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Corporate Responsibility on a "Grand" Scale: MGM's Employment Outreach Program

Abstract

The world's largest hotel, casino, and theme park has demonstrated that corporate responsibility to the community and corporate self-interest need not be mutually exclusive. MGM's human resource department established an employment outreach program that hired 1,462 economically disadvantaged persons from the community. This effort was a "win-win" situation for both the community and the corporation and the hotel received a significant wage credit from the Job Training Partnership Act.

Corporate Responsibility on a “Grand” Scale: MGM’s Employment Outreach Program

by
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The world's largest hotel, casino, and theme park has demonstrated that corporate responsibility to the community and corporate self-interest need not be mutually exclusive. MGM's human resource department established an employment outreach program that hired 1,462 economically disadvantaged persons from the community. This effort was a "win-win" situation for both the community and the corporation and the hotel received a significant wage credit from the Job Training Partnership Act.

A number of adjectives come to mind when trying to describe the task of hiring 7,000 employees. Words such as daunting, massive, and onerous could well be used to describe the process of staffing the new MGM Grand in Las Vegas.

Vice President of Human Resources Cynthia Kiser Murphey and her staff were charged with the responsibility of making certain that this 5,005 room hotel, casino, and theme park opened correctly with a competent, well-trained, and guest-oriented staff. In order to accomplish this goal, it was estimated that a candidate pool of more than 100,000 applicants was needed. The difficulty of this task was compounded by the fact that two other mega-resorts, Treasure Island at the Mirage and the Luxor Hotel and Casino, were due to come on line in the two months prior to the MGM opening. Clearly, Murphey's staff had to take an innovative approach to the staffing challenges they faced.

One noteworthy innovation was the company's Employment Outreach Program (EOP). Of the 7,000 openings, 1,200 were reserved for economically disadvantaged persons.

The creation of an employment outreach program at the MGM Grand was not merely an example of a firm taking advantage of a perceived window of opportunity. Rather, this well-thought-out decision was based upon the company's strategic staffing plan which, in turn, was developed from the underlying beliefs and key values in the organization.

One classic indication of a key value in an organization is when that value is voiced in the company's mission statement. The corporation's commitment to the community is contained in the fifth tenet of the MGM's mission statement - "A Community Serving a Community."

We are a community of entertainment working as lead partners with Las Vegas and the world. We are sensitive to our environment as individuals and as a company. We are active and concerned citizens doing our part.

The statement was originally conceived at a retreat of corporate officers in Laughlin, Nevada, in February, 1992. Out of this meeting came a first draft which was later revised by a professional author, Bill Zabit of the Mercer Group of San Francisco. Later the group met with Zabit at the Canyon Gate Country Club in Las Vegas and approved a final draft of the document.

Commitment to the disadvantaged was also demonstrated by the founding of Nevada Partners by Las Vegas Mayor Jan Jones, Nevada Governor Bob Miller, and Bob Maxey, president and CEO of MGM Grand, Inc. Nevada Partners is a quasi-public entity, the purpose of which is to offer the economically disadvantaged life skills training (e.g., corporate dress and grooming, interpersonal skills, interviewing techniques, resume writing, math, and language skills).

Funding of the agency began with a \$1 million endowment from the Lincy Foundation, a private charitable organization of Kirk Kerkorian, founder and largest stockholder of the MGM Grand.

The involvement of MGM leadership in the community can be described as being equal parts of altruism and enlightened corporate self-interest. In addition to the obvious need to staff a 5,000 room hotel, casino, and theme park, corporate executives were well aware of the impact on tourism of the April 1992 Rodney King riots. Images of rioters a few blocks away from the downtown casino district were broadcast into millions of American homes by the major networks. It became readily apparent to many, including MGM executives, that action had to be taken to address the problem of high unemployment and other social ills within certain sectors of the community. The obvious risk of employing these economically disadvantaged workers was offset by a substantial federally-subsidized wage credit.

