Managerial competencies for UK Hotel Financial Controllers:

are they hospitality managers or accountants?

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Abstract

The aim of this paper is to identify the key managerial competencies required of hotel financial controllers (HFCs), and the importance of hospitality experience to their roles. Data from a longitudinal study of HFCs has been analysed, gathered via a content analysis of job advertisements, a survey of UK HFCs and interviews with key financial managers. Using a grounded theory approach, the findings show that although there are many similarities with the generic accounting profession, the hotel finance role is unique, their experience combining with hospitality management competencies to support operational managers. Their understanding of the complexity of the operation, in a dynamic and perishable environment, enables HFCs to act as business advisors to other managers, thereby enhancing profitability on behalf of stakeholders. Implications for industry include the need for further promotion of hospitality finance as a valid career, and the importance of recruiting managers with experience of this distinctive industry context.

Key words: hotels, financial management, hotel financial controller, competencies, experience

Introduction

The financial profile of the hotel industry has seen exceptional changes during recent years, with rapid expansion of properties in the UK (and globally, Gold, 2015), with a suggested 16% increase in contribution to the UK economy in 5 years, and future growth of 8.5% to 2020 (Mintel, 2015; People1st, 2014). These changes include a shift in ownership patterns, whereby the majority of international hotel groups no longer own their properties (Otus Analytics, 2012), being now more commonly owned by external investors, and run under management contract or franchise (Hodari & Sturman, 2014; Ivanova and Ivanov, 2015), often under a major brand.

In turn this has resulted in a greater range of stakeholders who are interested in both the financial and non-financial aspects of the business (Ivanova and Ivanov, 2015), ranging from those based externally (owners, banks, asset managers, government, for instance) to those internal stakeholders including brand management, suppliers, managers and staff (Burgess, 2012a). Their expectations of profitability, return on investment and cash flow are a key issue for companies, filtering down to unit and individual manager level (Burgess, 2012a; Hodari & Sturman,

2014; Lo, 2013). Whilst individual department managers are generally responsible for their own areas, it is the hotel financial controller (HFC: Burgess, 2000) and general manager (GM) who are responsible for the overall financial results of the business (Burgess, 2012a). HFCs are often formally qualified in accounting (Venegas, 2014a; hospa.org), but are also working in what Cheng and Wong (2015) have called a `distinctive' industry, with specific characteristics such as perishability, dynamic pricing and inter-related departments.

The increased complexity of hotel businesses, combined with the expectations of effective performance, means that the HFCs responsibilities have evolved to a multi-disciplinary role that supports and advises other managers, interacting with both internal and external stakeholders (Burgess, 2012a; Gibson, 2004). They require a range of professional skills, therefore, both those that are generic to all hospitality managers and those technical financial skills (Burgess, 2013a), which may be more closely aligned to those in the general accounting profession. Management competencies may also be known as `soft skills', whereas the technical aspects are described as `hard skills', according Sisson and Adams (2013).

Cardy and Selvarajan (2006) have argued that management competencies are individual to the particular role and industry context, with Giousmpasoglou (2014) identifying hotel ownership specifically as impacting on manager's roles. Authors such as Asree et al. (2010), People1st (2014) and Weber et al. (2013) have shown a link between competencies and profitability, and Cheng and Wong (2015) said also that this will therefore improve the status and reputation of the industry. Therefore they are `what are needed for the job' (Cardy and Selvarajan, 2006), being based both on the individual person (their attributes) and those that are `value-based' and expected by the organisation. This implies that the HFC, for instance, may require specific competencies for their particular job, generating the question `are they hospitality managers or accountants – or something different?'.

The aim of this article, therefore, is to identify the role and management competencies required of HFCs, within the specific industry context. However, there is very limited literature in this direct area, the majority of research being based on general and operational management and there was a gap in evidence of the competencies for particular roles, such as the HFC. Much of the data that has been gathered for the current project therefore is new and only limited comparisons can be made to previous, more general, studies. Hence a grounded theory approach (Altinay and Paraskevas, 2008) is taken, whereby an initial literature review from generic and hospitality sources is presented in order to identify gaps in research. Data from the primary research is compared to further literature in order to generate new findings and conclusions, and recommendations will be made as to the development of HFCs competencies, in turn benefiting other managers in their roles and enhancing hotel profitability. This approach results in a largely chronological structure that uses both secondary and primary data within the various sections to generate findings that are carried forward to the following theme. It is not within the remit of this article to explore the technical skills required, as identified within job descriptions, but to focus on the personal competencies essential for an HFC in industry.

Initially the basic concepts behind a grounded theory approach are discussed, with the various methods used for collecting the primary data being briefly described. This is followed by an overview of the challenges that are impacting on management, as detailed in literature, and then the competencies required of hospitality managers and of those in the management accounting profession will be explored. The competencies specific to HFCs will be identified, and the challenges they perceive, with further evidence from both secondary and primary data from a longitudinal study of this group of managers, and then comparisons made with both hospitality and accounting. An exploration of the importance of industry experience will also be undertaken, so as to generate conclusions and recommendations for industry.

Methodology

Altinay and Paraskevas (2008:78) have said that grounded theory is `theory grounded in observable experiences' and that researchers progress from the descriptive (`what is') to suggest the reason for these occurrences (`why'). They propose the use of a preliminary literature review to identify gaps and so aid in the focus of the project. The differing approaches to grounded theory proposed by various authors are discussed by Easterby-Smith et al. (2012), who concluded that various methods are feasible. Different authors have proposed the use of different methods, with Altinay and Paraskevas (2008) saying that these should be largely qualitative, but Saunders et al. (2007) suggesting a combination of both inductive and deductive approaches, and Easterby-Smith et al. (2012) a mixed-method approach.

