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# Multiple stakeholders and middle managers: the role of the hotel financial controller

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Multiple stakeholders and middle managers: the role of the hotel financial controller

## Abstract

*This article explores the key characteristics of the specific stakeholders for one type of middle manager, the hotel financial controller. Eleven semi-structured interviews amongst financial personnel showed that although some owners require on-going profits, and have high expectations of middle managers others may take a more long-term view and be less demanding. Head offices provide systems and services for the unit but a lack of efficiency and strategic planning affects the ability of managers to do their job. The middle manager must take a proactive intrapreneurial approach in communicating and implementing corporate strategic decisions within the unit, and in managing the multiple stakeholders, but in return requires more guidance, resources and support from senior management.*

Key words: middle manager, stakeholders, hotels, financial controller, intrapreneurship,

## Introduction

Organizations have stakeholders - `groups and individuals that affect, or are affected by, the accomplishment of organizational purpose ' (Freeman, 1984:25) – who can be internal or external to the organization. External stakeholders include investors and owners, customers and government, whereas internal stakeholders include employees and managers at various levels. They have different expectations of the organization, whether return on investment, customer satisfaction or security of employment, which must be proactive (Wickham, 2006:197, Donaldson and Preston, 1995) in responding to the various expectations of these stakeholders, as they may depend on them for funds for re-investment, sales, supply of labour or statutory information. Altinay and Miles (2006) point out that much of the literature on stakeholders is `homogenous', requiring different approaches to stakeholder relationships within an organisation.

Organizations need to respond to these expectations and, in the current climate of global economic uncertainty (Stanton and Sandwell, 2008, People1st, 2010), management must make effective decisions at strategic level (Johnson and Scholes, 2002:206, Kuratko, Hornsby and Goldsby, 2007). In particular it is the middle manager who converts these decisions into day-to-day activities (Floyd and Wooldridge, 1992) to meet the stakeholders' expectations. They are expected to be proactive and act as `internal corporate entrepreneurs' – ` intrapreneurs' (Geisler, 1993) - in suggesting solutions that will benefit the organization as a whole. Geisler (1993) argues that middle managers have to consider not only the needs of senior management and reporting staff, but also all stakeholders that affect them, to ensure optimum success for the organization (see also Kuratko et al, 2007, Johnson and Scholes, 2002:206, and Wickham, 2006:197, amongst many).

Research into middle managers has tended to focus on either the broad generic role (Geisler, 2003 or Osterman, 2008, for instance) or to explore their role in a single large corporation (Newell and Dopson, 1995). There has been little attempt to review the role of the middle manager in helping organizations manage the expectations of the different stakeholders within the context of a single industry such as hotels, despite authors such as Hales and Tamangani (1996) commenting on the influence of the industry context on managerial work. Although there is a wide range of literature on middle managers, and some in the hotels area, this has tended to focus either on all middle managers or on a specific aspect of the role – such as implementing quality (Keating and Harrington, 2003) or management competencies (Siu, 1998) There has been little attempt to look at a single management role within this industry (or any other) and to identify whether there are particular issues that impact on the middle manager’s ability to manage their relationships with their stakeholders.

The majority of hotels are very complex in structure (Jones and Lockwood, 2000) with several different types of activity within the single property (accommodation, restaurants, leisure and so on) and a highly perishable, 24-hour operation (Field, 2006). They tend to operate as single business units, even if they are owned and managed by a group, perhaps under a brand affiliation. Under the leadership of a General Manager (Brophy and Kiely, 2002), larger units will maintain a team of middle managers (Siu, 1998) who, depending on their area of responsibility, have different relationships with the various stakeholders of the hotel unit, whether to senior management, their own departmental staff, or external stakeholders such as owners, banks or government agencies (Adams, 2006:10-11). The aim of this article is to explore the role of one type of middle manager and to identify the issues in managing the expectations of their different stakeholder groups, using the hotel financial controller (Brophy and Kiely, 2002) as an example. Stanton and Sandwell (2008) call the financial controller a `business partner at the heart of the organization’ and show the importance of their generating management information at different levels, in increasingly complex business environments.

Firstly, a limited review of the expectations of the various types of external stakeholder and their relationship with the organization will be identified. The broad role of middle managers will be discussed and the internal stakeholders and their expectations that relate to them will be described, including those aspects relating directly to hotel middle managers. The need to take an intrapreneurial approach to their activities from the perspective of these stakeholder relationships will be reviewed, although it is not the intention here to explore the concepts of intrapreneurship in depth. Findings from a recent research project will then be presented that explore the relationship between the hotel financial controller and their stakeholders, conclusions drawn as to the complex role that they must undertake, and the consequent implications for senior management.

External Stakeholders

Stakeholders can be either internal or external to the business. Table 1 shows the key types that are common to most organizations, and the different expectations that are relevant to the various types.

