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Many certifications are available in many professions. They represent a level of achievement and provide a dimension of professionalism to a resume. This article reveals the results of research covering the degree the extent of certification of members of the Hospitality Financial & Technology Professionals. Further, obstacles and assists in taking the examination to become a Certified Hospitality Accountant Executive (CHAE) were determined. Thirty-seven percent of the respondents have earned their CHAE. The biggest obstacle to taking the exam according to 60% of the respondents who have not earned the CHAE was lack of time to prepare. The biggest assist according to this same group would be an on-line CHAE preparation course.

Keywords

certification, accounting, hospitality, CHAE, HFTP

To CHAE or Not to CHAE

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Many certifications are available in many professions. They represent a level of achievement and provide a dimension of professionalism to a resume. This article reveals the results of research covering the degree the extent of certification of members of the Hospitality Financial & Technology Professionals. Further, obstacles and assists in taking the examination to become a Certified Hospitality Accountant Executive (CHAE) were determined. Thirty-seven percent of the respondents have earned their CHAE. The biggest obstacle to taking the exam according to 60% of the respondents who have not earned the CHAE was lack of time to prepare. The biggest assist according to this same group would be an on-line CHAE preparation course.

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Introduction

Professional certifications are available in many professions. They represent a level of achievement and provide a dimension of professionalism to a resume. This is certainly true in the field of accounting where a plethora of certifications abound. The most common certifications for accountants include the CPA (Certified Public Accountant), CMA (Certified Management Accountant), and the CIA (Certified Internal Auditor). To earn these valued certifications an individual has to pass a rigorous examination as well as demonstrate a sufficient record of related professional experience.

A less well known certification for financial executives in the hospitality sector is the CHAE (Certified Hospitality Accountant Executive). This certification also requires passing an exam which covers the following areas: basic accounting, managerial accounting, asset management, tax and law, and operations. In addition, there is a professional experience requirement to achieve certification. The CHAE is sponsored by the HFTP (2012) (Hospitality Financial and Technology Professionals). According to the HFTP, "The CHAE program is recognized as THE symbol of achievement in the profession of hospitality accounting. Acknowledged worldwide, CHAE certification elevates the professionalism of both the recipient and the industry by helping set standards for the field. Those who earn the CHAE designation demonstrate a high level of dedication to their profession."

According to Bryan Wood, Director of Certification of the HFTP, there are currently 4,200 members of HFTP and 535 are active CHAEs which is only 12.7% of the membership. Is that because of lack of awareness of the certification, lack of awareness of study guides available for exam preparation, lack of interest in the certification or other obstacles to taking the certification exam? What studies have been conducted on the value of certifications in accounting certifications?

Review of Literature

There are many benefits for professionals as a result of earning professional certification in their specialized fields. The major benefit is generally considered to be increased compensation. However, besides increased compensation, many other benefits accrue from certification. Hutchison and Fleischman (2003) cite the following additional benefits: 1) since certification indicates competence, achievement of

certification enhances one's reputation among colleagues and clients, 2) it can be a marketing tool to differentiate oneself from others in the hiring and promotion process, 3) certification can allow one to introduce new revenue sources or to charge higher consulting fees, and 4) accountants seek certification to provide market-driven services to clients and customers.

According to Allen & Riemer (2008), large companies use the CMA certification to develop, motivate, and drive future financial leaders. They report that Johnson & Johnson encourages all of their finance professionals to pursue certification. They also indicate that Rolls-Royce supports and encourages professional certification through what they call their Professional Development Framework System.

The results of a study (Azid & Skelel, 1989) conducted on the importance of the CIA certification suggests that this certification is highly regarded by certified professionals. Respondents to their study indicated that the CIA certification should not be a condition of employment, however, internal auditors felt strongly that the CIA certification should be sought by college and university auditors once they were employed.

Guinn, Bhamomsiri, & Blanthorne, (2004) investigated the importance of CPA certification for making partner in large CPA firms. They concluded that the certification was absolutely essential in making partner. Although tax partners were somewhat less likely to be CPA's, the average was still very high at 89%. Thus, for upward mobility the CPA certification is key.

