main markets of Europe where it already has a presence. The group plans to invest €500 million in Europe in order to take advantage of the positive economic outlook over the next few years.

Diversity management practice

NH Hoteles are proud of their diversity management practice and believe that diversity management is essential to the future success of the company.

Why diversity management?

NH Hoteles began to pay attention to diversity as a result of the company’s rapid growth and acquisition of hotel chains across the world. This strategy resulted in an extremely diverse staff profile, and also very diverse business practices between the different hotel chains, as Francisco Catalá (Head of Compensation and Benefits) explained:

‘We decided to introduce the diversity management programme because we had such a large number of people of different nationalities, of different practices … we were so diverse we needed … to manage in an efficient way all these differences.’ (listen to Francisco Catalá)

Legislation was another key motivating factor for NH Hoteles with the introduction of equality legislation in Spain:

‘… the legal issues in Spain with the law on equality, those issues led us to define … different policies and procedures concerning diversity.’ (listen to Francisco Catalá)

NH Hoteles now believes that diversity management is very important. They cite the following reasons as justification for their diversity management programmes:
Companies that do not manage diversity effectively simply lose their competitive edge.

It is essential to have policies and procedures that focus on the integration of immigrants in the workplace.

Large organisations must adapt to the different legislative requirements in different countries.

NH Hoteles encourages staff to develop an international career. The company views international employees as key to the organisation as they transmit the values of the company around the world.

Implementing diversity management

NH has a flexible and open approach to rolling out diversity management. It is constantly updating the programme with new policies and actions. However, one constant that does not change is NH’s commitment to meeting legislative demands.

Each year the company develops new plans or programmes to tackle new issues that arise. NH Hoteles believe that this open process has brought real results:

‘We started developing all these diversity issues two to three years ago, and now they are really giving us results because we have increased satisfaction, we are lowering turnover, we have more and more immigrants in managerial positions, so that means we are doing something right.’  
(listen to Francisco Catalá)

Key elements of the diversity management programme at NH Hoteles include:

Training

NH has special training programmes for supervisors to assist them in managing employees from different nationalities. In addition, an induction DVD is given to employees when they start working at the company in order to pass on the company values, work ethics and respect for diversity.

Seminars are held for groups of employees where the number of non-national staff is higher than average. These seminars, usually given by managers and directors from different nationalities, try to show the importance and the benefit brought by multi-national environments, as well as the need to avoid prejudices and stereotypes. They also focus on how to avoid prejudices and stereotypes. NH Hoteles also organises programmes for managers to learn how to deal with diverse and international teams. Some training courses are also being provided for top level management in order to strengthen their capabilities in terms of diversity and people management.

Recruitment

Francisco identified recruitment as a key element in NH’s programme. He emphasised the need to design recruitment policies so that they are not discriminatory. However, it is still important to motivate staff by paying bonuses according to performance:

‘You have to be very careful … with all the policies that they don’t show any kind of discrimination … but discriminate in a positive and motivating manner; we pay more to those who perform their job really well.’  
(listen to Francisco Catalá)
The balance between measures to promote diversity during recruitment and those relating to performance related pay is critical. If the promotion of diversity is perceived as being more important than performance, then problems will arise.

**Global staffing programme**

The global staffing programme focuses on developing employees who are interested in international mobility by achieving positions of higher responsibility in a foreign country. Over the course of a year, a group of NH Hoteles employees from overseas come to work in Europe in order to share and gain valuable experience.

**Other elements**

There are a number of additional elements to the diversity management programme:

- Special benefits are available for immigrant groups, such as discounts in bank commissions when transferring money to countries of origin.
- All vacancies are available worldwide; vacancies are published on the company intranet and are accessible to all employees no matter where in the world they are located.
- An employee mailbox has been created this year and has already received hundreds of suggestions and comments.
- There is a contact programme which consists of calling employees to assess their progress in their workplace, with a special focus on non-nationals.

**Barriers to implementing diversity management**

Cultural barriers were identified as the key difficulty encountered by the company while implementing diversity management:

‘The barriers are obviously the cultural ones in each country. In South America for example … the differences between women and men are even larger than in Spain. We are a very conservative country but in Mexico, well, five years ago we had no … women hotel directors … and there were no immigrants because the labour market there is very different …’ (listen to Francisco Catalá)

However, staff have proved to be very open to change, and these initial problems were subsequently resolved with consultation and support from central services.

**Outcomes**

In terms of the outcomes of diversity management practices, NH Hoteles pointed to the difficulties inherent in measuring how programmes impact on the profit and loss account. However, the HR team at NH devised a method of analysing the relationship between employee satisfaction, diversity, revenue and quality. All the hotels in the group were surveyed. A positive relationship between employee satisfaction and revenue was found. As Francisco emphasised, ‘if the company respects gender, respects ageing, respects beliefs … the employees are going to be more satisfied, definitely.’ (listen to Francisco Catalá)

The company has identified a number of other outcomes of diversity management:

- Employees rated the respect shown for differences in religion, culture and gender highest in the employee survey.
• More than 6 million euro have been invested in training – more than 16,000 employees participated in 223 training sessions in 2006.

• NH Hoteles ranks as one of the leading companies in terms of best places to work in independent surveys.

• Levels of employee satisfaction have increased significantly following training.

• 12.4% of the staff currently employed by NH Hoteles are of a different nationality to the country where they work. This has risen from 1.3% six years ago.

Lessons learnt

NH Hoteles have learned a number of key lessons from their experience of implementing diversity management. These include:

• The need to be transparent in relation to the development and implementation of diversity management. This helps overcome resistance and misunderstanding. (listen to Francisco Catalá)

• The importance of flexibility and common sense in the implementation of diversity management – local experiences and conditions need to be taken into account

• Innovation is inextricably bound up with the concept of diversity – ‘Innovation means diversity and for us, one of our five company values is innovation. So for us (a part of) innovation is thinking how employees would like to be treated or what they would like to receive … in their position.’(listen to Francisco Catalá)

• In the NH Hoteles context of rapid growth and internationalisation, the capacity to be clear about the role of diversity management, a commitment to flexible implementation and integration with the company culture of innovation are essential elements of a successful programme. They also contribute to the company making the most of its human resource base in a demanding service industry.

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