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Jul 28th, 2:00 PM - 3:00 PM

# Management Philosophies and Lodging Success: An Exploratory Study

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Newman, Ed.D., Diann; Moncarz, Professor, Elisa; Kay, DBA, Christine; and DeVeau, Ed.D., CHAD, Linsley T., "Management Philosophies and Lodging Success: An Exploratory Study" (2010). *International CHRIE Conference-Refereed Track*. 1. [https://scholarworks.umass.edu/refereed/CHRIE\\_2010/Wednesday/1](https://scholarworks.umass.edu/refereed/CHRIE_2010/Wednesday/1)

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## **Factors Affecting Lodging Career Success: An Analysis of Management Philosophies**

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### **ABSTRACT**

This research investigates the impact of lodging Senior Executives, GM/Upper Management and Director/Middle management philosophy practices on career success. The study assesses the practice of management philosophies and examines if these practices differ among respondent groups, as well as explores the influence of practiced philosophies on career success. Findings indicate that differences exist among respondents based on age, property affiliations and position. Moreover, executives who instill in employees customer-centeredness and engage in open sharing of information with employees experience relatively high monetary success. Results suggest that lodging professionals' practices of these management philosophies are not rewarded until reaching senior status.

**Key Words:** management philosophies, lodging, management success

### **INTRODUCTION**

There has been a well established stream of research relating to the influence of individual antecedents (personality traits, proactive personality, emotional intelligence, and the like) on leadership and management success (Rode, Arthaud-Day, Mooney, Near & Baldwin, 2008; Goleman, 2002, 1995; Seibert, Kraimer & Crant, 2001; Seibert, Crant & Kraimer, 1999). Several studies have found significant, positive correlations between "Big Five" personality dimensions and job performance success (Barrick, Mount & Judge, 2001; Salgado, 1997). Other studies revealed that conscientiousness, openness to experience, extroversion, and emotional stability tend to be positively associated with both extrinsic (e.g., salary, promotion) and intrinsic (e.g., career satisfaction) measures (Barrick & Mount, 1991; Judge, Higgins, Thoresen & Barrick, 1999). The works of Seibert et al. (1999, 2001) suggests that proactive personality also leads to career satisfaction at mid-career level and consequent promotions. Success of proactive personality is attributed to the ability to plan more efficiently and adapt more quickly to new work conditions (Kammeyer-Mueller & Wanberg, 2003; Crant & Bateman, 2000; Chan & Schmitt, 2000). Research on emotional intelligence by Goleman (2002, 1995) suggests, however, that only

leaders who understand their own emotions and the emotions of individuals surrounding them can successfully lead in a proper direction and preserve a healthy and helpful environment. Rode et al., (2008) posit that emotional intelligence positively relates to initial career success. Goleman (2002, 1995) affirmed that emotional intelligence was found to directly influence individual performance and life success. Despite the clear benefits identified with emotional intelligence, research paralleling to business success and financial compensation has been challenging at best (Gomez-Mejia & Wiseman, 1997). In sum, the aforementioned streams of research examined the influence of personal antecedents (i.e. personality, emotional stability, etc.) on performance success. Thus, this research suggest that additional mediating and/or moderating variables of executive management philosophy practices exist that positively influence long-term career success, as well. Accordingly, this study explores executive management philosophies in pursuit of identifying practices that positively influence career success in the lodging industry.