Since additional compensation is usually a major reason why professionals seek certification, several studies have been conducted to determine the impact of certification on the salaries of accounting and financial professionals. The Institute of Management Accountants (IMA) 2009 Salary Survey (Schroeder, Schiffel, & Smith, 2010) found that certified individuals earned 23% more salary (\$12,498) and 22% more total compensation (\$12,788) than their non-certified peers. They also reported that women earn more than men in entry level management when they have earned a baccalaureate degree and either a CMA or a CPA certificate. In addition, they reported that women earn more than men in senior-level management when they possess a master's degree and a CPA certificate.

Schiffel, Smith and Schroeder (2011) surveyed a sample membership of the IMA to determine how the members were faring economically following the economic recovery. Their research revealed that the benefits of obtaining the CMA designation appeared to provide an almost immediate increase in salary of about \$10,000, and that a “certification bonus” seemed to exist each and every year throughout their careers. In addition, they found that the average total compensation for those holding the CMA certification was \$27,000 higher, which was more than 20% higher than those without certification.

In the financial planning industry, Arman & Shackman (2011) studied the impact of financial planning designations on financial planner income. Their study showed a statistically significant association between certification and income.

Certification of financial professionals is enhanced in the public sector as well. Johnson & Brooks, (2001) found that the Certified Government Financial Manager designation was associated with higher earnings among public sector chief financial officers.

Damitio & Schmidgall (2001) surveyed members of the HFTP to determine the value of the CHAE. The results of the survey indicated that HFTP members holding the CHAE credential had an average salary of \$74,760 compared to \$67,247 for members without the CHAE for an annual difference of \$7,513.

In the *2011 Robert Half Salary Guide for Accounting & Finance*, it is noted that across the board for these professionals, 5-10% additional compensation is added for professional certification.

DeVeau and Downey (2011) surveyed CHAEs in 2009 and found that (1) 51% held the title of controller, (2) 70% were between the ages of 40 and 59 years old, (3) 61% were male, (4) 60% held bachelor’s degrees and 26% held graduate degrees, (5) 60% had earned the CPA, and (6) over 80% earned over \$60,000 annually and 20% earned over \$130,000.

Research Instrument Design

In order to study the many facets of the CHAE certification, a comprehensive survey was prepared to gather demographic information on HFTP members. Members who had earned the CHAE were asked the benefits of having the CHAE. Members who have not earned the CHAE were asked the following questions:

1. Their awareness of the CHAE certification.
2. Their awareness of the two volume study guide useful for preparing to take the CHAE examination.
3. Whether their HFTP chapter had discussed the CHAE certification at one of its meetings during the past two years.
4. Whether the chapter has hosted a CHAE certification review session in the past two years.
5. Whether they had taken the CHAE exam and if so how many times.
6. Their interest in earning the CHAE.
7. The biggest obstacles to taking the CHAE examination.
8. The biggest assists in preparing for the examination.
9. Their plans to sit for the examination in the future.

Respondent Profile

One thousand members of the HFTP were mailed the questionnaire and 50 were returned as undeliverable. Three hundred and eighty five completed surveys were received for a response rate of almost 43%. Just over 37 % of the respondents held the CHAE certification while almost 23 % were CPAs. When queried about the highest level of education attained, 67% had a Bachelors degree while 245 held a Masters or higher. As expected, the percent of respondents with the CHAE greatly increased with the level of education. Almost 95% of the CHAE holders earned a Bachelors or higher.

The majority (57%) of the respondents had earned their undergraduate degrees in accounting while 11% held hospitality undergraduate degrees. While 56% of those with accounting degrees had the CHAE, only 14% of those with hospitality management degrees had the CHAE. Of the 21% who reported to have earned a graduate degree, almost 40% of them held the CHAE.