Table 1 Types of stakeholder and their expectations of the organization

INSERT TABLE 1 ABOUT HERE

For many of the external stakeholders the principal source of information will be annual reports published by the company (Hilton, 1994:9), being legal documents that provide a range of data to inform stakeholders and other interested parties as to the state of the company. Other reports that are available may come from analysts (Croston, 1995) or from the company. The expectations of stakeholders such as customers are met in different ways, as these relate to the quality of product and service that is delivered at the time of purchase (Murphy and Olsen, 2008) and so communication rather than reporting is more important (Freeman, 1984:193). Communication is also vital to other stakeholders, whether regarding new products or strategic direction, and both Wickham (2006:326) and Freeman (1984:193) emphasise the importance of identifying the types of communication that the different stakeholders expect, and the role of managers in meeting and exceeding their expectations (Wickham, 2006:197, Croston, 1995). Friedman and Miles (2004) remind us that stakeholders have not only financial expectations of the organisation, but their own `aims and strategies’ that influence the relationship and affect the responses of managers.

Traditional approaches have considered investors (stockholders) as the primary stakeholders of a firm (Freeman, Wickes and Parmar, 2004), but it is `dangerous’ to concentrate on just the financial investors (Freeman, 1984: 105) as other stakeholders may have equal, if different `rights’ (Freeman et al, 2004) in the organization. More recently, organizations have seen the benefit of taking a `stakeholder management perspective’ (Rollinson, 2008:61) that addresses the needs of all stakeholders at the same time, although perhaps with different levels of emphasis (Johnson and Scholes, 202:206, Kuratko et al, 2007). The varying criteria shown above can be complementary, but can also be contradictory and hence

potentially cause conflict (Freeman et al, 2004, Johnson and Scholes, 2002:207). As an example, cost savings may enhance profits (a benefit to shareholders) but may be at the expense of jobs (affecting employees, and possibly unions). It is, therefore, one of the responsibilities of management to `select activities and direct resources' (Donaldson and Preston, 1995) to optimise the benefits for all stakeholders, within the context of the industry and organizational culture. However, both Savage, Nix, Whitehead and Blair (1990) and Susniane and Vanagas (2007) also remind us that some stakeholders may be more important to the organization, and take more support in order to satisfy their diverse expectations.
Stakeholders may have different levels of influence and power at different times - `salience' (Boesso and Kumar, 2009, Kuratko et al, 2007) - that affect the relationship between themselves and management. Using a `multi-constituency' (Rollinson, 98:444) or `partner' (Handy, 1993) approach recognises that managers must maintain simultaneous – but not necessarily equal - relationships with all relevant stakeholders (both formally and informally – Preston and Donaldson, 1999), that then allows a broad view of the relevant criteria to be taken (Rollinson , 98:444). Pfeffer and Salancik (1978) have commented on the impact that these external constraints may have on managerial behaviour, and the time and effort required to balance stakeholder relationships (see also Boesso and Kumar, 2009).

Although in principle hotels have the same key stakeholders as many other organizations (Zhao and He, 2008), they can show very diverse and complex ownership structures. The majority of organizations tend to be large corporations – and much of the literature is focused on this - but many hotels operate as small businesses reporting to an owner, often as a single unit but also in small groups (Field, 2006). The majority of larger groups (Field, 2006) now separate the ownership from the day-to-day operation, either leasing hotels from a property company, or operating a management contract or franchise under a leading brand name (Whittaker, 2006). Properties may be wholly owned by a single organization, or part-owned by (for instance) an investment company, the brand operator and a major bank that has provided the capital (Field, 2006), all of whom identify themselves as having separate interests as stakeholders – and whose needs must be met by hotel management.

Harrison (2003), deFranco (2006) and Olsen, West and Tse (1998:79) have all shown that the needs of hotel financial stakeholders largely mirror those from the generic literature, being return on their investment, `good' reports and regular and informative communication. They cite the importance of both quantitative and qualitative data, particularly ratios and other benchmarks, that are specific to the industry - with a strong emphasis on forecasting of cash and profits. Olsen et al (1998:79) point out that external stakeholders do not always understand the inter-relationships of the various products and services, and so it is not always possible to achieve their expectations.

When operating a group structure, senior management at a head office will take decisions at a strategic level and provide specialist services (tax, asset management and so on) as well (May, 2002:13, Mullins, 2001: ch.6) as being the principal link between the owners and the units. This creates another key stakeholder that affects the role of the middle manager, who also requires information for planning and control (May, 2002:15). Although much of this may be readily available through technological systems, a head office may still require additional reports and explanation of both past results and future forecasts.

For smaller, independent businesses, there can be additional pressures from direct owner involvement. Both Akrivos, Ladkin and Reklitis (2007) and Haktanir (2003) have emphasized the importance of internal personal communication between management and owner. For many small businesses (Haktanir, 2003:274-276) the owner may have direct hands-on involvement in management decision-making. However, the tendency to involve family members, regardless of ability or experience, can create some difficulties between the owners and employed managers, particularly in the decision-making processes. These are less evident where the owner takes a hands-off approach (Haktanir, 2003:276), but there still may be difficulties in communicating the various issues if the owner is resident at a distance. Even where large brand management companies are involved (Gannon, Roper and Doherty, 2010) property owners may still `interfere' with the management of hotels, causing conflict (Altinay and Miles, 2006) between local practice and corporate values and affecting relationships between the owners and management. Hence, say Gannon et al (2010) the ability to manage the `delicate' relationships with key stakeholders has become a `vital skill' for managers.