## **LITERATURE REVIEW**

Current research suggests that the practice of such management philosophies as knowledge sharing represent an important role of leadership (Yane, 2008). Over the last decade, many research investigations have been conducted in the area of knowledge sharing (Van Ginkel & Van Knippenberg, 2009; Stasser, Vaughn & Stewart, 2000; Stasser, Stewart & Wittenbaum, 1995). It was concluded from these seminal works that when groups of employees have knowledge of distributed information they exchange more information and make higher-quality decisions. Other research on effective management practices and philosophies determined that honesty and fairness are often correlated with perceived leader efficiency (De Hoogh & Den Hartog, 2008; Brown & Treviño, 2006; Den Hartog, House, Hanges, Ruiz-Quintanilla, Dorfman & Globe-Associates, 1999; Hogan, Curphy & Hogan, 1994). De Hoogh & Den Hartog (2008) assert that, "Ethical leaders increase individuals' involvement in their work by their openness to input and fair decision making about matters important to employees. Their high moral standards, integrity and honesty foster positive expectations among followers, enhancing levels of trust and willingness to cooperate with the leader for the benefit of the organization" (p. 300). Likewise, similar claims are also supported by the works of Avolio, Gardner, Walumba, Luthans & May (2004). This notion coincides with propositions of Brown & Treviño (2006) who declare that "ethical leadership to be associated with satisfaction with the leader and with job dedication" (p. 608). Moreover, Kanungo & Conger (1993) suggest that ethical leadership can lead to followers gaining more focus and demonstrating teamwork and cooperation, subsequently leading to greater loyalty and organizational commitment. Additionally, De Hoogh & Den Hartog (2008) found ethical leadership, morality and fairness to be positively correlated with optimism about the future and perceived top management team effectiveness. Several scholars posit that there is a positive bond between organizational climate set by leaders and customer satisfaction (McPhaila, Heringtonb & Guilding, 2008; Davidson, 2003). Davidson, Manning, Brosnan & Timo (2002) conducted a study of 1443 hotel employees of 14 Australian hotels which revealed a causal relationship between organizational climate, employee perceptions of customer satisfaction and revenue per available room (REVPAR). In 2008, McPhaila et al. determined that organizational climate accounted for 30% of the variation in employee perception of customer satisfaction. Managers who focus on employee satisfaction often find that when employees have their needs met, in turn, these employees do a better job meeting customer needs. Therefore, managers who focus on employee and customer satisfaction will, most likely, achieve career success. In addition to the qualities of customer-centeredness leadership mentioned above, Treviño, Butterfield & McCabe (1998) research proposes that climate and culture dimensions are significantly related and have a great influence on employees' organizational commitment. George (2000) and Lewis (2000) suggest that those who possess the ability to influence emotions and attitudes of their

followers are more likely to insure support and attainment of corporate goals and objectives in achieving overall missions of their organizations. Prior research investigations have also suggested that leaders should engage in cultivating organizations of effective communication. For instance, Chaudry, Jain, McKenzie & Schwartz (2008) determined that information and knowledge sharing builds trust, cooperation, and ultimately lead to higher levels of performance. Further support about the importance of effective communication comes from Schwartz and Pogges (2000) who define effective communication as the ability to express feelings, ideas, concerns and portraying high levels of understanding and appreciation. They advocate that effective communication encompasses uncovering the important issues of other stakeholders and tailoring communication patterns accordingly. Another important practice for effective management in today's contemporary work environments is providing appropriate work-life balance for employees (Breugh & Frye, 2008). Beaugard & Henry (2009) conducted extensive research on work-life balance practices and organizational performance. Supporting their statements with the works of Pfeffer (1981), they claim that "the provision of work-life balance practices promotes employee obligation and interest in organizations by serving as symbols of special treatment and organizational concern for workers" (p. 16).

This study builds on the aforementioned research and examines the influence of specific management philosophy practices on lodging professionals' career success. Accordingly, this study explicitly examines the influence of lodging executives' practice of nine study-defined, management philosophies on career success. Management philosophy practices are investigated to determine if differences exist among respondent groups, as well as on resulting career success. The current study addresses the following research propositions: 1) Management philosophy practices will differ by gender, age, education, years of service, position, operational role and property-size affiliation and 2) There will be a positive, significant correlation between the practice of specific management philosophies and career success. The identification of successful management philosophies can assist with the development and enhancement of hospitality curricula and delivery of education, thereby advancing future hospitality managers career success.

