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Formal Education and Lodging Managers' Competence: An Industry Update

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**FORMAL EDUCATION AND LODGING MANAGERS' COMPETENCE:
AN INDUSTRY UPDATE**

Kralj et al.: Formal Education and Lodging Competence

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ABSTRACT

This paper presents a partial replication of a study on the influence of formal education on lodging management success published in 2005 and compares the major findings of both studies. The findings of the current research demonstrate that today's industry professionals perceive formal education as having a significantly higher positive impact on lodging management success. However, they still view formal education as having a moderate level of influence on their current knowledge, skills and abilities (KSAs). Study findings have implications for educators, professionals and industry, by providing the opportunity to enhance the delivery of education and achieving lodging management success.

Key Words: competencies, KSAs, formal education, lodging success

INTRODUCTION

Today's lodging managers are facing an ever changing complex and uncertain industry environment. Market forces and extraordinary events such as a widespread financial crisis, globalization, natural disasters and corporate scandals have led to operational and financial restructuring activity in recent years. As a result, it is now more imperative than ever that lodging professionals be properly tooled with the knowledge, skills and abilities (KSAs) necessary to enable them to face these new, and often unforeseen, industry challenges, while ensuring their own career success as well as the survival and growth of their firms.

Given the uncertainty in the industry today, the hospitality manager, and potential future managers, must have a clear understanding of the factors that are important to achieve both professional and organizational success in a changing and dynamic economic environment. They need to be equipped with the KSAs and specific competencies that are required for industry success. Thus it is the responsibility of academic institutions to ensure that requisite skills for management success are identified and mastered by graduates before entering into their respective jobs (Moncarz & Kay, 2005). Educators must determine if the results of their pedagogy positively impact on the success of graduates after entering the industry. Thus, it becomes important to investigate whether the competencies and KSAs learned by hospitality graduates positively influence their career success. It is the aim of this study to investigate lodging professionals' views regarding the impact of formal education on their management success, as well as examine the different perceptions among various respondent groups. The study will also provide insight into whether lodging manager's perceptions about education impacts competency levels.

There is an ongoing tension between educators and industry professionals as to the extent that hospitality management curricula and graduates' exit competencies meet the requirements of the industry (Connolly & McGing, 2006; Dopson & Nelson, 2003; Harper, Brown & Irvine, 2005; Ravichandran & Arendt, 2008; Williams, 2005). Thus, investigating the relationships between formal education and lodging manager success will assist in the proper identification of essential qualifications for career success (Kay & Moncarz, 2007). Moreover, being able to clearly demonstrate the positive influence of formal qualifications on career development and success will impact on

the way higher education is perceived in the industry. This in turn will sustain the success of future graduates (and therefore education providers), as increased recognition of the importance and influence of qualifications by industry should eventually lead to improved entry-level opportunities for lodging management graduates (Harper et al, 2005).
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Hospitality education

Research into hospitality education has been quite prolific given the significant growth of hospitality as its own field of study during the 20th century. While there has been much attention given to teaching models, the role of hospitality education, competencies required for industry success, and more recently, instructional systems (e.g. Kay, Moncarz, Petroski, & Downey, 2008; Feinstein, Raab & Stefanelli, 2006; Kay & Russette, 2000; Mandabach, VanLeeuwen & Bloomquist, 2001; Okeiyi, Finley & Postel, 1994; Shinnar & Young, 2003; Wolfe & Gould, 2001), there has been limited research on the impact of formal education on career success in the lodging industry. Williams (2005) argues that there is a need for considerable research into the relationship between graduate success, workplace performance and academic preparation. To use the words of Tesone & Ricci (2005:55), “the relationship of educational factors to potential industry success remains an important and understudied area of the hospitality human resources literature”.

Moncarz and Kay’s (2005) study is the only study that specifically considers how lodging manager’s perceive the influence of formal education on their success, in terms of competency development. They found that lodging managers only attributed a moderate impact of formal education to their current level of industry-required competencies. Of the few remaining studies that have investigated the relationship between formal education and career success, many of them have taken place in the UK or Ireland. So far, the findings indicate that education is moderately associated with career advancement (Garavan, O’Brien & O’Hanlon, 2006). Findings in Kay & Moncarz’s 2007 study revealed that graduate education was considered least important for success and was not correlated with any of the important KSAs required of lodging managers. Conversely, Garavan et al. (2006) found that there are advantages to be attained by hotel managers investing in education post-graduation.