Customers have multiple relationships with different types of staff within an organization, depending on the type and complexity of the purchase (Croston, 1995). Some employees, such as those in finance and other administrative roles, may have little customer contact. There can be a wide variety of suppliers of goods and services (Schmidgall, 1997: ch.1,12), many of whom may be located in the local community, as are local trade associations, media and others. At a broader external level there may be relationships with national government agencies, tax and legal authorities (Naylor,1999:169, Adams, 2006).

As a result, von Friedrichs Grangsjo, and Gummesson (2006), building on other generic authors, have suggested a framework of `multiple networks' of relationships between hotel stakeholders, as shown in Figure 1. These may be at different hierarchical levels, so both managers and staff may interact with guests, head office with staff as well as managers (discussed further, below), and owners with all levels. They cite several elements as being important in `building social capital' between the various participants including active dialogue, efficiency, trust and sharing information.

Figure 1 Hotel Stakeholder networks (adapted from von Friedrichs Grangsjo and Gummesson, 2006)

INSERT FIG 1 ABOUT HERE

From the generic literature the key external stakeholders have been identified as being owners and lenders, customers, suppliers and government. These all have different expectations from the organization that may be financial, but may also relate to stability of the business and ongoing customer satisfaction. For an industry such as hotels, the type of ownership may affect the degree of influence (salience) on the management of stakeholder relationships. Stakeholders expect information from the organization whether by formal routes such as annual reports or by less formal communication direct from management. Middle managers play an important role in both communicating and implementing head office strategy for the benefit of both external and internal stakeholders. Their role and their internal stakeholder relationships will now be reviewed.

Middle managers and internal stakeholders

Much of what managers do is controlled by systems and resources of the organization (Hales, 1999). They are `both manager and managed', reporting to senior managers as well as managing others beneath them. Different managers have different levels of responsibility (Hales, 1999) and those defined as `middle managers' are in the middle – they are the link between senior management at corporate office, and supervisors and workers within the individual business unit (Kuratko, Ireland, Covin and Hornsby, 2005, Geisler, 1993). However, McConville (2006) sees the definition as rather `vague' with an `imprecise set of roles' which may be `complex and often contradictory'. This is supported by Hales (2006) who discusses the broad characteristics of middle managers (who `manage other managers' as well as business) compared to first-line managers who manage staff, are accountable for their actions but have limited control.

Middle managers communicate the strategic decisions of senior managers and activate these on behalf of the organization (Osterman, 2008:5), acting as `the glue that holds the organization together' (Osterman (2008:8). Their principal activity is to deliver targeted outcomes (Qiao and Wang, 2009) to specified deadlines, `co-ordinating and communicating' at all levels via standard daily processes and systems (Hales, 1999 and 2001, Raghu Rahman, 2009). Many views of the middle manager role take a generic perspective of their activities, focusing on the `gatekeeper' aspect (Heidemann Lassen, Vejrum Waehrens and Boer, 2009) whereby they operationalize and implement different aspects of senior managers' strategic decision-making. Raghu Raman (2009) and Harrington and Williams (2004) also explore the role of middle managers in implementing strategic decisions, with the latter emphasising the importance of commitment if the strategy is to be successful.

The role of the middle manager has become `broader and more interesting' (Osterman 2008:8). They translate the strategic direction of senior management (see Geisler, 1993. Floyd and Wooldridge, 1992 and 1997, amongst many) and relay the information (acting as a `hub' - Kuratko et al, 2007) back to their own units for conversion into action and so are of critical benefit to the organization. Hence the principal internal stakeholders that interact with middle managers are senior managers, other managers, and employees. Much of the formal information that is supplied for management is via internal reporting frameworks (Hilton, 1994, Hales, 1999) that help them plan, control and make decisions, but this should be supplemented by appropriate communication and an effective organizational structure (Raghu Rahman, 2009, Hornsby, Kuratko and Zahra, 2002)

However, middle managers also interact with other stakeholders (Kuratko et al, 2007, Freeman, 1984:229), from whom further issues may arise (Currie and Proctor, 2005) that require communication and management action so there is a perception that the middle manager can be a `piggy in the middle' (McConville, 2006) or go-between who has to negotiate (Hales, 1999) and react to the needs of others (Hales, 2001). Heidemann Lassen et al (2009) describe this as `structured chaos' and comment on the difficulties for managers in meeting the demands of the different stakeholders. Much goodwill and trust (Yan Zhang, Tsui, Jiwen Song, Li and Jia, 2008) is expected of middle managers and their staff (McConville, 2006) but this can also lead to conflict and tension (Hales, 2001). Hence middle managers have to be able to mediate as well as communicate in order to balance the expectations of these various stakeholders.

The extension of the middle manager's role to a broader organizational context (external stakeholders as well as internal management) has resulted in a more entrepreneurial approach being required to cope with their demands. Geisler (1993), amongst many, calls this `intrapreneurship', whereby a manager demonstrates entrepreneurial behaviour within a strong organizational framework. Intrapreneurs `endorse, refine and shepherd' (Kuratko et al, 2005) and `identify, acquire and deploy resources' in order to implement the requirements of senior management. They look for innovative solutions and initiate change themselves, creating value for stakeholders (Wickham, 2006:293, Lowe and Marriott, 2006, and see also Kuratko et al, 2007 and Hisrich, Peters and Shepherd, 2005:50) and hence, Geisler (1993) argues, are more successful in their jobs and careers.