One further debate is whether the researcher should be `involved in the interrogation' of data (Easterby-Smith et al., 2012:59), or if they should maintain a distance. Altinay and Paraskevas (2008) expand on this by stating that the researcher should be experienced and therefore knowledgeable, and therefore able to interpret the results to develop new findings. Easterby-Smith et al. (2012) also emphasise the need for the study to be fit for purpose, and that the data gathered should be understandable and usable, also supporting the need for an experienced researcher. For the current project, the researcher has had extensive experience of the various methods of data collection, throughout her longitudinal study, and therefore was able to design the data collection and then interpret the data to generate new findings.

Three separate research methods have been used to collect the empirical data for this paper, continuing the author's longitudinal study into the role of the UK-based HFC that commenced in 1990, utilising the membership database of HoSPA (Hospitality Professionals Association: hospa.org). The ability to replicate research using a representative sample of a particular group for an extended period (Gomm, 2009:194) enables the gathering of comparable data (Menard, 1991:13) and an analysis of trends at a `macro' level (Ruspini, 2002:70). This HoSPA study has encompassed a wide range of research methods to gather data on the role and responsibilities, education and job profiles of HFCs and opinions on the issues affecting their roles. These have primarily consisted

of an anonymous survey of the membership, first performed in 1990 and repeated every five years since then, plus further qualitative research via interviews or focus groups to explore specific issues in depth.

For this most recent stage of the study, initially secondary data was collected via a content analysis of 53 job advertisements for hospitality financial managers in June 2015, replicating an earlier review (Burgess, 2013a) and allowing a detailed analysis of key attributes, qualifications and experience expected by employers. Secondly, data from the December 2015 five-yearly survey of HoSPA's membership has been analysed, the overall rationale for this approach having been explored in previous papers (Burgess, 2007, for example). The comprehensive list of questions explores the types of hotels, role and responsibilities, accounting structures, systems, professional development and salary and benefit levels, thereby generating extensive data that can be compared to prior findings and allowing the identification of trends in industry practices over many years. Questions have been updated for the most recent survey to reflect changes in industry practice, and are principally quantitative with some qualitative questions to ascertain opinions on trends in financial management over the last five years, and the impact on their roles and competencies. Questionnaires were distributed using SurveyMonkey via Hospa's administrator, ensuring that the researcher had no access to respondents' details. The overall response rate was somewhat disappointing, with 100 usable respondents out of a membership distribution of approximately 1,200 (8.2%, comparable to similar past surveys), although not all HoSPA members were eligible (being not hotels-based or retired, for instance). Given the relatively low response rate, and the complexity of HFC's profiles, it was not possible to perform a full statistical analysis, but the data allows the identification of trends and broad conclusions to be drawn.

The qualitative data from the final comments sections was then used to develop further research questions for exploration. Finally, therefore, a series of interviews was conducted between April-June 2016 with industry representatives from both the finance and revenue management areas, in order to gain more qualitative data (Altinay and Paraskevas, 2008) about the challenges facing the industry and changes facing the HFCs. The questions included a review of the accounting and management structure and systems of the participant's hotel, the impact of specific challenges faced by the hotel, and the role of the HFC both internally and externally. These allowed the exploration in depth of specific issues emerging from the survey findings, replicating previous research from 2006-07 (again, for a rationale see Burgess, 2011, for example) with a range of topics being discussed of which only a few are described here. Ten interviews were conducted amongst senior financial personnel who had volunteered to participate, as shown in Table 1. A semi-structured approach was used which allowed the researcher to explore issues with the interviewee (Saunders et al., 2012), extensive notes being taken and then key issues identified from the discussion, for analysis.

Insert Table 1 about here

Preliminary literature review

This section will give an overview of the challenges facing the hotel industry, together with the competencies expected of both managers and accounting professionals, using both generic and hospitality literature.

Challenges facing the industry

Recent industry reports have confirmed that the UK hotel industry remains buoyant (Mintel, 2016), but with some concerns that whilst London is continuing to thrive this is at the expense of the regions (Euromonitor, 2016a). Both the luxury and budget markets are also healthy, but it is the mid-market that is struggling to retain occupancy and profitability (Euromonitor, 2016a). Other divergence emerges, with the international brands showing the most growth (Euromonitor, 2016b), whilst the independent and domestic brands (which are largely regionally based) are suffering. Hence although some hotels are performing well, there is a `dichotomous landscape' (Euromonitor, 2016a) where although some hotels are thriving, others are experiencing major issues in retaining occupancy and generating profits.

The industry has also traditionally been capital-intensive, requiring constant re-investment to remain competitive in a fast-moving and perishable environment (Singal, 2015). Short product lifecycles (Li et al., 2009) mean that the industry must consistently innovate (D'Arcy and Omar, 2015) to find new ways of selling products and services to customers (Campo et al., 2014), requiring investment in human, technological (Mintel, 2015) and physical resources. The growth in systems is predicted to continue (Euromonitor, 2016b), principally to meet the needs of customers who increasingly book online through third-parties (Mintel, 2016). Particular impacts on profitability include the costs of these bookings and the impact of the introduction of the Living Wage in the UK April 2016 (HotStats, 2016).

Hotels are also very complex in their operations, markets and ownership (Espino-Rodriguez and Gil-Padilla, 2015), with the major brands attempting to standardise products and services (Giousmpasoglou, 2014), although others argue that a centralised approach may not be appropriate in different environments (Indjejikian and Matejka, 2006), resulting in a need for more localised controls and decision-making (Altinay and Altinay, 2004; Espino-Rodriguez and Gil-Padilla, 2015). This puts pressure on managers to be effective in identifying both issues and opportunities, in order to optimise profitability.