Gender-wise, the breakdown of respondents was 54% male and 46% female. It is interesting to note that percent of respondents without the CHAE was almost exactly 50% male and 50% female. However, almost 42% of the male respondents held the CHAE while only 32% of the female respondents held the certification. As expected, the percent holding the CHAE increased with age. For example, 42% aged 40-50

and 35% aged 51-60 held the CHAE while just over 10% of those aged 30-40 held the CHAE. Further, no respondents less than 30 years of age have earned the CHAE. See Table 1 for more details.

Table 1 – Characteristics of Respondents

1. Accounting Certifications Earned

	<u>n</u>	<u>%</u>
CHAE	144	37.4%
CPA	87	22.6
CIA	3	0.8
CMA	8	2.1
CHTP	11	2.9
Other	27	7.0

2. Highest level of education

	<u>n</u>	<u>%</u>
High school	2	0.5%
Some college	33	8.6
Associates	8	2.1
Bachelors	256	66.8
Masters	78	20.4
Other	<u>6</u>	<u>1.6</u>
Total	<u>383</u>	<u>100%</u>

3. Years hospitality industry accounting/finance experience

	<u>n</u>	<u>%</u>
< 5 years	34	8.8%
5-10	49	12.7
10.1-15	66	17.1
15.1-20	60	15.6
20.1-30	122	31.8
> 30	<u>54</u>	<u>14.0</u>
Total	<u>385</u>	<u>100%</u>

4. Gender of Respondents

	<u>n</u>	<u>%</u>
Female	175	45.6%
Male	<u>209</u>	<u>54.4</u>
Total	<u>384</u>	<u>100%</u>

5. Age of Respondents

	<u>n</u>	<u>%</u>
< 30	8	2.1%
30-40	61	15.8
40.1-50	148	38.5
50.1-60	133	34.5
> 60	<u>35</u>	<u>9.0</u>
Total	<u>385</u>	<u>100%</u>

Findings

The next section of the survey asked whether the CHAE had enhanced the holder's earnings, reputation, knowledge, or mobility. Only 29% of CHAE holders believed that the certification enhanced their earnings. It is also interesting to note that the CHAE holders with a Masters are the highest percent of respondents that believe that the CHAE has increased their earnings.

On the other hand, almost 73% believed that earning the CHAE had enhanced their reputation. Almost 72% indicated that the CHAE had enhanced their knowledge. It is interesting to note that almost 65% of CPA holders had indicated that the CHAE had enhanced their knowledge, no doubt indicating that the CPA exam content was somewhat different than that of the CHAE. Almost 79% of CHAE holders felt that earning it had not increased their mobility. As expected, 94% of CPA holders believed that the CHAE did not give them greater mobility but they most likely believed their mobility was related to their CPA.

Survey of respondents without the CHAE

When asked whether they knew about the CHAE certification, almost 92% responded affirmatively. Whereas the vast majority of these respondents were aware of the CHAE, only 57% were interested enough in the CHAE to research the study material available at the Educational Institute of the AH&MA.

Almost 52% of the respondents did not know whether their HFTP chapter hosted a CHAE certification review session in the last two years, while 27% reported that their chapter had in fact hosted a review session during the two year period.

Almost 96% of respondents without the CHAE have never taken the exam; therefore, only 4% took it and did not pass. When respondents without the CHAE were asked about their interest in earning the

CHAE, over 42% said that their interest was high, 31% indicated moderate interest but were not willing or able to work hard to earn it. The remaining 27% indicated their interest in the CHAE was low and saw no value in it.

What are perceived to be the biggest obstacles to earning the CHAE? Sixty percent indicated that they did not have the time to prepare for the exam due to work commitments, while about 47% indicated that the main obstacle was family or personal commitments. Often study groups are useful to those preparing to take certification exams; however, only 25% of respondents indicated that studying for the CHAE with others would be of any assistance.

Surprisingly, only 29% stated that a big assist in preparing for the exam would be a “push” by their employer. Still 56% felt that being able to study for the CHAE on-line would be of assistance in preparing for the exam. This seems to be lower than expected, with time being the biggest factor, on-line would seem to be the solution to the time issue.