All this means that middle managers have a heavy workload, with conflicting demands on their time – what McConville (2006) calls `role dissonance' whereby they are have to meet the often conflicting demands of different managers (see also Hales, 2001), mediating between them in order to find the optimum solutions for the business. Not only do middle managers have to accept the organization's goals but, say Newell and Dopson (1995) they must be committed to the required action (see also Dollinger, 2003:340). This can provide opportunities for middle managers, but Currie (1999) has discussed how they can block change if they are unsupportive, with a consequent impact on both managerial and other relationships, and ultimately on the organization's success (Wooldridge, Schmid, and Floyd, 2008).

Hence it is essential that senior management are supportive and communicative, promoting two-way discussions, and being receptive to middle managers' opinions (Mantere, 2006), including failures as well as successes. They should not issue conflicting demands (Fenton-O'Creevy and Nicholson, 1994) so that they can all work together in the interests of the organization. Although senior management may not always see middle managers' competencies in the same way (Qiao and Wang, 2009), they must recognize that middle managers' make a contribution to the organization's success (Osterman 2008:171) and hence are a resource to be developed and encouraged (see also Floyd and Wooldridge, 1997 and Harrington and Williams, 2004).

Hotel Financial Controllers as middle managers

Given the diversity of middle managers, the specific features of one type, the hotel financial controller, will now be explored. Using Hales (2006) definition of a middle manager being one who manages other managers, hotel financial controllers (who may be called a financial director – Burgess, 2006) work in hotel units with junior managers reporting to them. Kilic and Okumus (2005) specifically identify the controller as a middle manager, and other authors (Siu, 1998, Keating and Harrington, 2003) have also classified this layer of management – reporting to the general manager – as `middle managers', Financial controllers typically report to both their general manager (of their unit) and to the financial director of the company (Burgess, 2006).

Hotels that are independently owned usually operate their own financial systems (Burgess, 2004, 2007) and also tend to have a strong relationship with the owner/s, who demand a range of financial information (Haktanir, 2003) that demonstrate the performance of the hotel, whether by sales and costs or cash flow for both past and future. Those hotels that are part of a group tend to have standardised reporting (Burgess, 2004) managed via head office-based systems, with head office acting as the link to owners. Although in many established groups these systems are well-designed and fit for purpose, there have been comments as to the slow development of technology within hotels (Burgess, 2006) with a consequent impact on systems, controls and hence profitability.

Standardised systems tend to result in what Hales and Tamangani (1996) call `complex networks of information', whatever the type of hotel, and reporting and communication lines may be well established (Morrison, Rimmington and Williams, 1999, Mongiello and Harris, 2006). Management accounts usually use standard reports (USALI, 2006) that include a range of financial and non-financial information. Mongiello and Harris (2006) have shown that hotels also produce their own internal data that helps them better manage their areas, and is separate from the information required by other stakeholders (such as analysts' reports and formal annual reports, as in the generic literature). These include forecasts and comparison with industry benchmarks (deFranco, 2006, Jeffrey, Barden, Buckley and Hubbard, 2002) against both competitors and past results. This is supported by Croston (1995) who, in looking at critical success factors for hotels, considered that a high level of `monitoring, measurement and feedback' together with active involvement from management was essential.

Olsen et al (1998) have stressed the importance of communication between levels of management and that this encourages an entrepreneurial approach. However, Indjejikian and Matejka (2006), as an example, comment on how corporate control can `undermine' local decision-making to the detriment of the overall organization, supported by Altinay and Altinay (2004) who commented on the frustrations of managers at the slow decision-making that could result from centralized controls. If the organization wishes for managers to take a more entrepreneurial approach they must create the structure (Hancer, Bulent Ozturk and Ayyildiz, 2009) and approach to decision-making (Altinay and Altinay, 2004) to facilitate this. The financial controller needs to act as an interpreter and link between head office and local management and the potential tension between these, as found in the generic literature (Hales, 2001) can be channelled into a more productive approach, say Mongiello and Harris (2006), with opportunities for middle managers to identify opportunities for improvement that benefit the organization as a whole.

Kuruuzum, Anfarta and Irmak (2008) discuss the need for supportive managerial relationships within hotels, building on work by Burgess (1995) and Harrison (2003), in order to improve managerial decision-making and hence optimise sales, costs and profits for the benefit of stakeholders. Burgess' work (2007 and 1995) shows how the financial controller supports the management team by providing information and in helping other managers analyse and interpret data, and forecast for the future in a volatile market (also Zoni and Merchant. 2007). Gibson (2004) also stressed the importance of being an advisor to management and being a `proactive problem-solver' who can both identify issues and suggest solutions for the benefit of the hotel and organization as a whole, matching the generic definitions of a middle manager, above. However, in hotels there have been criticisms that those in operational middle management roles lack financial and business skills (Burgess, 2007), partly due to a lack of support for the development of these from senior management. Other authors such as Keating and Harrington (2003), Kilic and Okumus (2005) and Hancer et al (2009) have also emphasised the importance (to organizational success) of senior management in providing the resources and support that middle managers need in the hotel, supporting generic findings as above. Hence, says Burgess (2007) the controller is relied upon as a business advisor, particularly if the general manager also has limited financial expertise.