The Program Takes Shape

According to Heather Horwood, employment manager at MGM, the employment opportunity program originated at a meeting in June 1992 with David Hicks, president of Nevada Business Services (NBS), is a public agency that distributes federal funds provided by the Job Training Partnership Act (JTPA) and helps companies to recruit, prescreen, and train applicants. Prior to their employment with MGM, Murphey and Horwood had used the services of NBS with considerable success in the pre-opening staffing of the Main Street Station Casino.

After that seminal encounter in June, Murphey and Horwood prepared a proposal for NBS and its governing boards. Within that proposal was a list of positions to be filled by NBS referrals. Care had to be taken to ensure that the targeted positions would be "demand occupations" at the time of hiring. Demand occupations are those for which there is a shortage of qualified applicants in the labor pool. The rationale is that money should not be appropriated to recruit and train persons for occupations where there already exists a qualified labor pool. An annual list of demand occupations is produced by the Office of Employment Security.

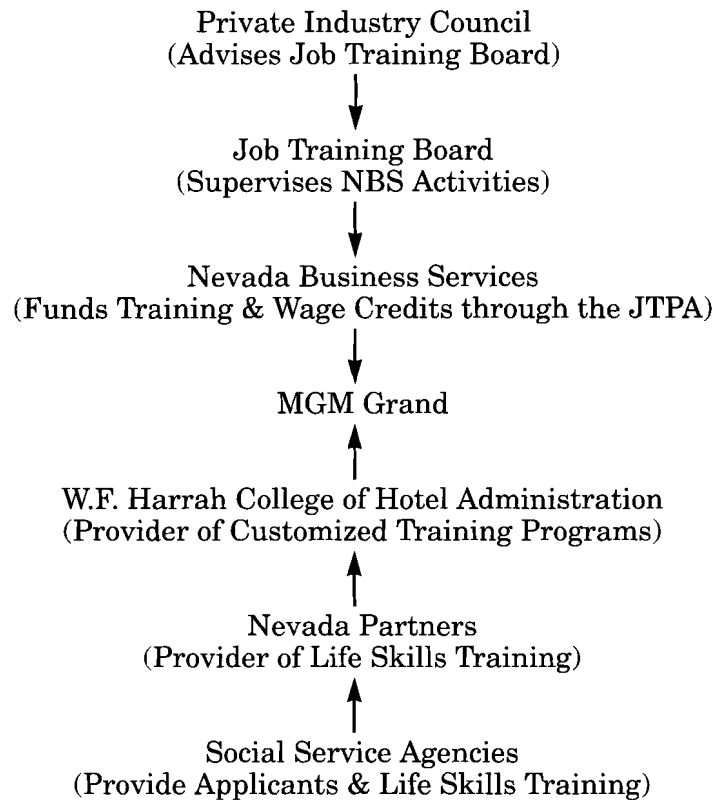
The EOP proposal was first reviewed by a sub-committee of the Private Industry Council, a representative body of business leaders, educators, and labor representatives. The proposal was then passed on with recommendations from the Private Industry Council to the Job Training Board, composed of elected city and county officials. The Job Training Board suggested revisions that would bring the original proposal into compliance with the requirements of the JTPA; those revisions were agreed to and adopted by MGM. Figure 1 depicts the interrelationship among the different entities involved in the program.

There were two major occupational classifications in the final proposal. The first was composed of positions that could be filled by on-the-job-training (OJT). Applicants would have to possess many of the skills needed for the position and would be able to assimilate the rest from training while on the job.

There were 33 separate job categories in the OJT classification as shown in Table 1. The placement goals in each position description ranged from 1 (e.g., international marketing secretary, valet attendant, etc.) to 36 for dishwashers/ potwashers. The total number of employees to be hired was 140.

The other major occupational classification would be composed of individuals who would need considerable off-premise training prior to their introduction into the workplace. Some of the applicants in the customized training classification would also need life skills training as well as training specific to a particular occupation. It was the responsibility of Nevada Partners to supply life skills training to the applicants if it was not provided by the applicant's social service agency.