The key competencies needed by hospitality managers

Many researchers have discussed the key competencies required of hospitality managers to perform their roles, in a complex and increasingly culturally-diverse environment (Sarouklis & Tsagdis, 2013). Cheng and Wong (2015) identified the increased need for professional managers within the `distinctive' hospitality industry to serve the predicted growth, and said also that this will improve the status and reputation of the industry, supported by

People1st (2014) whose report has emphasised the need to develop managerial skills. Specifically, the combination of education and experience is invaluable for developing skilled managers (Wang, 2013; O'Mahony, 2015), as understanding the industry context is critical (Giousmpasoglou, 2014; Cheng and Wong, 2015). Therefore, in addition to the generic competencies, authors such as Quinn (2013) or Walsh et al. (2015) have stressed the importance of a service orientation, and in particular the benefits of operational experience and understanding the specific hospitality industry context (Li et al., 2013; Giousmpasoglou, 2014; Ahelalat,2015). This results in higher employability levels and rapid career enhancement (Zehrer and Mossenlechner, 2009; Lynch, 2014). Tavitiyaman et al (2014) emphasise that their importance can vary according to many factors such as location or type of hotel, and so there is no `definitive' list that is applicable to all scenarios.

Table 2 shows some of those competencies, similar to those found in the generic literature and rated as most important by some recent key authors, building on earlier work by Kay and Russette (2000), Chung-Herrera et al (2003), Kay and Moncarz (2004) and Mayo & Thomas-Haybert (2005), amongst many. A brief description is given that has been adapted from the Concise Oxford English Dictionary (2011) and from the quoted authors.

Insert Table 2 about here

The terminology can vary according to different authors, making identification more complex: for instance, `analysis' as a competence is cited by very few authors, but closer perusal of the descriptions indicates that it is a recognised skill. However, it is clear that hospitality managers need a broad range of competencies to perform their roles, whatever their particular job might be, but that these might have different levels of importance. Principally researchers have identified leadership, teamwork and communication as key skills for hospitality managers, together with cultural awareness and problem-solving in an increasingly diverse industry. Tavitiyaman et al (2014), in their research amongst general managers, ranked what they describe as leadership competencies in order of importance; the top four being team-building (which they combine with ethics), planning, leadership and then communication. Similar results were found by Jeou-Shyan et al (2011), who also found that leadership was the most important, with problem-solving, communication and financial skills all critical.

Testa and Sipe (2012) conducted interviews amongst a wide range of industry managers and grouped their identified competencies into 3 broad categories, as in Figure 1. They categorised the `business-savvy' competencies as `those activities necessary to ensure efficient operations and profitability'; `people-savvy' competencies `revolved around interactions with others and relationship development'; and `self-savvy' competencies `clustered around self-management and development' (Testa and Sipe, 2012:652).

Insert Figure 1 about here

Some of these match those in Table 2 directly, but others are worded differently, and are all categorised under the `leadership' title. However, they are often individually discussed by the authors cited in Table 2, and so comparisons can be made. The competencies from Table 2 can therefore be allocated to the broad groupings used by Testa and Sipe (2012). These categories will be utilised in discussing HFCs, below.

`Business-savvy': Analysis, financial awareness, innovation, planning, presentations, problem-solving, strategic thinking

`People savvy': Communication, cultural awareness, customer-focused, leadership, listening, motivation, negotiation, teamwork, training

`Self-savvy': Ethics and integrity, flexibility, organisation, professionalism, self-development, time management

Competencies of Accounting managers

Data from similar research amongst generic accountants has been included for comparison, although much of the research into management accountants focuses on technical skills, with only a limited emphasis on managerial competencies: for instance Albu et al (2011), and Gammie and Joyce (2009) who also analysed advertisements. No comparable model to that of Testa and Sipe (2012) has been identified in the management accounting area, despite Drobocky (2013) and Jackling and de Lange (2009) arguing that accounting graduates need a greater range of managerial skills.

Again different terminologies are used: Bots et al. (2009) replicated work of Birkett (2002), but both use different titles and definitions on occasion to those found in the generic literature.   Teamwork and leadership, for instance, are combined in their work, whereas generic sources treat them separately. Their key competencies of accountants were cited as `inquisitiveness, intelligence, research, balance', none of which were mentioned in the HFC advertisements or hospitality literature. Research by Kim et al. (2012), on behalf of CIMA, included a range of competencies within the broad scope of leadership (as found in the Testa and Sipe, 2012, model above). They combine teamwork and communication, whereas other researchers see them as separate.

Insert Table 3 about here

A further difference is level. Lawson et al. (2006) looked at the stages at which these various competencies are developed, showing that it is the technical skills that are focused on in early careers, rather than those related to management which may be developed later. This contrasts with hospitality where these competencies are identified as being at entry-level (Ricci, 2010, for example), and again comparisons will be made with HFCs, below.

Therefore there is limited evidence from the accounting area, but extensive evidence from hospitality, as to the competencies that may be required of managers. In hospitality there is little contextualisation to any particular role, other than general managers. The specific scope of HFCs may well require particular competencies, therefore enabling a clearer definition of the role, potentially benefiting other managers and in turn enhancing performance and profitability.

The role and responsibilities of HFCs

Challenges faced by HFCs

Despite the perceived financial implications of the challenges facing the industry, there is no direct current research in this area in the UK, other than by the author. The 2010 survey (Burgess, 2012b) showed that the expectations of stakeholders for ongoing profitability put pressure on operating managers to generate revenues and control costs, necessitating a strong understanding of all aspects of their operating areas, supporting evidence from the previous survey (Burgess, 2007). When combined with increased competitiveness resulting in a focus on quality and service, the operation had become `leaner'. For group hotels, increasing centralisation and standardisation of systems and processes to cut costs had indicated caution (as identified in previous surveys) about limited control in the units. The 2015 survey showed that these issues are ongoing, with operational managers needing increased information and analysis to generate sales and profits, confirming findings by Pavlatos (2015).

The interviews were conducted just prior to the UK referendum ('Brexit'), and at the time of increased terrorist attacks in Europe, and hence there was much uncertainty as to future business. Externally, the concerns were more short-term with the political situation causing worry amongst travellers, particularly those international hotel groups that relied on US-based visitors (but also some regional UK groups: Participants A and B). Half the participants commented on a reduction of business, with Participant F saying that `the whole of our competitor set is struggling'. This in turn puts more pressure on profits, although there were also several comments that owners generally understood the issues. The resultant `jitteriness' (Participant H) in the market also results in short lead-times on bookings, particularly in the conference market, making forecasting of staffing and purchasing difficult. More positively, there were few concerns about cash for reinvestment, with Participants D, F and H all saying there were plenty of funds available for re-investment, an improvement on previous findings, but stakeholders also expected greater accountability (Participant C).

