



The importance of financial management knowledge and accounting skills among department managers in the hotel industry within the Cape Town metropolis

by

Nadia Davids

Thesis submitted in partial fulfilment of the requirements for the Masters of Technology: Business Administration in the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology

**Supervisor: Dr Michael Twum-Darko
Co-Supervisor: Mr Eric Collier**

**Cape Town
November 2017**

CPUT copyright information

The dissertation/thesis may not be published either in part (in scholarly, scientific or technical journals), or as a whole (as a monograph), unless permission has been obtained from the University

DECLARATION

I, Nadia Davids, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed

Date

ABSTRACT

The hospitality industry has undergone far-reaching changes based on discussions held with industry representatives. Due to the rapid development of accounting systems there is an over reliance on systems to control costs. This influences the accounting skills of department managers, which are insufficient to manage their departments effectively. The research investigates the role and relevance of accounting skills amongst department managers of selected hotels in Cape Town. The research methodology employed a semi-structured questionnaire that was used to collect quantitative and qualitative data. The focus was on selected three-star (3) and five-star (5) hotels within Cape Town. The findings were drawn from a small sample of 45 hotels, among which 35 participants from the 45 hotels completed the questionnaire. A review of literature identified a strong need for department managers to have accounting skills, but there is limited evidence whether they actually hold these skills. Statistical analysis of the responses revealed that less than 50% of the participants were confident that they had sufficient accounting skills to manage their departments effectively. Two key issues were identified (1) the benefits of accounting skills (2) the need for formal accounting skills training. If the findings and concerns of the lack of accounting skills are not addressed it will affect cost control, costs will increase and profitability will be negatively affected. Recommendations include more interaction and forging links between academia and industry. A challenge for hospitality academics is review current financial management training provided and introduces mentorship programmes to develop the accounting skills of department managers.

Keywords: financial management knowledge, accounting skills,

ACKNOWLEDGEMENTS

I wish to thank and express my sincere appreciation to each of the following who assisted me

- Supervisor: Eric Collier for his patience, understanding and making himself available to deal with any problems and queries related to the topic
- Dr Michael Twum-Darko for guidance, mentoring, supervision and encouragement
- Nathan Kalam (Senior Library assistant) for always encouraging and assisting with resources
- Editor: David Cornwell for editing and providing valuable input to the writing style
- Rianne Voigt (Head of Department) for her assistance with completion of questionnaires

TABLE OF CONTENTS	
DECLARATION	2
ABSTRACT	3
ACKNOWLEDGEMENTS	4
TABLE OF CONTENTS	5
LIST OF TABLES	8
CHAPTER ONE	10
INTRODUCTION AND BACKGROUND TO THE STUDY	10
1.1 Introduction	10
1.2 Background to the study	11
1.3 Problem Statement	12
1.3.1 Sub-problem 1	12
1.3.2 Sub-problem 2	12
1.3.3 Sub-problem 3	12
1.3.4 Sub-problem 4	12
1.4 Objectives of the Study	13
1.5 Research Design and Methodology	14
1.6 Demarcation of the Research	14
1.7 Significance of the Research	15
1.8 Limitations of the Study	15
1.9 Outline of the study	16
1.10 Summary	16
CHAPTER TWO	17
LITERATURE REVIEW	17
2.1 Introduction	17
2.2 Competency levels of financial management knowledge and accounting skills among departmental managers	18
2.3 Role of a manager	20
2.4 Management development practices	21
2.5 Barriers to management development practices	23
2.6 Strategies implemented to reduce resistance to change	25
2.7 Barriers to recruitment of managers and supervisors	25
2.8 The role of hospitality management education	26
2.9 Managerial competencies and skills	30
2.10 Summary	31
CHAPTER THREE	33
RESEARCH DESIGN AND METHODOLOGY	33
3.1 Introduction	33
3.2 Research design	33
3.3 Instrument	33

	6	
3.4	Research methodology and data collection method	34
3.5	Sampling strategy	35
3.6	Data analysis and validation	35
3.7	Summary	36
CHAPTER FOUR		37
DATA PRESENTATION		37
4.1	Introduction	37
4.1.1	Demographical information	37
4.1.2	Financial management knowledge and accounting skills (Qualitative)	37
4.1.3	Financial knowledge and competence	37
4.1.4	Financial management knowledge and accounting skills (Importance)	37
4.1.5	Open-ended and opinion question	37
4.2	Data presentation	37
4.2.1	Section A - Demographic characteristics of the respondents	37
4.2.2	Section B - Financial Management Knowledge and Accounting Skills	43
4.2.3	Section C - Financial Management Knowledge and Competence	49
4.2.4	Section D - Financial management knowledge and accounting skills	52
4.2.5	Section E - Skills not mentioned in the questionnaire	61
4.3	Summary	62
CHAPTER 5		63
FINDINGS AND RECOMMENDATIONS		63
5.1	Introduction	63
5.2	Findings and discussion	63
5.2.1	Sub Problem 1:	63
5.2.2	Sub Problem 2:	64
5.2.3	Sub Problem 3:	65
5.2.4	Sub Problem 4:	66
5.3	Recommendations	66
5.3.1	Sub objective 1:	67
5.3.2	Sub-objective 2:	68
5.3.3	Sub-objective 3:	68
5.3.4	Sub-objective 4:	69
5.4	Summary	70
CHAPTER 6		71
CONCLUSION		71
6.1	Introduction	71
6.2	Importance of the research findings	71
6.3	Further research opportunities	71
6.4	Summary of the research	722
6.4.1	Problem of the research	722
6.4.2	Objective of the research	733

