



Article Title

Do hotel managers have sufficient financial skills to help them manage their areas?

Citation

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Abstract

Purpose – The purpose of this article is to investigate whether managers in hotels have sufficient financial skills to help them effectively manage their areas, within the context of a changing industry.

Design/methodology/approach – Additional findings from a series of recent research projects amongst hospitality financial controllers have been utilized to give an alternative viewpoint to those found from literature.

Findings – A review of literature identified a strong need for managers to have financial skills, but there is little recent evidence as to whether they actually hold these skills. Hotels are changing fast with pressure to maintain profits resulting in new approaches to management, but there is concern that the development of systems has meant an over-reliance on these to control costs. Financial controllers consider that departmental and general managers do not have enough business skills – and finance skills in particular – to optimize costs and revenues and hence maintain profits.

Research limitations/implications – The findings were based on a fairly small sample of respondents, utilizing projects designed for alternative purposes. However, the findings raise questions as to the trust that hotel companies have placed in their systems and approaches.

Practical implications – If the concerns expressed by controllers are not addressed by hotels, then inevitably standards of control will suffer, costs will rise and hence profitability will be negatively affected

Originality/value – There has been little recent consideration of the realities and the impact of systems changes on management, the majority of earlier projects considering the need for skills rather than the actual possession of these amongst managers.

Conclusion

This limited study has suggested that there is a gap between expectation and reality regarding the financial skills of unit – based hotel managers, with controllers expressing concern that losses are occurring due to a lack of effective, informed management. Controllers’ jobs are changing rapidly with many chains centralizing functions and minimizing the amount of on-site control. They want to continue to act as advisors to the business, and see a continuing role for themselves as being even more of the management team, filling the gaps in financial expertise so as to offer an effective service to the business. However, many chains are giving responsibility for control to unit managers, who may not have sufficient skills and knowledge. Although controllers may be concerned about the threat to their own positions their opinions were widespread and not limited to any one type of hotel. The skills of managers in independent hotels were criticized as well as those in branded, standardized chains, despite the perception that the controller’s role would continue here. The literature indicates that managers should have these financial skills but the primary research suggests that this is not always the case.