Figure 1
Relationship of Entities Involved in the EOP Program



Eligibility requirements for applicants can be divided into five categories:

- Adults age 22 to 55 who meet the federal government guidelines for classification as economically disadvantaged persons
- Youths age 16 to 21 who also meet the federal government's guidelines for classification as economically disadvantaged
- Older workers who are 55 years of age and above who meet the federal guidelines for being economically disadvantaged
- All dislocated workers who have become dislocated through no fault of their own
- All persons on Nevada unemployment insurance

Table 1
On-The-Job Training Categories

<p>Casino International marketing secretary Money runner Slot mechanic Cage cashier trainee Hard count attendant</p> <p>General & Administrative Mail runner Wardrobe attendant A/R clerk Payroll clerk Accounting clerk Audit clerk Warehouse attendant Security officer Arcade change attendant Stage technician Maintenance laborers Crowd control Ushers</p>	<p>Hotel Bell attendant Valet attendant Housekeeping inspectors</p> <p>Food & Beverage Food & beverage cashier Food runner Dishwasher/pot runner Pantry worker Dishwasher/pot washer Bartender Barback Bar porter</p> <p>Retail Retail sales clerk</p> <p>Theme Park Ticket seller Guest services attendant Theme park stage tech.</p>
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Table 2
Customized Training Positions

<p>Casino Slot floorperson Carousel attendant Change attendant Keno writer/runner Dealer</p> <p>General & Administrative Employment clerk Midway games operator</p> <p>Theme Park Theme park attractions host Environmental crew</p>	<p>Hotel One-stop specialist Houseperson Guest room attendant Environmental specialist</p> <p>Food & Beverage Food server Busperson Cocktail server</p>
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Table 3
Employment Outreach Program Timeline

Step 1 4/30/93	Agency presentations	MGM introduces program to agencies	Ascertain agency expectations	Develop information packets	Develop sample portfolios
Step 2 5/30/93	Presentations to staff at agencies	MGM outlines role of agency staff	Deliver supply of portfolios		
Step 3 6/30/93	MGM recruiting presentations at agencies	Agencies to invite people they feel are eligible	Agencies begin to prepare portfolios		
Step 4 7/30/93	MGM intake at agencies	Portfolios completed by agencies in advance	Appointments scheduled by agency	NBS Day at agency (Preliminary Certification)	MGM retrieves portfolios at the end of the day
Step 5 8/30/93	MGM screenings	MGM visits agency to screen applicants	Appointments scheduled by agency		
Step 6 9/30/93	MGM schedules appointments with managers at MGM	Conditional hire of applicants			
Step 7 10/1/93	Training required and barriers determination	Determination if OJT or customized training needed	MGM documents and justifies training	Identify child care and transportation barriers	Agencies/NBS to assist with barrier removal
Step 8 11/1/93	NBS final certification for each applicant (Hard Eligibility)				
Step 9 12/1/93	General training session	Customized training classes			
Step 10 12/18/93	MGM skills	Specific MGM training and orientation	Final hire of all qualified applicants		

An advantage shared by all applicants was the fact that they could continue to receive agency assistance during the pre-employment period. Not every application automatically resulted in an offer of employment. Horwood stressed that the standards of MGM would be maintained. Individuals who were judged not to possess adequate interpersonal skills or who failed to practice proper grooming habits did not receive employment offers.

Implementation Begins

NBS initially funded four positions in MGM's Community Affairs Department, including the position of community affairs manager, which Tony Gladney filled. His responsibilities included the implementation of the Employment Outreach Program. Gladney's first act was to develop a flow chart for the program (See Table 3).

His second act was to identify those social service agencies and other organizations which could refer prospective applicants to the program. His final list totaled over 60 separate concerns, including labor unions, government agencies, private charities, religious groups, and ethnic organizations.