	7
6.4.3 Recommendations of the research	733
6.5 Findings of research	744
6.6 Conclusion	766
APPENDIX A:	844
APPENDIX B:	855

LIST OF TABLES

Table 4. 1 Gender of respondents.....	38
Table 4. 2 Age of respondents	38
Table 4. 3 Qualifications	39
Table 4. 4 Current Job Title.....	41
Table 4. 5 Internal & External training courses	41
Table 4. 6 Course categories	42
Table 4. 7 Adequate financial management knowledge and accounting skills.....	43
Table 4. 8 Perspectives on areas performed well and areas of concern	44
Table 4. 9 Property management system and accounting package	45
Table 4. 10 Interpretation of financial reports.....	46
Table 4. 11 a Access to financial reports	47
Table 4.121a: Is financial management knowledge and accounting skills a requirement to maximise profits?.....	47
Table 4.12b: Is financial management knowledge a requirement for promotion?	47
Table 4.13a: Cost-cutting measures - Rooms Division	48
Table 4.13b: Cost cutting measures - Front Office	48
Table 4.13c: Cost cutting measures - Food and Beverage	49
Table 4.13d: Cost-saving methods	49
Table 4.14: Internal control procedures implemented by respondents – to reduce costs	50
Table 4.15 Financial Forecasting measures	50
Table 4.16 Access to management reports	51

LIST OF FIGURES

Figure 4. 1 Gender of respondents	38
Figure 4.2 Age of respondents	39
Figure 4.3 Educational qualifications of department managers	40
Figure 4.4: Years of experience in their current position	40
Figure 4. 5 Internal and external short courses attended	42
Figure 4.6 Opinion on financial management knowledge and accounting skills level	43
Figure 4. 7 Property Management Systems.....	45
Figure 4.8: Interpretation of financial reports	46
Figure 4.9 Budget and forecasting preparation.....	52
Figure 4.10 Budgetary control	53
Figure 4.11 Revenue forecasting	54
Figure 4.12 Capital budgeting	54
Figure 4.13 Cash and operating budgets	55
Figure 4.14 Internal control procedures	56
Figure 4. 15 Accounts receivable: credit and collection	56
Figure 4.16 Management of departmental income and expenses.....	57
Figure 4.17 Interpretation of the income statement	58
Figure 4.18 Interpretation of ratios related to Balance Sheet	58
Figure 4.19 Cash flow statement.....	59
Figure 4. 20VAT - Collection and Payments	60
Figure 4.21 Menu costing and cost control	60
Figure 4.22 Break-even analysis.....	61

CHAPTER ONE INTRODUCTION

1.1 Introduction

Globally speaking, the hospitality industry is one of the fastest growing sectors (Watson, 2008:758). South Africa is no exception to this phenomenon, as hospitality and tourism comprise one of the leading growth industries within South Africa. Tourism, in alignment with the hotel industry, has immense potential to create economic growth and employment opportunities. In order to realise this potential and meet the changing demands of the market, the hospitality industry must continually evolve: “The emergence of new business models, concepts and knowledge, forces the hotel industry to undergo restructuring at various levels to meet the current global and local business needs” (Harris, 2006:634).

Hotels operate in a very competitive and dynamic environment where consumer trends change frequently. In this environment, department managers need an edge to stay ahead of their competitors. The researcher is of the opinion that general managers evaluate the performance of their department managers on the basis of the department’s financial performance. A department manager requires a combination of competencies and knowledge to manage his or her department effectively.

Financial skills are vital to the success of any business, and the hotel industry is no exception. Drawing on the work done by Kay & Moncarz (2004:285), it can be argued that hotel professionals should be properly equipped with the knowledge, skills and aptitudes necessary to enable them to face the industry challenges and ensure future success. Fawcett (1996:17) concurs, noting that competence and confidence in handling and analysing numerical data is an essential skill for managers today. Accounting is a significant component of strategy, drawing together all the individual elements involved in planning, implementing and controlling the business strategy (Collier & Gregory, 1995:16).

A department manager has to be competent in their analysis of financial information and applying this in decision-making. Downie (1997:305) observes that there is a fundamental link between management decision-making, customer satisfaction and profitability.