## **METHODOLOGY**

Survey items used for this study were derived from an instrument adopted from Moncarz & Kay's (2005) study and developed for multiple parallel studies. The survey instrument consisted of two parts. Part 1 asked lodging executive respondents to provide standard profile and demographic information about their professional backgrounds and organizations. In Part 2 executives were asked to respond on nine management philosophy practices. Items used for this study are as follows: 1) sharing information openly and on-going with employees, 2) promoting principles of honesty and fairness for employees, 3) cultivating an environment of trust and respect among employees, 4) instilling in employees a customer satisfaction focus, 5) ensuring employees work towards achieving an overall mission, 6) encouraging employees to be co-operative and positive team members, 7) encouraging employees to clearly and effectively communicate with others at work, 8) encouraging employees to build positive working relations of openness and appreciation of others and 9) demonstrating empathy to employees regarding their "work/life balance" satisfaction. To ensure the reliability and clarity of the survey measures, a draft instrument was tested for face and content validity by a group of subject-matter experts comprising of sixteen industry professionals and educators. The pilot review resulted in minor revisions to the survey framework and statements. The data collection methodology consisted of a convenient sampling from two sources: 1) 2490 General Managers affiliated with properties of 100 or more rooms who subscribed to the Hotel & Motel Management magazine and 2) five management companies consisting of 93 hotels. The first invitation sent to the 2490 General

Manager subscribers, produced only 22 usable responses. Thus in pursuit of higher response, a second approach of inviting select management companies was undertaken. The presidents of five management companies were contacted and asked to invite executive committee members at each of their properties to participate in the study. Property general managers were also asked by their corporate representatives to personally complete one survey and forward the electronic survey onto members of their executive committee teams. This process produced 226 returned responses, resulting in 194 usable surveys for analyses.

## RESULTS

The profile of respondents provides insight into the characteristics of the study universe. From across 29 states, two thirds of respondents were male. Approximately half of the surveyed professionals had baccalaureate or higher-level degrees. Most respondents (80%) had over ten years of service in the industry with 40 percent reporting more than 20 years. Three-quarters of the executives were employed at small (under 250) to medium-sized (250-499) properties with the remaining affiliated with properties of 500 or more rooms. The study group was fairly evenly split between senior level executives/general managers, and department heads/directors and other middle-level managers/administrative associates. The most frequently reported department affiliation of respondents was administration (i.e. GM) with the remaining associated with specific departments/operational areas (i.e. accounting, engineering, food & beverage, front office, rooms, sales & marketing, etc.). Table 1 reflects the results of reported management philosophy practices and significant differences among respondent profiles (gender, age, education, years of service, position, operational role and property-size affiliation). On the five-point scale (ranging from 1= low practice of management philosophy to 5= high practice of management philosophy), the findings reveal that lodging professionals report practicing at a high level on average of the nine management philosophies under study (mean scores ranging from 4.51 to 4.84). T-tests show significant differences between respondent groups based on age, property size (number of employees) and position. Mature executives (age 42 and older) appear to embrace and practice at a significantly higher level than their younger counterparts, philosophies of *promoting principles of honesty and fairness for employees* and *cultivating an environment of trust and respect among employees*. Furthermore, executives affiliated with smaller organizations (fewer than 250 employees) tend to practice to a greater degree *instilling in employees a customer satisfaction focus*. Senior and upper-level executives, more so than their subordinate counterparts, report the practice of *sharing information openly and on-going with employees*.

In examining the impact of management philosophies on lodging career success, a comparison of results by senior-level executives, general manager/upper-level management and director/middle-level managers is presented in Table 2. The findings show that management practices of *instilling in employees a customer satisfaction focus* and engaging in the *sharing of information openly and on-going with employees* have a statistically, significant positive influence on monetary success for senior-level executives ( $r = .419, p < 0.05$ ;  $r = .407, p < .05$ , respectively). Moreover, post-hoc analysis determined that these two management philosophy practices by senior executives accounts for over 20 percent of the variation in monetary success of this management group ( $r^2 = .225, p < 0.04$ ). An intriguing and opposing result, on the other hand, is that the practice of *instilling in employees a customer satisfaction focus* by senior executives' subordinate counterparts (GMs, AGMs, Hotel and Resort Managers) has a negative correlation with monetary success, as well as the *encouragement of employees to be co-operative and positive team members* ( $r = -.311, p < 0.01$ ;  $r = -.260, p < .05$ , respectively).