Leaders of these organizations were invited to the MGM's Preview Center for a presentation on the Employment Outreach Program during April 1993 which introduced the program and enlisted the help of agencies in promoting the programs to their clients.

The agencies were asked to assign a job developer to act as liaison between the agency and the Employment Outreach Program, serving as a primary contact for program activities, participating in the training of the rest of the agency's staff, scheduling recruiting presentations at their facility, ensuring that applicants completed applicant portfolios (applications), pre-screening applicants for JTPA eligibility, scheduling NBS intake appointments at their facility, and scheduling initial MGM interviews at their facility.

Agencies Were Asked to Coach Clients

In general, agencies were asked to coach their clients on how to prepare for the interview (i.e., grooming tips, proper dress, providing necessary documents such as a Social Security card). When possible they were also asked to provide life skills training and to warn clients about MGM's pre-employment drug testing program which would reveal any illicit drug usage 90 days prior to the test. Failing the test would preclude clients from further consideration.

Finally, agencies were asked to help with the removal of any barriers to employment that a conditional hire from their agency might possess. Barriers might include lack of child/dependent care facilities or lack of transportation to and from work.

During May 1993, agencies were to appoint their job developers. In a series of presentations Gladney and his staff would then introduce the program to these individuals and other agency personnel.

In June 1993, a series of recruiting presentations was made by Gladney and his staff at each agency's facility and portfolios were distributed to applicants. Job developers were to ensure the completion of the portfolios and document applicant eligibility. Initial determination of applicant eligibility was conducted in July. Agency job developers scheduled appointments at agency facilities and interviews were conducted by representatives from Nevada Business Services and the MGM Grand. If an applicant was determined to be ineligible, that person would be encouraged to apply to the MGM during the regular hiring period.

MGM recruiters who were required to attend cultural sensitivity workshops conducted initial interviews in August. The second round of interviews was conducted in September and October by MGM department managers at MGM offices rather than at the agencies. MGM felt that requiring the applicants to visit MGM offices would serve to eliminate those applicants who were not committed to the program.

MGM recruiters then evaluated the training needs of conditional hires, and routed them into either the on-the-job-training program or the customized training program. It might also be determined that a hire was in need of job readiness and life skills training prior to entering the customized training program; those individuals were referred to Nevada Partners if the agency could not provide the appropriate training.

Recruiters justified and documented the training needs of all conditional hires. Finally, any barriers to employment such as a lack of transportation were determined. Participating agencies and NBS were responsible for assisting in the removal of barriers. By November 1 MGM and NBS determined the final eligibility of all conditional hires according to the requirements of the Job Training Partnership Act and enrolled the candidates into the program.

During November and the first two weeks of December all training was conducted by the hotel and other providers of skills training, including the W.F. Harrah College of Hotel Administration. Final hiring dates ranged from December 1 to December 23, 1993.

Program Faced Challenges and Opportunities

The Employment Outreach Program was not without some degree of risk. There was a time span of six months from the initial contact with the applicants to the date of final hire. MGM ran the risk of losing a number of applicants to other immediately available openings, including some at the other two mega-resorts coming on line just prior to the MGM opening.

Several agencies provided child/dependent care facilities for clients, but many offered the service during regular business hours. Horwood advanced the possibility of an on-site facility, but the company did not commit to one.

The issue of adequate transportation was not as problematic. The expansion of the public bus system (Citizens Area Transit), coupled

Table 4
90 Day Economic Impact Summary

Employees hired through EOP contract	1122
Employees hired through traditional recruiting practices who are discovered to be eligible for the Employment Opportunity Program	340
EOP terminated during the first quarter of operation.....	170
Total number of active employees as of 03/18/94	1292
Annual gross wages generated by EOP employees.....	\$20,462,291
Estimated annual gratuities received by EOP employees	\$1,968,383
Estimated annual employee benefits received by EOP employees	\$8,203,372
Estimated total annual compensation received by EOP employees	\$30,814,372

with transportation provided by a few of the agencies (e.g., senior transit), met the need of most employees. Horwood said bus shuttles from key neighborhoods could be implemented if a need was determined, but it was not.