While only 12% of respondents planned to take the CHAE in the upcoming year, about 29% planned to take it in the following year. Almost one-third indicated that they would probably never take the CHAE exam presumably all of the 27% that did not see value in it plus another 6%.

Table 2 – Financial Executives Without CHAE By CPA/Non-CPA

	<u>CPA</u>	<u>Non-CPA</u>	<u>Chi-Square Statistic</u>	<u>P-Value</u>
Aware of the CHAE	98%	90%	4.066	.044
Aware of the two volume study guide	45%	60%	4.300	.038
Interest in earning CHAE*	27%	47%	10.990	.004
Obstacle – family/personal commitment	36%	50%	3.395	.065
Obstacle – work commitment	60%	61%	0.924	.924
Big assist – studying with others	13%	28%	5.664	.017

* Possible responses provided were high, moderate, and low. The percentage reflects high interest.

Big assist – encouraged by employer	39%	26%	3.712	.054
Big assist – study on-line	36%	62%	12.204	.000

Table 2 provides responses from the members of the HFTP who have not earned the CHAE. Further, the responses are divided between those who have earned their CPA and those members who have not earned the CPA. Statistical differences ($p < 5\%$) are noted for (1) awareness of the CHAE, (2) awareness of the two volume study guide, (3) interest in earning the CHAE (4) that studying with others would be helpful and (5) studying on-line would be helpful. It is interesting that only 45% of the HFTP members without the CHAE but having earned their CPA are aware of the two volume study guide. Further, only 36% of members with only the CPA believe studying on line would be helpful.

Table 3 – Financial Executives Without CHAE By Gender

	<u>Female</u>	<u>Male</u>	<u>Chi-Square Statistic</u>	<u>P-Value</u>
Aware of the CHAE	92%	92%	0.003	.954
Aware of the two volume study guide	56%	57%	0.051	.821
Did not pass exam	5%	3%	0.490	.484
Interest in earning the CHAE*	44%	41%	6.395	.041
Obstacle – family/personal commitment	51%	57%	2.166	.141
Obstacle – work commitment	62%	58%	0.400	.527
Big assist – studying with others	26%	23%	0.313	.576
Big assist – encouraged by employer	24%	34%	3.471	.062
Big assist – study on-line	54%	58%	0.477	.490

Table 3 provides insight on members without the CHAE by gender. Clearly, there are few differences between female and male respondents. Of those items listed on Table 3 only the interest in earning the

* Possible responses provided were high, moderate, and low. The percentage reflects high interest.

CHAE is statistically significant ($p < .05$). The difference is 3% reflecting a larger percentage of females have a high interest in earning the CHAE than males.

Summary and Conclusions

It appears that promotion of the CHAE certification should be enhanced by the HFTP chapters since so many non-CHAE holders are unaware of the certification. The CHAE certification appears to be useful since 72% of CHAE holders stated that it increased their knowledge and CPAs said that the preparation for the CHAE increased their knowledge.

A high percentage say that workload is an issue in not taking the CHAE. Perhaps employers could be made more aware of the value of the CHAE to the organization and encourage financial executives to take the CHAE.

A comparison of financial executives who had earned their CPA but not the CHAE with non-CPA and non-CHAE financial executives yielded some interesting results. The majority of CPAs were unaware of the two volume study guide and only 27% had a high interest in earning the CHAE. Only 36% indicated studying on-line would be helpful compared to 60% of the non-CPAs. A comparison of financial executives without CHAE by gender revealed only minor differences.

Limitations of Research and Future Research

The response rate was 43% which is a reasonably good response still as researchers we only wonder if the results would be different with a greater response rate. In addition, approximately 50% of the respondents possess the CHAE while according to the Director of Certification of HFTP only 12.7% of HFTP's active membership have earned the CHAE. Thus, the response to our survey is not a true representation of the HFTP membership.

Future research could focus on other hospitality certification's including the CHA, CHE, and CHTP. In addition, future research efforts could attempt to address the limitations of this study.

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