**Table 1**  
**Respondent Practices of Management Philosophies: Descriptive Statistics and Independent Test Results**

| Management Philosophies   | N       | Mean Score | Std Dev | Group 1 | Group 2 | Sig  | Characteristic |
|---|---------|------------|---------|---------|---------|------|----------------|
| Promoting principles of honesty and fairness for employees.   | 194     | 4.84       | 0.40    | 4.74    | 4.90    | .008 | Age            |
| Cultivating an environment of trust and respect among employees.  | 194     | 4.83       | 0.40    | 4.74    | 4.88    | .019 | Age            |
| Instilling in employees a customer satisfaction focus.  | 194     | 4.79       | 0.42    | 4.85    | 4.68    | .008 | Size: Emp      |
| Encouraging employees to be co-operative and positive team members.   | 194     | 4.71       | 0.50    | —       | —       | —    | n/a            |
| Encouraging employees to build positive working relations of openness and appreciation of others.   | 193     | 4.70       | 0.50    | —       | —       | —    | n/a            |
| Encouraging employees to clearly and effectively communicate with others at work.   | 194     | 4.66       | 0.51    | —       | —       | —    | n/a            |
| Ensuring employees work towards achieving an overall mission.   | 193     | 4.64       | 0.52    | —       | —       | —    | n/a            |
| Sharing information openly and on-going with employees.   | 194     | 4.59       | 0.55    | 4.49    | 4.66    | .034 | Position       |
| Demonstrating empathy to employees regarding their “work/life balance” satisfaction.  | 193     | 4.51       | 0.64    | —       | —       | —    | n/a            |
|   | KEY     | n          | Age     | n       | Size    | n    | Position       |
|   | Group 1 | 69         | < 42    | 125     | <250    | 87   | Dir/Middle     |
|   | Group 2 | 125        | 42+     | 69      | 250+    | 107  | Exec/Upper     |
| Scale:<br>1=low practice of management philosophy to 5=high practice of management philosophy.<br>Note: Variations in “N” are due to non-responses to optional profile information. |         |            |         |         |         |      |                |

**Table 2****Management Philosophies and Career Success: Significant Correlations by Senior Executive, GM/Upper Management and Director/Middle Management**

| Competency Domain  | Senior Executive |       |                 | GM/Upper Mgmt |         |                 | Director/Middle Mgmt |   |                 |
|--|------------------|-------|-----------------|---------------|---------|-----------------|----------------------|---|-----------------|
|  | n                | r     | Mean Score (SD) | n             | r       | Mean Score (SD) | n                    | r | Mean Score (SD) |
| Instilling in employees a customer satisfaction focus.   | 29               | .419* | 4.55 (.572)     | 78            | -.311** | 4.86 (.350)     | —                    | — | —               |
| Sharing information openly and on-going with employees.  | 29               | .407* | 4.52 (.574)     | —             | —       | —               | —                    | — | —               |
| Encouraging employees to be co-operative and positive team members.  | —                | —     | —               | 78            | -.260*  | 4.79 (.437)     | —                    | — | —               |
| *Spearman correlation of formal education and competency is significant at 0.05 level.<br>**Spearman correlation of formal education and competency is significant at 0.01 level.<br>Note: Career Success = Highest Annual Base Compensation (Log) |                  |       |                 |               |         |                 |                      |   |                 |

**DISCUSSION**

While hospitality scholars have studied requisites needed for managerial success in the lodging industry, there has been limited research into the impact of management philosophy practices on career success. This study was conducted to gain insight into the relationship between lodging professionals' practice of nine study-defined management philosophies and career success. The findings of this exploratory study reflect the management philosophies of a sample group of lodging managers and shed light on the relationship between the practice of these managerial philosophies and monetary career success. Identification of management philosophy practices utilized by the respondents was made. The more widely accepted practices ( $M \geq 4.7$ ) by respondents are as follows: 1) promoting principles of honesty and fairness for employees, 2) cultivating an environment of trust and respect among employees, 3) instilling in employees a customer satisfaction focus, 4) encouraging employees to be co-operative and positive team members, 5) encouraging employees to build positive working relations of openness and appreciation of others. Findings reveal that executives affiliated with smaller organizations tend to practice to a greater degree *instilling in employees a customer satisfaction focus*. This may be due to their flatter organization structures, which requires them to be more hands-on and closer to the guest themselves, thus placing higher importance on customer satisfaction. Findings also reveal that mature executives (age 42 and older) appear to embrace and practice at a significantly higher level, philosophies of *promoting principles of honesty and fairness for employees and cultivating an environment of trust and respect among employees* than their younger counterparts. This may be attributed to generational differences between respondents' groups and represents an intriguing finding recommended for future study. Study findings partially support study hypothesis Two by showing that there is a positive correlation between the practice of specific management philosophies and career success for senior upper-level executives. It shows that these executives, more so than their subordinate counterparts, report the practice of *sharing information openly and*