As stated earlier, this study is conducted to gain insight into the relationship between lodging professionals’ formal education and lodging management success. More specifically, the purpose of the study is to investigate the extent to which lodging professionals’ believe formal education has influenced their current competency levels and to determine if those views differ among respondent groups; as well as, examine if respondents’ perceptions about formal schoolings positively correlate with their competency levels. Identified gaps found between managers’ education and knowledge required for success can assist with the future development and enhancement of hospitality curricula and contribute to the strategic development and positioning of hospitality education institutions.

METHODOLOGY

The instrument for this study was adopted from the survey developed by Moncarz and Kay for their 2005 research. Using the original survey, an expanded, multi-item, multi-construct instrument was set up for parallel research studies. The survey instrument and elements used for this paper consisted of two parts. Part 1 asked respondents to provide standard profile and demographic information about their professional backgrounds and organizations. In Part 2 executives were asked to respond to 29 management competencies items falling under three KSA domains: 1) leadership and management, 2) financial management and 3) marketing. Respondents self-rated their performance level in each of the KSAs and reported the impact of formal education on their current competency levels.

The data collection methodology consisted of a convenient sampling from two sources: 1) 2490 General Managers affiliated with properties of 100 or more rooms who subscribed to the Hotel & Motel Management magazine and 2) five management companies consisting of 93 hotels. The first invitation sent to the 2490 General Manager subscribers, produced only 22 usable responses. Thus, in pursuit of higher response, a second approach of inviting select management companies was undertaken. The presidents of five management companies were contacted and asked to invite executive committee members at each of their properties to participate in the study. Property general managers were asked by their corporate representatives to personally complete one survey and forward the electronic survey onto members of their executive committee teams. This process produced 235 returned responses, resulting in 205 usable surveys for analyses. The scales used to measure respondents’ competency levels and perceived impact of education on managers’ competencies for each of the three constructs (1-leadership and management, 2-financial management and 3-marketing) were tested for reliability using Cronbach’s alpha reliability analysis. There were found high scale reliability coefficients ranging from .90 to .95 for the six scales.
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RESULTS

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The profile of respondents provides insight into the characteristics of the study universe. From across 27 states, over half of respondents were male. Approximately half of the surveyed professionals had baccalaureate or higher-level degrees. Most respondents had over ten years of service in the industry with 40 percent reporting more than 20 years. Three-quarters of the executives were employed at small to medium-sized properties with the remaining affiliated with properties of over 500 rooms. The study group was fairly evenly split between senior level executives/general managers, and department heads/directors and other middle-level managers/administrative associates. The most frequently reported department affiliation of respondents was administration with the remaining associated with specific departments (i.e. accounting, engineering, food & beverage, front office, rooms, sales & marketing, etc.).

Results of respondent's views regarding the impact of formal education on their current competency levels were analyzed. The findings reveal that lodging professionals report formal education as having the greatest impact on their financial management competencies (M=3.83; SD=.808), followed second by marketing (M=3.62; SD=.853) and last by leadership and management (M=3.55; SD=.809). These results deviate from the prior 2005 study, in which leadership and management (categorized as "Human Resource Management" with same items as in the 2005 study) ranked first among the three competency domains (see Table 1). Overall, respondents perceive formal education as having a significantly higher, positive impact on their current level of lodging management KSAs/competencies than previously reported ($\Delta M = 0.80$ for financial management, 0.64 for marketing and 0.43 for leadership and management). Though the results reflect a stronger relationship between formal education and lodging professionals' KSAs, the overall impact remains at a moderate level of perceived influence on current knowledge, skills and abilities.

Table 1
Comparison of Perceived Impact of Formal Education on Competency Level between 2008 and 2005 studies

| Competency Domain | 2005 Study | | | 2008 Study | | | 05/08 Δ |
|--------------------------------------|------------|-----|----------------|------------|-----|---------------------|-------------------|
| | Rank | n | Aggregate Mean | Rank | n | Aggregate Mean / SD | |
| Leadership and Management (11 items) | 1 | 136 | 3.12 | 3 | 204 | 3.55 .809 | .43 |
| Financial Management (9 items) | 2 | 134 | 3.03 | 1 | 204 | 3.83 .808 | .80 |
| Marketing (9 items) | 3 | 135 | 2.98 | 2 | 197 | 3.62 .853 | .64 |

Scale: 1=low impact of formal education on competency level to 5=high impact of formal education on competency level.