1.2 Background to the study

The researcher is of the opinion that knowledge of financial management and accounting will enhance the skills and performance of any department manager. Understanding accounting and interpreting financial information play a major role in the success and sustainability of the hotel establishment. DeSouza and Awazu (2004:114) insist that department managers require accurate knowledge and financial skills to control operations and effectively utilize financial information.

From discussion and consultation with industry representatives for this research study, it emerged that the South African hotel industry values practical skills above analytical skills in junior and middle management positions. The trend within the hotel industry is for top management to employ people with practical skills; analytical skills are deemed less important, whereas problem-solving and decision-making skills are essential for any manager (Connoly & McGing 2006:59). Financial controllers are of the opinion that department managers have insufficient accounting and financial skills to minimise costs and optimise revenues to maintain profits and add value to the bottom line (Burgess 2007:188). Damito and Schmidgall (1991:219) concur that accounting will be one of the key skills for hospitality managers in the future.

In light of this, a research study was undertaken to investigate department managers' financial management knowledge and accounting skills within the hotel industry.

Hospitality recruitment agencies hold the view that hotels employ for operational purposes and focus on practical skills acquired within a hotel or at an educational institution. Thus in the majority of cases, the recruitment of hospitality employees is based on practical skills and work experience. But these operational employees are ultimately promoted to department manager, general manager, yield and revenue managers, food and beverage and rooms division managers of the hotel. The efficient operation of these departments is dependent on the analytical, business and decision-making skills of the department managers. In an increasingly competitive marketplace, a key challenge for management is to minimise costs and optimise profitability (Burgess 2007b:161).

Burgess (2007:188) emphasises that financial management knowledge and accounting skills amongst department managers of hotels will add value to the operations and increase the profitability of the hotel. There is a need for research to provide data regarding the current accounting skills and financial management knowledge of department managers. The data and information gathered from the respondents will be extrapolated to assist hotels and educational institutions. The findings will serve to enhance the skills of hotel school graduates and help equip future managers to deliver a better service to hotels.

1.3 Problem Statement

Financial management knowledge and accounting skills amongst department managers in the hotel industry within the Cape Town metropolis are inadequate. "Hospitality graduates need a solid foundation in accounting and finance for all entry level management positions" (Garavan et al., 2006:252)

Sub-problems to the study

1.3.1 Sub-problem 1

The lack of financial management knowledge and accounting skills has an impact on the efficient management of the departments in the hotel.

1.3.2 Sub-problem 2

The department manager of the hotel is ineffective as the hospitality industry does not consider financial management knowledge and accounting skills important.

1.3.3 Sub-problem 3

Department managers are unable to optimise profitability within their department, as their financial management knowledge and accounting skills are inadequate.

1.3.4 Sub-problem 4

The current internal and external training provided by hotels is insufficient to meet the need for financial management knowledge and accounting skills among department managers.

These problems are identified in part through the research done by Burgess (2007:200), in which financial controllers and hotel managers expressed their concern that losses were occurring due to a lack of effective and informed management.

1.4 Objectives of the Study

The objective of this study is to investigate the current financial management knowledge and accounting skills of department managers in the hotel industry within the Cape Town metropolis.

Sub-objectives of the study:

- 1.4.1 Determine and describe the financial management knowledge and accounting skills required of department managers for efficient management of their departments
- 1.4.2 Determine and describe the extent of the hospitality industry's lack of emphasis on the importance of financial management knowledge and accounting skills
- 1.4.3 Determine and describe the financial management knowledge and accounting competencies required by the department manager to optimise profitability
- 1.4.4 Determine and describe a comprehensive financial management competency training strategy for department managers

1.5 Research Design and Methodology

Given the positivist position adopted to address the stated problem and to meet the objectives of the research, the study employed a quantitative research methodology using a structured questionnaire as a survey instrument. An investigation was conducted among department managers within three-, four- and five-star hotels within the Cape Town metropolis. This area includes all the three-, four- and five-star hotels within the City Bowl and the Southern Suburbs, up to and including south of the N7.

The hotels were initially chosen according to their star rating. A randomised sample was then selected, representative of the hotels in the Cape Town metropolis. The sample consisted of respondents from a total of 50 hotels: 10 were department managers employed at three-star hotels, 25 at four-star hotels, and 15 at 5-star hotels within the Cape Town metropolis.

The general manager or head office of the hotel group of the three-, four- and five-star hotels was contacted telephonically for an appointment in order to request consent to conduct the research within their hotel or group of hotels. They were informed about the research study and a questionnaire was made available for their perusal. The general manager and/or head office group was informed that the completion of the questionnaires by their department managers was voluntary. Moreover, the participants could withdraw from the study at any time. Their participation was anonymous and their responses kept in the strictest confidence (Appendix: A.).