*on-going with employees*. Also, results show that *instilling in employees a customer satisfaction focus* has a stronger influence on the monetary success for senior level executives than on their subordinate counterparts. These findings provide empirical evidence to earlier propositions by Chaudry et al. (2008) and Davidson (2003) which argued that managers who focus on employee and customer satisfaction will eventually achieve career success while emphasizing the importance of customer satisfaction for value-conscious organizations. Another unique insight is derived from the finding that the practice of *instilling in employees a customer satisfaction focus* by senior executive subordinate management counterparts has a negative influence on monetary success, as well as the *encouragement of employees to be co-operative and positive team members*. One concluding speculation by the researchers is that these important management attributes are not rewarded or perhaps even perceived to be personally counterproductive until reaching senior executive status. Then again another possible reason for the conflicting findings between these two respondent groups may be attributed to the development of these philosophies upon reaching senior executive level. This theory coincides with Seibert's et al. (1999, 2001) research with respect to the identified direct influence that a proactive personality has on salary beyond entry and mid career levels. The results of this study suggest that as managers advance in the career ladder their perception of the importance of a customer satisfaction focus and sharing information increases. This is rewarded by their organizations given that successful firms will strive in an environment that enhances employee involvement and where management provides strong and visible support of both the internal as well as external customer.

## CONCLUSION

In sum, this exploratory research makes a unique contribution to the existing body of knowledge on management practices in the lodging industry by assessing the relative influence of the practice of nine study-defined management philosophies on career success. The study findings have implications for hospitality educators and industry professionals by providing opportunity for enhanced delivery of education and achieving lodging management success. The study findings will also assist lodging properties to build committed workforces that will reap long term benefits, which in turn, should provide improved financial performance and overall firm enhancements. Likewise, academicians can also benefit from the research findings by updating and revising hospitality curricula to equip future industry lodging professionals with appropriate tools to lead successful careers in the hospitality industry. The findings may also contribute to the understanding of pay differentials in the hospitality industry by examining the empirical sample. It can assist lodging professionals in acquiring added insight into the compensation rewards when developing their career path while assisting lodging employers in making informative decisions regarding building their human capital. However, this study has several limitations. The study only focused on executive base compensation. An inclusive approach that examines the whole compensation package is suggested for further study. The base pay may also vary among hotels located in different geographical regions due to the different living costs in these areas, which extends beyond this study. Hence future research that considers such regional comparisons is recommended. Due to the study methodology, research limitations resulted. The sample size and the response rate limits generalization of study findings. The relatively low response rate, however, is consistent with response rates generally experienced in hospitality-related research (Kay & Moncarz, 2007). Based on Keegan & Lucas (2005) study, surveying small firms and soliciting sensitive information from executives adversely impacts participation. In conclusion, this paper presents unique contributions to the existing body of knowledge on successful lodging management careers. It should enable educators to develop curricula changes that will better prepare future lodging managers in pursuing financially rewarding careers in the lodging industry. In so doing, this study will contribute towards lodging professionals achieving personal and professional success in today's challenging and ever changing industry environment. Thus the



authors encourage the continuation of scholarly research into management philosophy practices for hospitality management success, as well as empirical examinations into the individual antecedents (i.e. personality traits), management philosophy practices and career success relationship. It is recommended replication studies into other hospitality segments in the United States and abroad as well as other industries. Further examination of these practices should also assist with the generalizability of research findings.

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