Generally speaking, and consistent with the prior 2005 results, respondents do not appear to feel strongly about formal education positively impacting their current competencies, which suggest that some knowledge is achieved through (or at least attributed to) other sources in addition to just formal education, such as on-the-job training, self development, innate abilities and the like.

T-tests show no significant differences among respondent groups based on gender, degree, hospitality service years and management position. This result reflects a slight deviation from the 2005 study, in which female respondents reported their formal schooling in human resource management (newly defined as "leadership and management" under this study) having a significantly higher influence on competency levels from their male counterparts.

In examining the impact of formal education on management competencies, a comparison of results by senior executive, general manager/upper-level management and director/middle-level managers is presented in Table 2. The findings reflect that formal education in Leadership and Management positively influence to a statistically significant level director/middle-level managers' leadership competencies ($r = .376, p < 0.01$). Conversely, no relationship between education and KSAs for upper and senior executives was found. Financial Management education, on the other hand, is found to have a significant influence on the competency levels for all three management groups. Formal education in Financial Management appears to have the most significant

impact on senior executives' competence in financial management ($r = .513, p < 0.01$). The relationship between formal education in Marketing and competence in this KSA is found to be significant for both director/middle-level and GM/upper-level managers, but not in the case of senior executives.

Table 2
Formal Education and Competency Level: Comparisons of Correlations and Self-rated Competency Means among Management Groups

| Competency Domain | Senior Executive | | | GM/Upper MGMT | | | Director/Middle Mgmt | | |
|---|------------------|--------|---------------------|---------------|--------|---------------------|----------------------|--------|---------------------|
| | n | r | Aggregate Mean / SD | n | r | Aggregate Mean / SD | n | r | Aggregate Mean / SD |
| Leadership and Management (11 items) | 30 | .241 | 4.37 .476 | 74 | .164 | 4.43 .577 | 79 | .376** | 4.40 .408 |
| Financial Management (9 items) | 30 | .513** | 4.23 .483 | 74 | .269* | 4.31 .623 | 79 | .400** | 4.16 .548 |
| Marketing (9 items) | 29 | .338 | 4.04 .633 | 72 | .505** | 4.04 .666 | 76 | .552** | 3.85 .768 |
| *Spearman correlation of formal education and competency is significant at 0.05 level. | | | | | | | | | |
| **Spearman correlation of formal education and competency is significant at 0.01 level. | | | | | | | | | |

Under this study, respondents at all three position levels self-rate their abilities in these lodging management KSAs higher overall than those executives and managers who responded to the 2005 Moncarz and Kay study (2005 M=3.65 to 4.22; 2008 M=3.85 to 4.43). Also found, and deviating from the 2005 study results, were no significant differences of self reporting of competencies among the three levels of management groups. However, a post hoc analysis reveals that respondents with over ten years of hospitality experience rate their knowledge in Financial Management significantly higher than their less tenured counterparts ($t = 2.325; p = .021$). Further investigations show that senior executives and GM/upper-level management are more tenured and educated with four year degrees than their subordinate director/middle-level managers ($X^2 = 12.074, p = .001; X^2 = 8.902, p = .003$, respectively), perhaps attributing to the reported differences in this groups' self-ratings.

In summary, compared with the 2005 study findings, this study found that managers rate the impact of formal education on their current knowledge significantly higher, as well as their level of competence in each KSA. Another noteworthy difference in the study results is that managers in the current study perceive education as having the greatest impact on their Financial Management capabilities, whereas in the 2005 study, managers indicated that formal education impacted most on their Human Resource Management capabilities. In the current study, the Leadership and Management competencies, rated last in terms of perceived impact of formal education. Despite the increase in reported significance of formal education influence on KSAs found in the current study, managers still perceive formal education as having only a moderate impact on management competencies.

DISCUSSION

The purpose of this study was to gain renewed insight into the extent to which lodging professionals' believe formal education influences their current competency levels, to determine if those views differ among respondent groups, and to examine if respondents perceptions about formal schoolings positively correlate with their competency levels. The moderate level of perceived impact of formal education on current competency levels determined under this study support previous research findings. In addition to reaching similar conclusions as that of the Moncarz & Kay (2005) research, Dopson & Nelson in their 2003 study on hospitality programs, also suggest that industry professionals believe limited industry-desired knowledge can be gained through formal academic programs.