1.6 Demarcation of the Research

The research was restricted to three-, four- and five-star hotels within the Cape Town metropolis. The hotels selected each had a minimum of 50 rooms and comprised a number of departments, including front office, rooms, bar, restaurant, banqueting, housekeeping, maintenance and kitchen departments. An investigation was conducted to evaluate the relevance of financial management knowledge and accounting skills amongst department managers.

1.7 Significance of the Research

The thesis examines the relevance of financial management knowledge and accounting skills among department managers of hotels in the Cape Town metropolis. The data will help clarify the roles and responsibilities of department managers, resulting in improvement in efficiency within the department and the hotel as a whole. The findings of the study should lead to better utilisation of financial information by department managers, and more active participation in the value added to the bottom line of the hotel. The information extrapolated from the study should also lead to better use of assets, while at the same time empowering department managers.

According to the research undertaken by Burgess (2007:188), continual development and improvement in technology has meant accounting processes have been largely automated. Responsibility for financial control has migrated towards department managers and away from the accounting area. This leads to decision making moving down the hierarchy, and the decentralisation of functions.

1.8 Limitations of the Study

Limited research has been done on this specific topic in the South African context, which means that a large portion of the literature accessed concerned hotels in Europe, America and Asia.

Some department managers and general managers of hotels were suspicious of the questions asked in the survey, so were not willing to participate in the study. Again, some hotels were reluctant to make their department managers available to complete the questionnaire, citing time constraints or sensitivity of information gathered. It was thus challenging to obtain a representative sample from which to gather the primary data.

Several of the available published sources are more than ten years old, but are still relevant to today's context. The questionnaire focused on department managers and their perceptions of the financial information they have access to, which resulted in some questions being left unanswered. From a practical perspective, this survey is

one of the first attempts to find data relating to financial management and accounting skills among hospitality department managers within the Cape Town Metropolis.

1.9 Outline of the study

Chapter 1: Introduces the background to the research, the problem statement, the study's objectives and research questions, and the general concepts of financial management knowledge and accounting skills

Chapter 2: Is dedicated to a broad literature review connected to general management competencies, financial skills required by managers, and how financial management knowledge and accounting skills influence competencies and effective management on the part of the department manager.

Chapter 3: Presents the research design and methodology that were applied in the investigation of the research problem. The methodology used to collect both primary and secondary data is explained.

Chapter 4: Provides a presentation of the data collected, an analysis of the data collected in terms of the research problem, and an account of how this relates to previous studies canvassed in the literature review.

Chapter 5: Discusses the findings, provides recommendations of how to address the research objectives, and indicates the areas requiring further research in respect of departmental hotel management.

Chapter 6: Concludes the research.

1.10 Summary

The research problem, purpose of the study, sub-problems and objectives and sub-objectives of the research have been identified. The research design and methodology have been described, and the literature review adumbrated. This review constitutes the subject matter of Chapter Two.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In Chapter One, it was suggested that this investigation should lead to an estimation of the importance of financial management knowledge and accounting skills among department managers of hotels. Such investigation cannot be carried out without putting the concept of management into perspective. This chapter reviews and discusses a number of research papers written on this topic. It will point to literature highlighting the financial management knowledge, accounting skills and gaps faced by department managers within the hotel industry. It intends to show the importance of these skills and competencies for managers to manage their departments effectively.

This literature review examines the relationship pertaining to general management principles and competencies. It intends to show the impact of hospitality management education, financial management knowledge and accounting skills within the hospitality industry, with specific reference to department managers and their role within the hospitality industry.

This review is something of a conundrum, given the diverse nature of the hospitality industry. It is not easy to define the skills and competencies a department manager or hotel management diploma graduate requires in order to be effective within the hospitality industry. Nevertheless, among the various hotel groups within South Africa, certain management skills apparently lacking among department managers have been identified. These management skills or competencies include financial management knowledge and accounting skills.

The literature will emphasise several areas, including industry expectations, hospitality management development practices and department managers' financial management and accounting knowledge. There will be a particular focus on the role of accounting skills and financial management knowledge within the industry. The review seeks to establish the level of financial management knowledge and accounting skills among department managers, and to assess whether these are essential competencies that they require to manage their departments effectively.

A range of studies was conducted during the 1990s, revealing various viewpoints regarding the required and/or most important competencies needed by department

managers. Zaleznik (2004:171) focuses on organisational structure and processes, emphasising building competence, control and the appropriate balance of power, while Sandwich (1993:43-62) developed the company domain competency model, which included conceptual, creative, leadership, interpersonal, administrative and technical skills. Zaleznik (2004:173) argues that he had omitted an essential leadership element from his article written in 1997, one that encompasses the elements of inspiration, vision and human passion, all of which help drive corporate success.

The essential competencies required within the hospitality industry are sometimes not the same as those taught within academic institutions. This claim is endorsed by Christou (1999:683): "The competencies and skills employees consider to be optional have changed over time." Tas (1988:58-64) observes that "hospitality graduates should be multi-skilled, which allows them to be creative, flexible and adaptable." According to Nelson and Dobson (2001:58-67), hospitality education was born out of a need to supply the hospitality industry with competent managers. Cho-Wonae & Schmeltzer (2000:31) suggest that the complex nature of hospitality organisations, and the continuous change and market uncertainty within the business environment, have created a situation in which constant learning for all managers is required.