Thomas Bruny, director of advertising and public relations, stated that MGM's recruiting process, ". . . would have been far easier without the Employment Outreach Program and it would have been much easier (for the corporation) to look the other way." However, MGM did receive compensation for its efforts from the Job Training Partnership Act. MGM received a tax credit of 40 percent of training costs (in essence, wages) from a minimum of four weeks to a maximum of 12 weeks, depending on the job specialty for all OJT positions. The tax credits could only be used for certain targeted groups: all persons found to be economically disadvantaged, youth between the ages of 18-21, disabled referred by vocational rehabilitation, and ex-felons released from incarceration within the last five years.

A number of other casino/hotels in Nevada have been involved with the Job Training Partnership Act, but none have instituted programs of the scope and magnitude of the MGM's Employment Outreach Program.

Table 5
EOP Quotas and Hires

Position	EOP Quotas	EOP Contract Hires
Cocktail server	40	16
Dealer	100	41
Environmental specialist	115	190
Guest room attendant	200	295
Kitchen worker	36	86
Midway games operator	90	27
Slot change attendant	66	17
Slot floor person	45	7

EOP Program Shows Mixed Results

Exactly 1,207 EOP applicants were ultimately hired by MGM; another 255 EOP-eligible persons were hired through satellite recruiting programs set up by MGM Grand in schools and parks in economically depressed neighborhoods.

The total estimated wage credits and training costs subsidized by the JTPA for this program amounted to approximately \$500,000. Total projected annual wages, as shown in Table 4, reached \$30,814,372, including tips and benefits. In addition, the program removed over 800 individuals from county, state, and federal welfare rolls. It was an unqualified economic success for the community, the hotel, and taxpayers. Almost three-fourths of the EOP employees worked full-time.

However, some of the program's goals were not met and unforeseen problems did occur. One particularly vexing area was the high turnover rate; during the first quarter of operation, the turnover rate was 11.6 percent (a projected 44.6 percent annual rate), and most terminations were due to failed drug examinations.

Although the results of the pre-employment drug testing were to be determined prior to the date of hire, this was not done in many cases. The hotel extended offers with the understanding that if a drug test was positive the applicant would be terminated. Gladney admitted that some agencies did not adequately stress the importance of the pre-employment drug screening procedure to clients.

In spite of top management's commitment, some mid-level managers did not fully embrace the program. Their reticence in hiring EOP candidates can be seen in Table 5. Quotas on a number of the better-paying positions were not met, and quotas on some of the lower paying, non-tipped positions were exceeded.

The final challenge encountered was the lack of an adequate applicant tracking system on the part of NBS. Gladney noted that people were often lost; applicants "fell through the cracks."

Gladney Cautions Others

Gladney believes that the experience of the MGM demonstrates the worth of an Employment Opportunity Program to a new hotel, but he offers five recommendations that will help to ensure the success of the program:

- Make sure that mid and entry level as well as top management accept the program. Selling all levels of management on the worth of the program is vital. Do not assume all managers have embraced the program just because they have attended the meetings.
- Maintain an open door between all levels of management and the human resource department. Keep up the flow of communication throughout the program.
- Make certain that everyone in the organization is sensitive to the special needs of the economically disadvantaged worker. Multi-cultural sensitivity training is a must.
- Be sure that the staff needed to process the applicants is adequate. Nothing will turn off an applicant more than to be kept waiting for hours to meet with an employment counselor.
- A computerized applicant tracking system is an absolute must for handling large numbers of people. Also, make sure that everyone who uses the system is adequately trained. At one point, dozens of regular applicants were incorrectly identified and treated for weeks as EOP applicants because of a clerical error.

Gladney suggested that the best indicator of a program's probability for success is the degree of cooperation among the private and public entities involved in the process. He is very thankful for the level of cooperation achieved during MGM's Employment Outreach Program.

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