At local level there were immediate concerns (Participants A, F, H, J) about the impact of the Living Wage directive, with a direct impact on payroll, and indirectly affecting supplier costs, and so the impact on costs and profits was even higher than anticipated. Additionally, the quality and diversity of systems was concerning, particularly for the UK regional groups who had not experienced the level of investment of the major international brands. Participant H said that their systems `creak a bit' and others that the systems in place did not provide adequate financial

information to enable managers to understand their operational results. In turn this affects the ability of managers to control revenues and costs, with a consequent impact on performance and profits.

Therefore, many issues affect the role of the HFC, some being relevant to business in general and others specific to the industry. Understanding the context, therefore, is important to the role of the HFC, which will be explored further, below.

The role of HFCs

The role of financial managers generally has increased with the increasing responsibilities faced by managers (Hartman and Maas, 2011), both as an advisor and as the `police', with Kim et al. (2012) showing that this is likely to escalate in future years, albeit with continuing emphasis on the technical aspects of the role. There is no definitive job description applicable for all HFCs due to the variety of ownership and management structures, as outlined earlier, although HoSPA has produced a simple generic job description for an HFC (hospa.org, 2016). This commences with `to support and advise the ....management team in all areas of finance.... maximise profitability...ensure financial controls', and then gives a broad indication of the technical aspects. The role has been defined by Field (2006:454) as:

> `To be responsible for the hotel's accounting and financial management requirements. Managing the accounting department, procurement function and electronic data processing systems. To provide the general manager and unit management team with meaningful and timely information on the status of the hotel's performance. To assist proactively with cost containment, revenue enhancement, profit improvement opportunities and safeguarding of the company's assets.' (Field, 2006:454)

The HFC, therefore, requires both technical and managerial competences to perform their roles (Burgess, 2007; 2011), as in Figure 2, although the technical aspects are not within the scope of this paper.

Insert Figure 2 about here

Ownership structures influence the type of accounting undertaken within the unit and therefore the scope of the role. Where the hotel is operated as a single business (even if part of a group), then it is known as `self-accounting' and may produce all their own accounts (Burgess, 2013a). This requires the HFC to have extensive technical skills, as shown in the HoSPA simple job description (hospa.org). However, some companies have centralised their accounts processes (Espino-Rodriguez and Taylor, 2006), and here there are far fewer accounting functions performed within the units, and so the HFC may have lower levels of authority and responsibility. Despite comments about increased centralisation of systems the survey indicates that many hotels do produce their own accounts, with only 16% saying they were centralised (and only one of the interviewees). However, some of the

more specialist tasks may be centralised (such as credit approval: 49% of respondents, or insurances: 67%), and several of the interviewees said that they clustered some roles (Participants F and I, for example).

All managers are expected to act with ethics and integrity and follow standard operating processes according to company and legal requirements (Simons, 2012; McFarland, 2014). Where the hotel is self-accounting, HFCs have to complete formal accounting statements (Burgess, 2011), including tax returns, and so adhere to a range of regulations. Compliance generally was taking increasing amounts of time according to survey respondents, and this can be exacerbated if they also have to adhere to US Sarbanes-Oxley regulations, according to Participant I. He said that this causes additional `checks and balances' due to the requirement of extensive separation of duties.

These accounting structures also influence the amount of interaction that the HFC has with others. Previous research (Burgess, 2012a) has identified that HFCs interact with a range of stakeholders, at different levels, both internal and external to the company, as in Figure 3.   These earlier findings have been supported in the most recent research, with many respondents to the survey identifying a need to liaise with a variety of stakeholders, such as owners, banks, suppliers and customers as well as other managers and staff. All these stakeholders have different needs and expectations (Waligo, 2011), and so different approaches may be required. For instance, Participant F said that the HFC needs to `think like an owner', indicating that the HFC should be taking a different approach with external rather than internal stakeholders.

Insert Figure 3 about here

Within hotels, the major role of managers is to deliver customer service to optimise customer satisfaction and hence profitability (Jauhari, 2006; Jeffrey et al., 2002) for stakeholders. They work as part of a team to manage all aspects of the day-to-day operations, including customer care, quality and standards, managing staff and growing the business (Hancer et al., 2009; Jeffrey et al., 2002; Qiao and Wang, 2009). This includes the HFC who manage their own reporting teams, as identified by Field (2006:454). This supports generic research by Hales (2006) who has shown that all managers direct subordinates, utilising resources provided by senior management in order to fulfil their roles in operationalising strategic decisions and generating a return for investors (Heidemann Lassen *et al.,* 2009; Qiao and Wang, 2009).

Survey responses showed that more than half of respondents were managing more than 5 staff directly, and some respondents expected this to increase with the growth in activities. Some HFCs also had responsibility for other functions, Participant E saying that his HFCs also had responsibility for human resource activities in their small boutique hotels, mirroring results from the USA (Venegas, 2014b). More than a quarter of survey respondents were responsible for systems management, and a third also had duty management responsibilities, whereby they had responsibility for other staff outside of their functional area. As a result, the role is `growing' (Participant B), with Participant I saying that the leadership and advisory aspects are becoming more important.

The growing responsibilities of departmental managers for profitability have resulted in an increasing role for the HFC, both as an advisor and as the `police' (Gibson, 2002; Hartmann and Maas, 2011), in order to maintain the high ethical standards of compliance to regulations and company standards. The GM has overall financial responsibility for the success of the business, but the level of finance skills demonstrated by managers is low (Burgess, 2007; Nolan et al., 2010; Tesone and Ricci, 2006). Interviewees commented that they may be more sales-oriented (Participants G, C) and have less understanding of the cost implications, often as a result of being `home-grown' (Participant C) and long-serving (Participant G) and less accountable for profits. Participant G also commented that their culture was `not about cost control', supporting Participant H who said that `even GMs have a way to go' in understanding cost control.