2.2 Competency levels of financial management knowledge and accounting skills among departmental managers

In recent years there have been many developments in business, due to changes in technology and rising pressure to achieve maximum returns on investment. The responsibility for financial control is no longer only the domain of the accounting team, but has moved towards department managers. Questions have been raised pertaining to the financial management knowledge and accounting skills of department managers, as there is a concern that they have insufficient skills of this kind for the effective management of their departments. Scapens and Jayazeri (2003:202) note that line managers are now required to have more financial knowledge and information as they have become more accountable for their actions and decisions. They need financial management knowledge and accounting skills to effectively utilise this information (DeSouza & Awazu, 2004:12).

Jones (2002:72-80) observes that the quality of management and the ability of management to reach targets are two of the most important drivers of hotel performance. Improved operating efficiencies are achieved with cost control and

optimising revenue (Singh & Schmidgall, 2005:236). According to Philips (2000:541), there are shortcomings in the planning processes of the hotel: to plan effectively, department managers require value-added financial training. Matovic and McCleary (2003:47-65) concur, recommending the strategic planning of sales forecasts and costs in an uncertain and volatile market place. Bowen and Ford (2004:394) note that improved forecasting, and better budgeting and cost control is essential at strategic, operational and managerial level, because of the pressure to meet targets and maintain management control.

Financial skills are imperative to the success of any business and the hotel industry is no exception. Kay and Moncarz (2004:285), propose that hotel professionals should be properly tooled with the knowledge, skills and abilities necessary to enable them to face the industry challenges and ensure future success. According to Collier and Gregory (1995:16) accounting plays a significant role, as it draws together all the individual elements involved in planning, implementation and control of the business strategy. The emergence of new business models, concepts and knowledge is forcing the hotel industry to undergo a restructuring at various levels to meet current global and local business needs (Harris, 2006:634). Competence and confidence in the handling and analysis of numerical data is an essential skill for the managers of today (Fawcett, 1996:17).

A hotel department manager needs to be competent in the understanding and interpretation of financial statement and management reporting, as decision making for the department is based on this information. Managers need to be familiar with the environment in which they operate, as this will impact on their decision making.

2.3 Role of a manager

The world of a manager is complicated and puzzling, and to make sense of it requires quick thinking and an ability to simplify complicated problems and use different insights from multiple perspectives (Adams & Waddle, 2002:15). “To be successful, managers must know their strengths, weaknesses, limitations, and they must be adaptable, conscientious, persuasive, high performing and have the ability to see things from other perspectives” (Carmeli, 2003:782). The job of a manager is not limited to cost control and maximising revenue, but includes understanding and adding value to the business strategy.

There are a number of research papers that discuss management skills. Kay and Moncarz (2008:287) stress the importance of financial management skills and human resource management skills, whereas Boone and Peborde (2008:10) see leadership skills and interpersonal skills as more significant. According to Boone and Peborde (2008:5), there are five fundamental leadership skills: establishing credibility, managing time, being proactive, empowering others to act, and networking.

What does it mean to think like a manager? Gosling and Mintzberg (2003:64-65), maintain that in recent years, many have become so captivated with the idea of leadership that nobody aspires to being a good manager – even though management cannot be separated from leadership. Harris et al. (2001:11) are of the view that managers need to communicate clearly, create effective processes, set performance goals, manage teams and understand financial reports to be effective in their position. Gardner and Stough (2002:69) argue that even with all these competencies, if managers lack emotional intelligence (EI), when faced with certain demands managers will be unable to exhibit leadership behaviour appropriate to the specific situation. Managers in traditional firms do not easily admit to making mistakes, which slows down decision making, and this can be attributed to a lack of emotional intelligence.

All levels of management need to have strong managerial skills and competencies so as to be able to manage change (Zaccaro & Banks, 2004:369). Zaccaro and Banks propose that the manner in which an establishment is operated, determines managerial competencies. This principle is to an extent dependent on the owner also being the manager. Managerial competencies may be different, because of some personal interest in the establishment.

According to Jayawardena (2000:67), “management requirements in five-star hotels are leadership skills, knowledge, education, English language proficiency, communication skills, interpersonal skills and interest to be a hotelier.” These skills go hand-in-hand with work experience, which is a necessity for graduates to be employed in a managerial post. Management knowledge and leadership skills are developed and enhanced through education, work experience and on-the-job training.

Ramos et al. (2004:56) observe that “managing innovation requires a great deal of experience, knowledge and training.” Skills development can come from practical work experience and qualifications acquired. These skills assist managers to translate knowledge into change, and the more educated, informed and expert they are, the greater the probability of innovation. Ramos et al. (2004) also found that training programmes where financial management and accounting skills are included, improve a firm’s competitive advantage.