In summary, the review of literature has discussed the various stakeholders that are interested in the organization, and identified those of specific relevance to hotels. The role of the middle manager has been explored, with particular emphasis on the issues arising from their relationship with the various stakeholders, and the need for them to take an entrepreneurial approach to this relationship. The middle manager can be seen to provide key services within the unit – that of a supplier of information and a mediator between head office and other managers, or directly with the owner. They also assist other managers in analysing and interpreting results, and planning for the future, so that appropriate actions can be taken for the benefit of all stakeholders. For hotels with complex ownership patterns, the number and type of stakeholders is extended beyond that found in the generic literature, with a consequent impact on the managers that have to service their needs. However, in order for middle managers to be successful in all their roles, they need the resources and support from senior management to perform their various tasks.

There has been only limited research into how these relationships affect the role of the middle manager. Are they integral to the manager's responsibilities, and are there conflicts between the expectations of the different stakeholders? Who are the key stakeholders for these particular middle managers and, given the additional demands on hotel financial controllers in providing financial management assistance for other managers, are there further complications in meeting their expectations?

Methodology

For the one type of middle manager, the hotel financial controller, these complex stakeholder relationships have generated little research to date, and further investigation was needed to determine how the various stakeholders, as identified in the literature, impacted on the role of the middle manager. What are the issues that managers face in managing the expectations of their particular stakeholders? The aims of the primary research, therefore, were to identify the key stakeholders that affect the role of one type of middle manager, the hotel financial controller, and to explore the features of their relationship.

Saunders, Lewis and Thornhill (2006: ch.9) have shown that a qualitative research approach is most appropriate for exploring the opinions of managers. Although a quantitative approach is popular in this field (Altinay and Paraskevas, 2008), and can produce a large amount of statistical data, it does not allow the researcher to develop a dialogue with respondents that can explore attitudes towards various topics, as was required here. The use of focus groups might have been appropriate but it was considered that respondents might be unwilling to share their views if they perceived that the discussion might not remain confidential. Focus groups allow a narrow range of topics to be explored, but given the diversity of hotel types it was anticipated that there might be many different opinions for discussion.

Hence it was decided that an individual approach would be most suitable, giving the opportunity for an in-depth discussion on the various topics that affected the selected respondents. So that the discussion could develop within a framework, a series of semi-structured questions was devised, based on the findings from the literature, and designed to take an optimum one to two hours. These followed the broad themes of: how the accounting and reporting function was structured, the systems that were used, external issues affecting the hotel operation and financial issues and skills for managers within the hotel unit. The interview questions were piloted separately, and then the interviews conducted in respondents own offices.

As discussed above, there are many different types of hotel, whether by ownership or facilities and hence, following a review of the literature, a series of criteria was established to assist with the choosing of potential respondents. These included: hotel ownership (whether independently owned, group-owned and managed or managed under management contract), size, general customer type (resort, business/leisure) and location.

The target respondents were identified as financial controllers or directors. Financial controllers can give the direct views of middle managers from within the unit, whereas head-office based financial directors can give a broader perspective. Many hotel financial personnel are members of their professional association, BAHA (British Association of Hospitality Accountants), and the researcher was given access to their membership database that included details of employment and job title. From the chosen criteria, twenty-three potential respondents were selected from the database, and asked if they would be willing to be interviewed. Twelve agreed, of whom three subsequently withdrew for various reasons. In addition, broader opinions were sought that would give an objective, industry wide perspective, and so two recruitment directors (both former financial controllers), who specialized in the financial control area, were also identified and agreed to be interviewed. In total eleven interviews were conducted – five were unit-based controllers or directors, four head-office based finance directors (two each from large and small groups) and two recruitment directors. The findings from the interviews were written up and key themes identified that could then be compared to the literature.

Five of the hotels were owner-managed, with the rest part of a group. For two of these groups, the hotels were both owned and operated by the same parent company, but for another the properties were owned by one group of investors, but then managed under contract by a hotel group (with a brand name) under separate ownership. Two interviewees had a mixture – part owned properties and part management contract.

Findings and discussion

Findings from the interviews indicated that, for hotel financial controllers, the stakeholders that had most influence on their role were owners, head office (senior management) and other managers within their unit. They had only limited involvement with customers and government, the latter being more closely connected with specialist advisors at head office.

The findings and discussion below, therefore, focus on these three key stakeholders. These will be discussed in turn and then followed by some overall comments about how these affect the role of the controller and the implications for management. Friedman and Miles (2004) showed that all stakeholders have their own `aims and strategies’ and, as a recruitment consultant said, `the best type of controller is one that appreciates the needs of all the stakeholders’ although, as Boesso and Kumar (2009) state, it is difficult to maintain a balance of all these.