The results of the current study are consistent with those of Harper et al. (2005), who found substantially more agreement with the notion of formal education impacting positively on 'functional' skills such as financial management than on 'personal' skills such as leadership. Scheule & Sneed noted, for example, that being a leader is an innate ability, though others believe that these skills can be taught in the classroom (Scheule & Sneed, 2001). The current results are also consistent with a study by Ruddy (1989) that found hotel managers generally rated

personal and behavioral factors such as leadership qualities and motivation much higher than education in terms of key influences on the development of a successful career. Akkrivos, Ladkin & Reklitis (2007) study of hotel managers also found a low emphasis on the perceived impact of education on career success, with education ranking sixteenth out of thirty-two career development strategies. It is not expected that managers will attribute all of their career success to their education, after all, it is known that careers evolve over time and are influenced by individual characteristics as well as organizational factors (Garavan et al., 2006). It is somewhat regrettable for educators however, that so little attention is paid to educational qualifications when hotel managers consider the strategies that have influenced their success.

Indeed, Orr, Murry & McKenna (1992) argue that, as the focus in the hospitality industry is on learning on the job, the benefits accrued from a graduate education will tend to be forgotten, lost or undervalued by the time the graduate achieves a senior management position. As a result managers are likely to attribute success to other factors. The results of this study support the view that managers may not credit this continuous ability to learn to their foundation of academic studies (Moncarz & Kay, 2005).

CONCLUSION

While many hospitality scholars have studied requisites needed for achieving success in the lodging industry, limited research into the impact of formal education on career success has been conducted. This study investigates lodging executives' perceptions regarding the influence of formal education on their success and serves as a partial replication of Moncarz and Kay's 2005 research. Findings of the present study reveal that today's industry professionals are crediting to a greater extent their lodging management success to formal education in comparison to the findings of Moncarz and Kay's 2005 study. However, they still perceive formal education as having a moderate level of influence on their current KSAs. Thus, the outcome of this research suggest that lodging professionals may gain some of their knowledge and competence from either on-the-job or through self-development and/or due to innate abilities, indicating opportunities for continued improvement in the effectiveness of hospitality programs.

Identifying KSA antecedents of lodging management success has implications for various stakeholders. From the student perspective, future pay-offs in the form of rapid progression through company hierarchy, accompanied by sizeable salary increases can be achieved, thus representing a high return on investment from their education (Williams, 2005). For educators, developing a hospitality program that is renowned for graduating successful industry leaders will facilitate student recruitment for years to come. Organizations too can benefit from an improved understanding of the relationship between a manager's individual career strategies (in this case, formal education) and career success, and can tailor training and development plans to continue building on enhancing that education post-graduation. After all, managers that are satisfied, especially with their careers, are pivotal to the success of an organization.

Although this study benefited by including a national sample of lodging managers associated with five different management companies, there were research limitations. The small sample and its resulting low response rate restrict the ability to generalize the study findings. However, this is consistent with the low-response rates generally experienced in hospitality-related research investigations (Kay & Moncarz, 2007). Keegan & Lucas (2005) argue that highly dynamic management and operational procedures and the potentially sensitive nature of information combine to drive down response rates in hospitality research.

There are many opportunities for future research resulting from this study. While management success under this research was measured by the degree of respondents' competence in specific management KSAs, success could also be measured in terms of frequency and level of salary increases or rate of upward mobility progression, factors that are very important to future graduates assessing potential career paths. Moreover, special attention could be given to the type of degree acquired (lodging specific vs. business generic, for example), time since graduation, and the propensity to engage in self-development activities, as well as the size and service-level of organizations worked for.

Evaluating the perceived impact of formal education on lodging management success is an important area for research, not least because the positive attitude of current managers towards obtaining qualifications will impact on the success of future graduates, as they gradually progress through levels of the organization. This study has demonstrated that today's lodging managers still attribute only a moderate impact of their formal education on current level of competencies. It shows that there is still room for improvement, not only in the design and delivery

of hospitality education programs, but also in the building of strategic relationships between industry professionals and education providers. Through continuous improvements, the overall perception of formal education can lift in the eyes of the industry.

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