2.4 Management development practices

Management development can best be defined as the process whereby managers learn and improve their skills, which not only benefits them, but also their employer and the organisation (Davis, 1995:5-8). Management practices have changed little over the decades in respect of the way that organisations function, and this has impacted on the knowledge base of department managers. Western business models are based on the command and control system. The command and control system becomes problematic to the organisation’s performance if based on the human system, which is driven by senior management’s thinking. Managers therefore own the performance of their employees. However, there is evidence that proves otherwise, that the command and control system is in fact detrimental to growth as it creates no capacity and capability (Collier & Gregory, 1995:17).

Martinez-Ros and Orfilla-Sintes (2012:686-694) report that Konosuke Matsushita compared Japanese and Western organisations, and concluded that Western companies follow Taylor's principles, including the assumption that executives belong on one side and workers on the other: employees who think, as opposed to employees who work .

Davis (1995:5) suggests that the manager's role has been wrongly defined. The manager's job includes understanding and creating value, and is not based entirely on control. Control can be applied to machines but not to people. A manager's role is that of adding value to the business, by paying attention to individual attributes, and maintaining a focus on current operations.

This principle can also be applied to the hospitality industry, where people need to work in a team and not in isolation. The control model needs to be adapted in order to empower staff, and engaging with management is an essential part of this process. Management styles and communication influence the performance of department managers and their subordinates. When managers communicate the goals and objectives of the hotel, they need to gain commitment from staff. This can be enhanced by transferring knowledge relating to financial management and accounting skills.

The hospitality industry is one of the fastest growing sectors globally (Watson et al., 2004:39), and management represents 29% of those employed within the industry. Kent (2006) notes that in the UK, hospitality employers are struggling to attract and retain managers. This can be addressed through management development training, education, and vocational practice, to assist managers to realise their potential. Walsh and Masako (2007:180) state that one of the primary challenges facing the hospitality industry is the high staff turnover amongst management staff, which affects the development of good managers within a specific department. South African hospitality establishments also struggle to retain staff, which can be attributed to remuneration rates for unskilled and operational staff.

Managers who are challenged continually will be less likely to leave the industry (Walsh & Masako, 2007:163). A high staff turnover results in a constant drain on productivity and resources, including the valuable knowledge base. Ahmad et al. (2010:72-82) report that in Malaysia the industry was experiencing a problem with attracting knowledgeable workers and retaining skills, due to low salaries and the conventional top-down management. This illustrates that there are many factors which influence the retention of management, and challenging them is not the only factor that will prevent them from leaving.

From a web-based survey amongst hospitality managers, Walsh and Masako (2007:163-182) found that the following is what managers would like from their careers in the industry:

- Continuous opportunities for advancement – always learning something new.
- Working in a growing, challenging and dynamic industry – to make interesting changes and see continued improvement.
- An organisation that encourages growth, teamwork – focus on retaining staff and training, rather than staff stress and rehiring.
- Recognition, opportunities to learn and improve skills and leadership.
- Stability in hours: the industry is known for long hours, which makes family time difficult. An effort to make careers and personal life balanced would lessen the loss of good people.
- Fair hours and compensation, as the industry is known for low salary and long hours.
- Quality leadership and higher levels of intelligence at all levels, to awaken new methodologies and more diversity in management.

Managers require a range of needs to be fulfilled, but common threads include knowledge, improved working conditions and teamwork. The empowerment of department managers with additional financial management knowledge and accounting skills to manage their departments effectively will lessen the burden on the General Manager, as there would be an enhanced commitment to achieve the goals of the establishment as a whole.

2.5 Barriers to management development practices

Hospitality and Tourism businesses are operating within a global village, the world having become effectively much smaller and more easily accessible. This exposes all industries to external factors and global shocks. To survive in increasingly vibrant and competitive environment, one has to learn to manage change. Ulrich (1998:130) is of the view that “the change of pace today is because of globalisation, technological innovation and information access.” If this change is managed effectively with the building of capacity amongst department managers, transcending these challenges could be relatively effortless.

Potential barriers to management development have been identified by Carmeli (2003:788-813) as perceptual, economic, emotional, cultural or technical. Kotter and Schlesinger (1979:110) propose that ways of overcoming these barriers include recourse to education, communication, participation, facilitation and support, negotiation and agreement, manipulation, co-operation and coercion.