Owners and other investors: Changes in ownership structures (Whittaker, 2006, Field, 2006) have resulted in an increase in the range of stakeholders interacting with different levels of the organisation. Where there is a group structure, the pressures for returns on investment can come from both sets of owners (property and management company – Field, 2006), say interviewees. Although the property owner may have limited involvement with the unit, they are looking for on-going long-term profits as well as capital appreciation on their investment, supporting findings from the literature (Johnson and Scholes, 2002:206, 511). These owners, who may be multiple partners (Field, 2006), tend to have a limited understanding of the complexity of the operation (Olsen et al, 1998), and are benchmarking the results against competitors and other investments (de Franco, 2006). In order to help them understand the results they may well, say interviewees, demand more detailed information from the units, using both formal and informal reports as found in earlier research (Olsen et al, 1998, Harrison, 2003, Hilton, 1994:9). One hotel controller with a bank as a major ownership partner commented on the `almost daily’ contact from them, in addition to the other owner-partners.

For owner-managed properties there were different perceptions of influence here, depending on the financial status of the owners. One finance director said that her company is `family-run so it’s easy for them to make decisions.. there’s plenty of cash for re-investment.. they look for long-term investments rather than short-term returns’ and another said `we’re very profitable, with good cash flow for reinvestment.. the owner is happy and has little involvement’. They did not have the pressure of having to deliver ongoing profits and cash flow as suggested by much of the generic literature. The other three owner-operated hotels were under pressure to deliver both forecasted profits and cash flow, as with the group-owned properties and following the generic findings (Olsen et al, 1998). Hence there could be conflicts between the owners and the organisation, reflecting findings of Altinay and Miles (2006) and others.

In conclusion, although some owners follow generic findings in requiring short-term returns on investment and good cash flow, others take a more long-term view and make fewer demands on the organization and its managers.

Senior management: They have to implement the requirements of both property owners and the management company, whilst adhering to statutory regulations in their various forms (Hilton, 1994:9). Those respondents with head offices, as in the literature (May, 2002:12) saw them as providers of specialist services such as statutory accounts, tax and other advice, as well as strategic planning and decision-making on behalf of owners and investors. However, in order to meet the requirements of their external stakeholders they do need accurate and timely information from the units, matching the findings from earlier research. One major theme that emerged from the hotel-based controllers and recruitment directors was `short-termism' in decision-making – there were several comments about the lack of long-term strategic planning. particularly in attitudes to cost-cutting. This contradicts one of the main definitions of a middle manager in their ability to translate the strategic direction of the organization into the operation (Kuratko et al, 2005, and others).

The systems provided by head office should (Burgess, 2007) provide both on-site control and timely and efficient standardised information for both management and head office. When effective, the systems `highlight variances' or, as one controller put it, `the emphasis is on surprises'. Analysis of the results by managers can show issues that can then be acted upon and reported to head office. However, several respondents were somewhat sceptical, saying that there was `too much reliance on systems', with `gaping holes' in the processes that were used. Head office trusted `the systems' to identify problems, and often did not recognise the problems caused by inefficient technology. Although earlier research had found the industry slow to adapt to new technologies, the lack of recognition of the issues was concerning. One said their `ledger system is not efficient – we can lose money' but was unable to persuade head office of the need for a replacement, which somewhat contradicts the expectation of `selecting activities and directing resources' cited by Donaldson and Preston (1995) as well as the importance of two-way communication cited in the literature.

Hence contradictions emerge whereby senior management at head office have expectations of accurate analysis and planning, but in several cases had not provided the appropriate tools by which these could be achieved, hindering managers' ability to deliver the results. Although there was some evidence in the literature as to slow adaptation of systems, the implications of this for managers were far more serious than expected, and supported the opinions that senior management do not take a long-term strategic view of the issues.

Other managers: Burgess (2007) had commented on the difficulties in managing in a volatile environment and, for other managers, this can make it difficult for them to forecast sales and costs, with a finance director from a rurally-based hotel saying `short lead times on conference business means that forecasting is difficult' with little opportunity of replacing lost business on a short-term basis. Hence managers need to be able to react quickly to match costs to volumes of business, and to do this they `need more quality commercial information' including the supply of daily reports and analysis of results (`it's all about variance analysis'), so they can highlight issues and take appropriate action to satisfy the requirements of head office and owners. However, as shown above, the information that was required was not always accurate, or available.

Although managers have good operational skills, there was considerable criticism from almost all interviewees as to their lack of finance skills, as shown in earlier research by both Burgess (2007) and Harrison (2003). This has impacted on their ability to effectively manage their areas, and to ` be more commercial'. Again, the `control not cut' of costs was reiterated as being critical to maintaining both standards and profits, although the financial inexperience (one said `lack of competence') of some managers meant that this balance was not always kept. There appeared to be little recognition of the contribution that senior management could make in recruiting appropriately skilled staff and providing training and development in the necessary skills. They relied on the controller to help other managers in analysing results, predicting trends, monitoring changes and hence making appropriate decisions.

Again the shortfalls of senior management at head office were highlighted. They have expectations of managers in terms of performance, but are not providing the ongoing support and resources that they require. Hence they seem unable to make the connections between these operational issues and meeting the needs of their various stakeholders.