Burgess (2007), Countryman et al. (2005), Pavlatos (2015) and Venegas (2014a) all stressed the importance of the HFC as a member of the management team in aiding managerial decision-making (Bangchokdee and Mia, 2016), supporting some of the generic findings by Hartman and Maas (2011) and Kim et al. (2012). Survey respondents said that this is likely to grow, with more analysis and interpretation to aid other managers, commenting that `it's more about interaction with other departments' and `more integrated with the operating units'. From the interviews, broad comments imply that departmental managers in the major international chains tend to have higher levels of financial expertise (Participants B, D, F), aided by better systems and financial information, whereas those in the regional hotels had extensive operational knowledge, but often largely limited to the optimisation of sales. Here the limited systems can also inhibit the ability of managers to control costs (Participants C, G, H), supporting comments from survey respondents. This lack of knowledge all impacts on the HFC, who may have to monitor costs and advise departmental managers as to where savings can be made.

All interviewees commented on the importance of the finance role, with Participants A, C and J emphasising the amount of support the HFC needs to give other managers in understanding the financial implications of their actions, an ongoing feature that has emerged throughout the literature. This includes aiding in the analysis of past data to identify issues, and using this in the planning processes, both short- and long-term (Jones, 2008). They also need to be able to help other managers identify new ways of doing business, by thinking innovatively and creatively, all to optimise profitability (Burgess, 2013b; Hancer et al., 2009).

Therefore, HFCs have continuing interaction with other departments, with one respondent commenting that `the actual finance role hasn't changed over the last 20 years, it's just the systems that have improved'. All these activities, therefore, require a range of managerial as well as technical competencies.

Competencies required of HFCs

The competencies identified in the hospitality, and accounting, areas are now applied to HFCs. The primary research has identified those competencies expected of HFCs, against which there is limited extant literature for

comparison. In 2004, Gibson's research reviewed their overall behavioural roles, but with little attempt to identify the relevant competencies, and latterly Venegas (2014a) in the USA has identified that presentation and communication skills are critical, plus an understanding of the impact of managerial decision-making. Further work in the US amongst HFCs has identified the financial skills required (Damitio et al., 2016) but have not explored the managerial aspects. The competencies identified in Table 2 are ranked in Table 4 according to the analysis of advertisements, and compared to those from the survey, where the proportion of `very important' or `some importance' from the respondents is shown. It should be noted, however, that not all competencies were addressed in the survey.

In order to compare the role with generic management accountants, data from similar research by Jackling and de Lange (2009), Bots et al. (2009) and Kim et al. (2012) is included. These may, however, be incomplete due to the different terminologies mentioned above. Although France (2010) performed a similar analysis of advertisements, his findings focused on the technical skills (the tasks required) rather than generic competencies.

Insert Table 4 about here

Overall the results from the advertisements and survey show far more connections between the hospitality competencies than the limited range found in the accounting literature. Hence the indications are that there is a greater match with hospitality rather than accounting managers. The adapted Testa and Sipe (2012) model can be used to analyse these competencies.

`Business-savvy' competencies:

From an HFC's perspective, the `business-savvy' aspects relate to the more technical aspects of their role, although some have a managerial focus. Unsurprisingly the highest rated skill in the advertisements and for management accountants was *financial awareness*, although it was still not mentioned in almost half the advertisements, perhaps being too obvious. Given the lack of skills of other managers (Burgess, 2011), this becomes even more relevant.

Those competencies that are linked to the technical aspects (`hard skills': Sisson and Adams, 2013) listed in the job description (hospa.org) such as *analysis* were highly ranked by all, this being essential for the identification of issues to enable future decision-making (Bangchokdee and Mia, 2016). Given the importance of budgeting and forecasting (Jones, 2008; Steed and Gu, 2009), it would be expected that *planning* would be an important skill, and the evidence from the survey confirms this. However, again this is far less important in the generic area, despite the confirmation of the increased role in supporting managers as evidenced by Kim et al. (2012).

In identifying issues and finding solutions in their complex environment, the survey showed that skills such as *problem-solving* are critical, but again have limited evidence in the generic area, suggesting that these might be

more important in this specific context, nor are they recognised in the accounting literature, again highlighting the differences in the role. Managers often need to be *innovative* in identifying opportunities (Burgess, 2013b) and this was also seen as relevant in both advertisements and survey, but only mentioned by Kim et al (2012) for accountants.

`People-savvy' competencies

HFCs manage their own teams in their departments, and also act as a member of the management team (Burgess, 2011; Field, 2006;, Gibson, 2004). *Teamwork* ranked second-highest in the advertisements, after financial skills, and also highly for the survey respondents and for two of the accounting researchers. However, Bots et al. (2009) do not mention this directly (combining it with leadership), compared to the importance cited by other accounting researchers such as Paullsson (2012).

The complex role of HFCs means that they *communicate* with a wide range of stakeholders on a daily basis, as in Figure 2, and this was cited as the most important competence in the survey, with 100% rating as `very important', supporting the evidence from the advertisements (third-ranked). Although Jackling & De Lange (2009) also rated it as their top skill, it was lower-ranked by the other two researchers. The related skills of *listening* or *negotiation* were not mentioned in any depth in the accounting literature or in the advertisements, despite being important to HFCs themselves. This reinforces the multi-tasking description of HFCs given by Echenberg (2010) and the interaction with many people that is an integral part of hotels.

Jeou-Shyan et al (2011) indicated that *leadership* was one of the most important competencies for hospitality managers, and this is supported by both advertisements and survey. The Bots et al. (2009) research showed this as very lowly ranked, compared with Kim et al's.(2012) leadership focus. HFCs are expected to take a leadership role both within their own teams and in discussing financial aspects with other managers, according to both survey respondents and interviewees. Participant I said that `a lot of leadership is required' and Participants B and D that the HFC was expected to lead in challenging the financial results. Leadership is linked to *motivation*, managers needing to motivate both their staff and themselves, so this also a `self-savvy' competence that was found in a quarter of the advertisements.