The main barriers to change in hotels are of a financial and accounting origin:

- “Financial difficulties, which constitute the cost of change and lack of resources, were the main constraint in the hotel. All managers claimed that it was too expensive and the hotel cannot always afford to make the changes.” (Kotter & Schlesinger, 1979:106)
- Fear of losing their existing customers. Management suggested that, for example, menu changes, rebranding, repositioning and service style in the food and beverage department could result in losing their existing customer base. (Kotter & Schlesinger, 1979:108)
- “Time limitation and the pressure of running the establishment during the process of change as none of the hotels are closed in the implementation process. The managers believed that this will have an impact on their service delivery as projects are known to go over time and budget.” (Kotter & Schlesinger, 1979:110)
- Another potential source of resistance was the employees and department managers. Employees and managers tend to be suspicious and concerned when changes have to happen. “They think they are moving from a secure environment into unfamiliar territory. The main reasons acknowledged were potential loss of jobs and benefits, dislike of change and lack of skills and commitment.” (Kotter & Schlesinger, 1979:114)

Minor management changes in some cases did not face any resistance. The changes which elicited the most resistance were re-branding and re-positioning, which required more time and resources. The time period gave rise to conflict and resistance. In sum,

the main constraints to change in hotels stem from financing challenges, limited or lack of resources, cost of change and loss of guests because of re-branding.

2.6 Strategies implemented to reduce resistance to change

Kotter and Schlesinger (1979:106-114) recommend several strategies to manage change and prevent resistance: communication, training, participation, planning and power.

Communication

Communication is a powerful strategy appropriate to each stage of the change process. A top-down approach, rather than a consultative or participative approach to communication, is likely to increase resistance to change.

Training and teamwork

This ensures participation and involvement by all parties concerned. Managing is about working with people, not just as bosses and subordinates, but as colleagues and partners.

Negotiation

Should the above strategies be unsuccessful, management can turn to negotiation and power to eliminate the barriers to change. Larger chain hotels had different barriers from independent hotels. Larger chain hotels had the support of Head Office, which sent experts to the hotel and provided assistance to the General Managers.

The researcher is of the opinion that change cannot be successful if one follows a mechanical schedule of steps and implementation. One has to be reflective and collaborative as well as analytical if one wants to reduce resistance to change. In conclusion, the capabilities, skills and experience of General Managers (and the support of Head Office) appear to be crucial components in overcoming resistance to change.

2.7 Barriers to recruitment of managers and supervisors

Wilson et al. (2006:1-341) note the problems that hospitality organisations encounter with attracting, developing and retaining managers, as well as with the recruitment of experienced managers. Martin et al. (2006:380) suggest that the problems relate to

the status of the industry. Low remuneration or less competitive salaries, long inflexible hours and little family time all act as barriers to recruitment and retention.

A survey conducted amongst Cornell University Hotel graduates showed that many leave the organisation after a year or two, or leave the industry completely, due to the lack of a career path. High turnover is a drain on productivity, profits and skills. When employees walk out they leave with a valuable knowledge base (Coff, 1997:374).

Walsh and Masako (2007:163-182) are of the opinion that managers who are challenged at work are less likely to leave the industry. They suggest that what managers are looking for in the hospitality industry are growth opportunities, challenges, financial success, a work and life balance, training and development, recognition, support, fair compensation and industry growth and stability. Barnett and Brennan (1997: 253) argue that “the factors leading to dissatisfaction emanate from the nature of the job itself, where interpersonal relationships between employees and supervisors deteriorates, which negatively influences job satisfaction and sometimes leads to employees leaving their jobs.”

2.8 The role of hospitality management education

No hotel group in contemporary times can be unaware of the swift pace of change and its impact on the hospitality industry. New business practices are evolving as fast as technologies. This gives rise to a change in the approach to hospitality education and industry relationships. According to Brotherton and Wood (2008:37), “due to the worldwide growth of hospitality and tourism management education, there have been significant developments within this sector”. Barrows and Johan (2008:146) concur, suggesting that an important question today concerns the relevance of the curriculum to the needs of the hospitality and tourism industry.

According to Watson and Brotherton (1996:13), the practitioners argue that work is best learned on the job, whereas Tynjala (1999:31) suggests that university courses need to integrate theoretical and practical knowledge, while at the same time developing skills and competencies for reflective managers. Lashley (1999:30) believes that hospitality education should produce reflective practitioners; Groschl and Barrows (2003:64-65) agree, noting that education does influence management style.

Hospitality education has evolved from simply meeting the need to provide the industry with knowledgeable managers, which was driven solely by industry needs (Nelson & Dobson, 2001:59). Connolly and McGing (2006:50) argue that “to design relevant educational programmes for this industry is not an easy task, as debates will prevail amongst academics and practitioners regarding the degree of emphasis on vocational and practical aspects of the curriculum.” In order for this debate to subside, there needs to be greater partnership between hospitality education providers, industry representatives and professional industry bodies, so as to meet all the role players’ needs. Rimmington (1999:186-192) notes that “there is some evidence that education allows industry to save on training costs, as it raises the starting level when training commences.”