The role of the controller in managing these expectations

The findings support the arguments of Rollinson (2008) of a `multi-constituency' approach whereby managers have to maintain relationships with a range of stakeholders at the same time, although there may be different levels of power (or `salience' – Boesso and Kumar, 2009) and influence that impact on the effort and time involved. McConville (2006) and others have shown that middle managers such as the hotel controller (Burgess, 2007) act as a link between senior management and the unit, but also have links with a variety of stakeholders. Relationships with property owners and other investors can be seen as `delicate' (Gannon et al, 2010), and require time and effort to meet their expectations.

For four out of five owner-managed hotels, the owner was directly involved in management, either initially or on a long-term basis. One hotel-based finance director said `the owner is an ideas-man… he sets things up but then moves on to other projects… we have a lot of autonomy in the hotels.. as long as we deliver ROI' implying that they were able to make a lot of decisions in-house without requiring the owner's input. However, this also implies a lack of on-going strategic direction from the owner, forcing those at unit level to take a more entrepreneurial and strategic approach themselves. Another, however, commented on the conflicts that emerged due to the involvement of the inexperienced owner's son, saying `he's a hands-on owner… can't see the lack of controls.. but wants profitability'. Decisions were taken, or were not taken, by the owner's son that had a negative effect on the hotel operation, which indicates a far more negative outcome than Haktanir's (2003) research. The general manager was also unable to influence the owner's approach, with a consequent lack of effective systems and controls that directly affected profitability. The controller was so frustrated by the lack of response of the owner regarding decision-making that she was considering changing her job.

Olsen et al (1998) and de Franco (2006) had commented on the need to supply management information to owners to help with planning cash flow, and benchmarking against other businesses, and this was supported by the interviewees. Improved information and analysis helps with better forward planning (`looking forward not backward') and reaction to changes in demand which, say interviewees, are critical in optimising both revenues and costs. This means that ` we spend a lot of time on forecasting' and `budgets are quite demanding'. They put pressure on management to deliver consistent results, whilst still `maintaining the brand'. Additionally, positive cash flow is essential and so controllers are required by both owners and head office to control sales, costs and cash, all of which supports earlier findings. They `have to meet deadlines' and `have lots of liaison work with the owner… especially on funding issues' in order to effectively manage this relationship, without always receiving support in exchange. One hotel has seen `major ownership changes' that `have meant more responsibility in the units' and another concurred, saying `we've seen huge changes – funding mechanisms have changed. The banks … are a lot more cautious' and so owners and banks are requiring ` a lot more checks and balances', implying far more demands from the unit than might be expected.

Owners often lack an appreciation of the hotel's perspective, as discussed earlier, and so do not always see this relationship with management as a partnership. The implication is that owners often see themselves as being far more important than other stakeholders to this group of middle managers. This goes beyond the comments from both Pfeffer and Salancik (1978) and Boesso and Kumar (2009) on the time and effort required in balancing the requirements of stakeholders, with consequent pressures on time and resources. Gannon et al (2010) and Haktanir's (2003) findings regarding property owners involvement with individual hotels are reinforced, with a much greater impact on the financial controller that senior management appear to appreciate.

Senior management are looking for a `more commercial approach' with both controllers and general managers being expected to `act as their own MD', `operate as entrepreneurs' and treat the hotel as `their own business' in managing the hotel for the owner's benefit, supporting the earlier research by both Geisler (1993) and Osterman (2008). One finance director said that ` they need to understand how to make money' and `create value', repeating Lowe and Marriott's (2006) comments, again indicating the need for an entrepreneurial approach from managers, supporting Geisler (1993). Controllers also need to be able to see the `bigger picture' and `to take a strategic view', so that they can communicate the direction of the company from head office to departmental managers within the units, directly following the middle management definitions (see Floyd and Wooldridge, 1996, and 1997) cited above – but with contradictions from controllers suggesting that this strategic direction was limited. However, they also need to be able to communicate issues from the units to senior management, and here frustrations were evident from several interviewees, whether for the inadequate systems, lack of awareness of issues affecting the unit, or business pressures. The importance of providing resources and support, as cited by Keating and Harrington (2003) and others did not appear to be recognised in practice, nor was the `active dialogue' (von Friedrichs Grangsjo and Gummesson, 2006), with a consequent lack of trust between the unit-based and senior managers, directly reacting to the findings of Yan Zhang et al (2008) who emphasised the importance of this between levels of management.

This requirement for a more commercial approach has meant that GMs and other middle managers rely more on the controller as an advisor and provider of information. There is a strong view from all the interviewees of the importance of the controller as a ` key team member' and as the `the right hand person to the GM'. As one finance director said ` we have a new GM with new ideas… a lot more financial analysis is required' and so there is `an increased role for the controller'. This has increased substantially in recent years, with `GMs … more empowered in managing their own business' with a positive effect on other managers and on the business. Controllers have to `keep managers focussed on the situation – even if we exceed budgets [ie. sales] we have to manage costs' in order to maintain brand standards (see also Mongiello and Harris, 2006).To help with this, controllers should have `knowledge of the industry and business – the ability to ask questions' and so be intrapreneurial in advising on issues and acting as a `facilitator in decision-making', again supporting earlier findings from Gibson (2004) and Burgess (2007). Hence controllers have a training as well as advisory role, in trying to raise the standard of financial management within their unit.