In managing their teams and fulfilling the expectations of the role of the department, HFCs also need to *train* their reporting staff (Burgess, 2011), as extensively argued throughout the hospitality area (Quinn, 2003;, Weber et al., 2013). It was mentioned in 29% of the advertisements and was extensively commented on by the interviewees, with all the major companies providing extensive training to their staff. Participants referred in particular to the importance also of training other managers in financial skills, with many HFCs actively involved with this within their units. However, it was not mentioned as a competence by the accounting researchers, although this may be due to

the more formalised accounting education and training system that is used (see CIMA, for instance: cimaglobal.com).

There is extensive literature in the area of *cultural awareness* in hotels with their culturally diverse workforce as well as clientele (Quinn, 2013; Sourouklis and Tsagdis, 2013). Although HFCs main roles are not customer-facing, they may well interact with customers as part of their duty management responsibilities, and will certainly meet with many types of staff. This was endorsed by the survey respondents, more than half of whom said that cultural awareness was `very important', and the rest `fairly important'. There were also several comments from survey respondents about being `increasingly *customer-focused*' or `must be customer-centric'. The analysis of job advertisements, however does not show any evidence of this, nor do any of the accounting results, despite management accountants having client responsibilities (cimaglobal.com). It may be that this is a competence that is expected of all managers, but given that other key competencies are clearly mentioned this omission seems somewhat surprising.

`Self-savvy' competencies

The extensive and complex workload of HFCs, evidenced by both the HoSPA job description and the tasks identified in the survey, mean that they must *manage their time* effectively to meet their deadlines. This competence scores very highly in both advertisements and survey, supported by a need for good *organisational* skills, although little is explicitly mentioned in the literature. Only Jackling and de Lange (20009), however, mentioned time management and organisational skills were lowly-ranked by Bots et al. (2009). At the same time, managers need to be *flexible* (Tavitiyaman et al, 2014), and able to respond to changing circumstances in the varying business patterns that are found in hotels, and be able to suggest alternatives, using their innovation and problem-solving skills as above.

The importance of adhering to standards and regulations (compliance') has been shown as an important aspect of the HFCs role, at both unit and corporate level (Burgess, 2011; Simons, 2012). The HFC, therefore, needs to operate with high levels of *ethics and integrity* to ensure compliance as well as optimum profitability and cash flow. The ability to adhere to these is partly dependent on the HFC remaining up-to-date with industry and managerial practice, and hence *self-development* also becomes an important part of their role, cited by two-thirds of survey respondents. This relates both to professional development (Burgess, 2011), but also to the learning by experience cited by Li et al. (2013) as critical to hotel managers growth. In the accounting area there is extensive discussion of the need to remain current in the technical areas (see cimaglobal.com, for instance), but little regarding managerial skills. Therefore, the HFC must adopt a *strong work ethic and professional approach,* the results supporting earlier findings by Burgess (2011).

The importance of operational experience

The comparison of these competencies has identified that there are some similarities between HFCs and accountants, although they appear to demonstrate far more of the hospitality competencies. However, further discussion of the industry context is necessary.

The hotel industry is `different', with Espino-Rodriguez and Gil-Padilla (2015) commenting on the complexity of hotel operations, supporting earlier work by Ribeiro-Soriano and Urbano (2010). Evidence from the primary research demonstrates that HFCs need a range of management competencies that are focused towards this specific industry context, as understanding this is critical (Giousmpasoglou, 2014; Cheng and Wong, 2015). Therefore, in addition to the generic competencies, many authors (Quinn, 2013; Walsh et al., 2015, for instance) have stressed the importance of a service orientation, and in particular the benefits of operational experience. The traditional route into the HFC role (Burgess, 2011) has been via industry experience, often in an operational role, and then moving into the finance area, gaining professional qualifications whilst in the work place, although there are also some direct routes into hospitality finance available to graduates, such as those offered by several major international hotel groups. This enables the combination of experience and specialism.

Supporting other managers in their decision-making is a critical part of the HFC role and, as shown above and restated by Venegas (2014a), they must have a strong understanding of all aspects of the operation, including customer behaviour, supporting Singal's (2015) arguments of the importance of applied expertise. This was evidenced by two thirds of the advertisements specifying hospitality experience and all survey respondents saying that they had operational experience, many with more than one operational role. When this is combined with data on length of employment in the industry it suggests that many had worked in the operational areas before moving to finance, supporting earlier findings by Gibson (2004) and Burgess (2007, 2011). The interviewees also commented on the importance of the HFC understanding the operation, with Participant B stating that this knowledge will help challenge operational decisions to ensure that the optimum approach is taken. Given the lack of financial expertise discussed earlier, the HFC must be able to understand the complexities of the hotel operation, and the inter-relationship of the different areas, with Participant F saying the HFC `must know the business'.

There is some evidence in the accounting area of the importance of work experience, particularly by Jackling and de Lange (2009), but there was very little exploration of the development of customer-service skills, despite the liaison with clients as demonstrated in the job descriptions supplied by CIMA (cimaglobal.com). For HFCs, however, these are seen as critical by all commentators, and has been re-emphasised in the primary research. Therefore, further differences between generic accountants and HFCs are evidenced.

Conclusions

The question that was asked was 'are they hospitality managers or accountants – or something different?' The evidence suggest that HFCs require a wide range of general management competencies (as applicable to all

hospitality managers) as well as the technical skills for their areas of work. Their role continues to be that of supporting other managers, analysing reports and helping other managers make effective, informed decisions. This requires skills in problem-solving, planning, leadership and teamwork, as in Table 4, all of which appear to have a much higher relevance than those found in the generic accounting roles. This additionally necessitates expertise and knowledge of specific industry characteristics such as perishability, ownership patterns, capital intensity and changing markets in a dynamic and complex environment. The challenges facing the industry, such as difficult market conditions (particularly regionally), increasing technology, payroll costs and lack of investment require managers to plan carefully and make informed decisions. Understanding this industry context, preferably via operational experience, enables HFCs to be key members of the management team and therefore a hospitality background, probably at operational level, is preferred.

The implications for industry are the need to recruit HFCs who have the management competencies plus the necessary operational experience, as well as the technical skills, whilst enabling them to gain professional qualifications. This will enable them to understand the complexity of hotel operations and then advise departmental and general managers as to the most appropriate actions within the context, for optimum profitability. It is this combination that makes the HFC a valued member of the management team, according to both the current and previous research in this field, raising the profile and status of the industry. For individuals, even those who have graduated in another field, such as accounting, the gaining of practical operational experience will be invaluable for their future career success. As one HFC from the survey said `it takes a certain type of person to work in hospitality – very dynamic, great people'.

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Table 1 Participants in interviews (financial managers only)

Participant	Role	Hotels type (all UK-based)
A	Financial Controller	Regional country medium-sized hotel.
B	Regional Finance Manager	Major global international 5* brand.
C	Financial Director	Regional country-based group, individual historic hotels
D	Area Financial Controller	International 5* deluxe brand.
E	Financial Director	Small boutique hotel group
F	Area Director of Finance	Luxury international brand
G	Director of Finance	Two historic regional hotels
H	Financial Director	UK Regional group
I	Regional Director of Finance	Major global international 5* brand.
J	Financial Director	Single-city boutique group

Table 2   Critical competencies for hospitality managers

Competencies	Summary description	Examples of recent key authors identifying these competencies
Analysis	Examine methodically, explain & interpret	Koenigsfeld et al (2012), Sisson & Adams (2013), Hodari & Sturman (2014)
Communication	A share or exchange of ideas, both verbal and non-verbal	Jeou-Shyan et al (2011), Koenigsfeld et al (2012), Simons (2012), Testa & Sipe (2012), Tavitiyaman et al (2014), Alhelalat (2015), Jones & Jack (2016)
Cultural awareness	Understanding the impact of customs, ideas and behaviour of particular social groups	Nolan et al (2010), Testa & Sipe (2012), Madera et al (2013), Quinn (2013), Sourouklis & Tsagdis (2013)
Ethics and integrity	Having moral principles and conduct	Tesone & Ricci (2006), Nolan et al (2010), Ricci (2010), Koenigsfeld et al (2012), Simons (2012), Weber et al (2013)
Financial skills/ awareness	Manage resources and understand figures	Burgess (2007), Blayney (2009), Zehrer & Mossenlechner (2009), Nolan et al (2010), Testa & Sipe (2012), Jones & Jack (2016)
Flexibility	Able to change readily to meet new circumstances	Ricci (2010), Tavitiyaman et al (2014)
Innovation/ entrepreneurship	To introduce new methods or ideas	Blayney (2009), Hancer et al (2009), Ricci (2010), Testa & Sipe (2012), Burgess (2013b), Campo et al (2014), Nicely & Tang (2015)
Leadership	Heading a group and taking decisions on their behalf	Blayney (2009), Asree et al (2010), Jeou-Shyan et al (2011), Koenigsfeld et al (2012), Quinn (2013), Tavitiyaman et al (2014), Cheng & Wong (2015)
Listening	Giving ones attention to another person's words	Tesone & Ricci (2006), Zehrer & Mossenlechner (2009), Koenigsfeld et al (2012), Lolli (2013), Weber et al (2013)
Motivation	Desire to do something, enthusiasm	Blayney (2009), Zehrer & Mossenlechner (2009),Weber et al (2013)
Negotiation	Reaching an agreement with others by discussion	Zehrer & Mossenlechner (2009), Quinn (2013)
Organisation	Systematic approach to tasks	Blayney (2009)

Planning	The ability to decide what to do in the future, to prepare	Blayney (2009), Testa & Sipe (2012), Tavitiyaman et al (2014)
Problem-solving	Ability to deal with unwelcome issues or difficult things	Zehrer & Mossenlechner (2009), Nolan et al (2010), Cheung et al. (2010), Ricci (2010), Jeou-Shyan et al (2011), Li et al (2013), Wang (2013), Weber et al (2013), Alhelalat (2015)
Professionalism/ work ethic	Being competent and skilful and using appropriate behaviour in business	Nolan et al (2010), Ricci (2010), Testa & Sipe (2012), Tavitiyaman et al (2014), Cheng & Wong (2015)
Self-development	Growth or achievement	Zehrer & Mossenlechner (2009), Testa & Sipe (2012), Giousmpasoglou (2014)
Service orientation/ customer focused	Dealing with people who buy goods and services	Li et al (2013), Quinn (2013), Wang (2013), Giousmpasoglou (2014), Lynch (2014), Ahelalat (2015), Cheng and Wong (2015), Walsh et al (2015)
Strategic thinking	Long-term consideration of future action	Cheung et al. (2010), Testa & Sipe (2012), Tavitiyaman et al (2014)
Teamwork	A group of people working together for combined effective action	Nolan et al (2010), Testa & Sipe (2012), Weber et al (2013), Quinn (2013), Tavitiyaman et al (2014), Alhelalat (2015), Cheng & Wong (2015)
Time management	Effective management of one's work	Nolan et al (2010), Testa & Sipe (2012)
Training	Teaching people a skill or behaviour through regular practice and instruction	Avril & Magnini (2007), Nolan et al (2010), Koenigsfeld et al (2012), Quinn (2013), Weber et al (2013)

Figure 1 Hospitality competency model

Business savvy	People savvy	Self savvy
•Planning	•Interpersonal	•Accountability
•Numberwise	•Communication	•Professionalism
•Continuous improvement	•Expressive service	•Self-development
•Strategic decision-making	•Team orientation	•Time management
•Systems thinking	•Coaching & training	•Spirit of optimism
•Technical service	•Inspirational	•Change management
•Results oriented	•Cultural alignment	
	•Networked	