All these elements support McConville's (2006) identification of role dissonance, by which middle managers have to balance a variety of demands on their time, with a consequent feeling of being `piggy in the middle'. There appeared to be limited appreciation by senior management of the various pressures placed on controllers, and the difficulties they had in balancing the needs of all the different stakeholders that affected them. This again echoes the `imprecise roles' of middle managers mentioned by McConville (2006) They expected them to act as intrapreneurs, but largely ignored the need for managers to develop the necessary skills to manage these relationships, with one recruitment director commenting on the `short-termism' and `support rather than encouragement' for development. There was concern that companies are not offering them opportunities to develop, and so controllers own needs as stakeholders for good relationships, job satisfaction and career progression are not being met. Again, this mirrors findings from several authors, whether generic (Raghu Rahman, 2009, Qiao and Wang, 2009) or within the hotel industry (Keating and Harrington, 2003). So, although `we'll always need controllers', they themselves are somewhat frustrated by the lack of investment in their progression.

Conclusions

This article has discussed the issues affecting the relationship between middle managers and various key stakeholders, focusing on one particular type of manager – the hotel financial controller. The identification of the major stakeholders has shown that, although some stakeholders need only limited attention, others have more influence and hence require a greater commitment of time and resources and so have greater impact on the role of the controller. The evidence suggests that, although there are many features that support earlier findings, the reality of the relationship is not as positive as might be implied.

The key stakeholders found in the generic literature were identified as owners, managers, staff, customers and government, indicating the multiple relationships with stakeholders that were demonstrated by von Friedrichs Grangsjo and Gummesson (2006). However, it is the diversity of ownership that can affect the balance of stakeholder relationships with the middle manager, from high demands (the `checks and balances') to a more relaxed approach. Where the owner has direct personal involvement in the unit there can be easy decision-making but in other cases the opposite may be true with a lack of expertise meaning inappropriate decisions being taken. Owners who are remote from the business do not always understand the complex nature of the industry, but they may still want to `interfere' and this can lead to frustrations for middle managers in trying to explain variances against budgets. Although the literature also indicated that owners required profitability and cash flow, several owner-operated hotels were more interested in longer term growth and returns, rather than short term profits.

For corporately-managed businesses, reporting to shareholders was usually communicated via the head office, although there still appeared to be requirements for additional information in addition to formal reports, with benchmarking against both industry standards and more generic business measures being critical. Head offices provide systems, specialist services and prepare statutory and other reports and the assumption is that these will work efficiently. However, there were widespread comments as to an over-reliance and trust in systems with senior managers not responding to the communication of issues. This resulted in lack of controls, inefficient reporting and ultimately an effect on profitability. This is symptomatic of the broader issue of a short-term approach to managing hotels, and a lack of strategic planning that can translate to the units, which invites further investigation.

In order to be effective in meeting the expectations of the various stakeholders, the whole team of hotel middle managers is required to take a much more proactive commercial role on behalf of the business, hence optimising returns on behalf of all stakeholders (Donaldson and Preston, 1995). They must take the `stakeholder management perspective' as shown by Rollinson (2008), to make decisions, plan and control more effectively and initiate change and to be more intrapreneurial in their approach. They are expected to act as interpreters of information and as a link between senior management and the unit – but often without a clear direction from more senior levels. They may lack the necessary financial skills and with a lack of development of these from senior management, unit-based managers rely on the controller as an advisor and trainer to help optimise sales, costs and profits to meet the requirements of other stakeholders. This puts further pressure on the controller in trying to balance the various aspects of their role, both internal and external.

The influence of senior management can be very positive, as suppliers of services and systems, and producers of financial reports, but there have been strong criticisms that these systems and structures may be inadequate. Hales and Tamangani (1996) and Mongiello and Harris (2006) have all stressed the importance of effective information, and previous research on the relationship between senior and middle managers (McConville, 2006) implied positive communication, but this research has also shown that senior managers at head office – and owners - do not always respond to communication from middle managers as to where systems might be improved, for the benefit of the business. The frustrations that were cited by middle managers in other areas were even more evident here, with controllers trying to balance the needs of the various stakeholders but without the level of support or direction that they might expect. Only when systems are improved, and head office recognise the consequences and take a more positive approach to nurturing and developing their controllers and other managers, will the tensions cited by Mongiello and Harris (2006) be positively channelled and these middle managers will feel that their own needs as stakeholders are being met. Middle managers undertake a variety of roles, and are expected to both act as a link between the head office and the unit and service the needs of many different stakeholders using the `vital skills' cited by Gannon et al (2010). In a complex commercial environment (such as a hotel) they may face further issues in achieving their goals, and those of senior managers. They need strategic decision-making, support and investment in both systems and themselves, if they are to both perform to optimum level and balance the expectations of the different stakeholders (including themselves), for the benefit of the whole organization.

This research has concentrated on one single type of middle manager. Future researchers may wish to explore the role of other middle managers, whether in hotels or in other industries, in meeting the expectations of their particular stakeholders. They could also examine specific examples of intrapreneurial behaviour within the role of the hotel middle managers, and how these might benefit the business as a whole, expanding the sample size. Further comparisons to generic and specific industry theories could then be performed. The preliminary opinions as to a limited approach to strategic planning could also be further explored from the perspective of different levels of management.

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