Source: Testa & Sipe (2012)

Table 3 Competencies required of management accountants

Competencies	Examples of recent key authors identifying these competencies
Communication	Lawson et al. (2006), Bots et al. (2009), Jackling and de Lange (2009), Paulsson (2012)
Ethics	Lawson et al. (2006), Bots et al. (2009)
Flexibility	Bots et al. (2009)
Leadership	Bots et al. (2009), Jackling and de Lange (2009), France (2010), Kim et al. (2012),
Operational knowledge	Paulsson (2012)
Organisational skills	Kim et al. (2012)
Planning	Bots et al. (2009), Paulsson (2012), Kim et al. (2012)
Problem-solving	Lawson et al. (2006)
Teamwork	Jackling and de Lange (2009), Kim et al. (2012), Paulsson (2012)
Training	France (2010)
Work experience	Jackling and de Lange (2009)

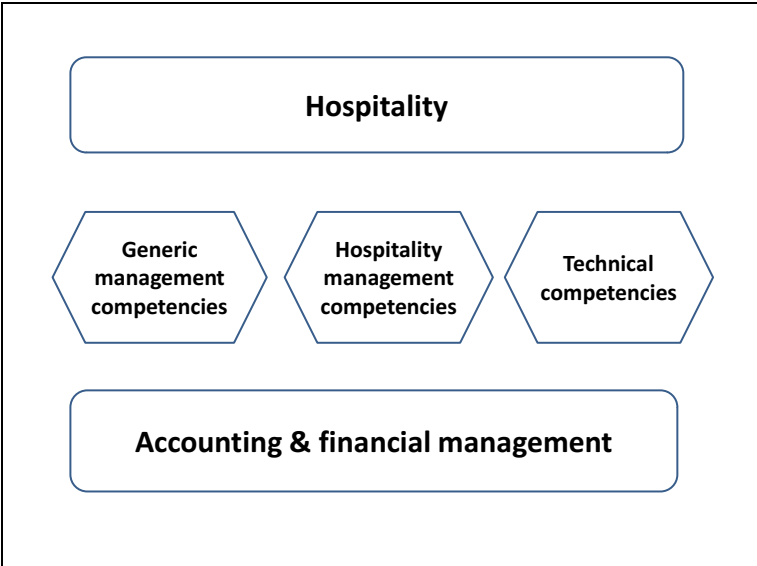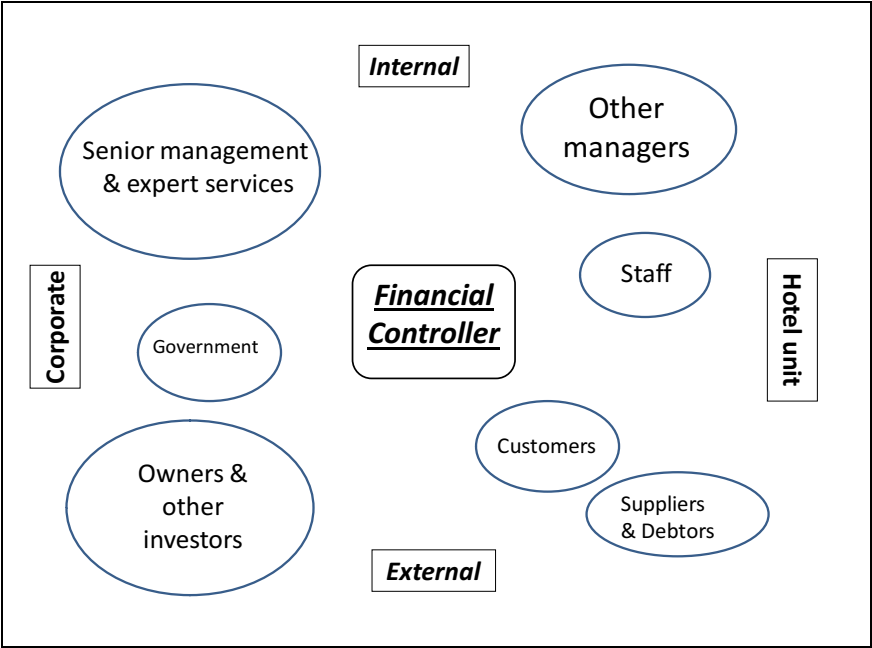Figure 2 Conceptual model of the role of the HFC

Figure 3   Stakeholders of HFCs

Source: Burgess, 2012

Table 4 Competencies Required of HFCs

	Advertisements for HFCs		Survey of HFCs: `importance'		Jackling & de Lange (2009)	Bots et al (2009)	Kim et al. (2012)
	rank	%	very	some	rank	rank	rank
Financial awareness/numeracy	1	51.6%			4=	1=	5
Teamwork	2	48.4%	89.7%	10.3%	9=		8=
Communication	3	41.9%	100.0%		1=	9=	8=
Time management/ deadlines	4	38.7%			7=		
Leadership	5	32.3%	82.8%	17.2%		32	1=
Analysis	6=	29.0%			4=		6
Training	6=	29.0%					
Motivation self and others	8	25.8%					
Planning	9	16.1%	82.8%	17.2%		18	7
Customer focused	10=	12.9%	48.3%	34.5%			
Ethics and integrity	10=	12.9%			10=	3=	4
Presentations	10=	12.9%	27.6%	51.7%			
Flexibility	13=	9.7%			3=	3	6=
Innovation	13=	9.7%	48.3%	41.4%			13
Organisation	13=	9.7%	82.8%	17.2%		38	
Strategic thinking	13=	9.7%	79.3%	20.7%			
Professionalism/work ethic	13=	9.7%			6=		11
Problem-solving	18	6.5%	96.6%	3.4%	2=		
Self-development	19=	3.2%	62.1%	37.9%			
Listening	19=	3.2%					
Cultural awareness		0%	51.7%	48.3%			
Negotiation		0%	62.1%	34.5%			