According to Mariger and Miller (1999:428), the majority of the hospitality and tourism business requires human resources to be qualified, as they operate in a global business environment. This result in the recognition that all industry executives need to develop their knowledge skills on a continuous basis. Lewis (1993:273) notes that the curriculum therefore needs to be re-evaluated constantly, as it takes into account changing managerial and social needs. Lewis emphasises that conceptual skills need to be developed to produce leaders. Leadership is seen as a person's ability to generate a vision for the future, and is a core element in managerial success. Management development traditionally focused on the building of competency and omitted the development of leadership, which contains the elements of inspiration, vision and passion. No business in today's times can be successful without leadership, so organisations need both managers and leaders to succeed. A deeper issue is at hand, as there is no known way to train great leaders.

In response to an article written in an educators’ forum, Evans (1990:93) proposed another graduate education model, as his interest lies in industry and academics. Evans (1990:94) noted (based on questions and answers at the Virginia Tech Graduate Educational Symposium) that people choosing hospitality and tourism education in the 1990s came from diverse backgrounds and various undergraduate educational backgrounds. This led to his master's proposal, based on three competency areas (Evans, 1990:92-95):

- Industry competency (lodging, restaurant, food service)
- Functional competency (marketing, accounting, human resource management)

- Research competency.

Hospitality education programmes in the United States provide the industry with graduates who are filling low level management positions, whereas many hospitality establishments face a shortage of middle and executive level management talent. (Ladki, 1993:243). This can be attributed to the hands-on focus on operations, which provides a pool of entry- and middle-level hospitality managers. These operational managers advance within their organisations but find that their skills are no longer adequate for their increased responsibilities. They find it challenging to function in general management and executive level positions due to their lack of business knowledge and skills. Laesecke (1991:46-47) suggests that the role of hospitality educational institutions is to produce individuals who can think, lead, and solve problems.

Jones (1991:70) insists that hospitality programmes be designed to include general business knowledge and accounting skills with a hospitality focus, to increase the relevance of graduate hospitality education. Littlejohn and Watson (2004:408), concur, as the evidence indicates an increasing emphasis on managerial skills, management training and generic business skills. Harper et.al (2005:51-64) researched hotel managers' careers and concluded that managers need to adopt a business approach rather than an operational approach.

Today's hospitality students are required to distribute their time between the theory and practical application, using case studies and simulation programs. Some of the programs can be hosted in different faculties, as the following examples show.

Operating finance

The necessity for a thorough grounding for students in all the financial aspects of hotel operations led to a number of hospitality programmes being incorporated within the school of business. Hospitality graduates must be able to understand a financial statement and know how to build revenues while controlling costs. "They need a solid foundation in accounting and finance for all entry-level management positions" (Garavan et al., 2006:252).

People

Hospitality businesses are highly dependent on people compared to other types of business. Hotels can be viewed as a theatre production where associates are the actors that make it come alive. Yet despite the importance of people, the hospitality industry experiences extremely high staff turnover. The cost of retaining and motivating existing staff is significantly less than recruiting and training new staff (Garavan et al., 2006:252-280).

Today's managers require increasingly complex people management skills as they work amongst different cultures. Managers of the old generation group are reaching retirement age or start pursuing different career paths, whereas the new generation group do not want to work long hours, yet expect to be promoted within two months. Each group has a diverse set of expectations and visions; "Therefore strategic planning and strong business skills will play a greater role in the hospitality business." (Garavan et al., 2006:252-280)

Financial management skills and leadership are regarded as essential skills amongst hospitality and tourism managers. Leadership is a person's ability to generate a vision for the future. Lewis (1993:273-238) identifies leadership and conceptual skills as very important. He asserts that current curriculum programs will not survive if they are not re-evaluated to take into consideration changing managerial and social needs. Industry has to be consulted continually to ensure that the curriculum stays relevant and fulfils their requirements.

Groschl and Barrows (2003:65) conducted a comparison between British and French managers regarding the influence of higher education on management style. Ardagh (1987) argues that the French educational system focuses on knowledge and intellect, whereas the British educational system wants to develop the whole individual.

According to Barsoux and Lawrence (1997), French students are prepared academically and acquire both technical and managerial knowledge. They consider that because of the French university's emphasis on academic content and research, their degree lacks a practical management component. Even the business schools are somewhat academic and far removed from business. This meant that French managers tended to be more analytical and intellectual, but less practice-orientated.

British universities focus on general education and a strong emphasis is placed on interpersonal and communication skills. Brander et.al. (1998:161) suggest that Britain has developed a more business- and management-orientated education system, where students learn skills and knowledge that can be transferred to other industries.

2.9 Managerial competencies and skills

Competency involves more than the possession of knowledge and skills and seems essential for superior performance. Tas (1988:58) defines competency as simply the “skills which are essential to perform the duties of a specific position.” Gamble and Messenger (1990:82) are of the opinion that it is not easy to define what skills and competencies hospitality graduates may need because of the diverse nature of the hospitality industry. They define competency “as the knowledge, skills and behavioural attributes necessary for acceptable job performance” (1990:86). Knowledge refers to previous experience and education, skills to the technical and practical requirements of the job, and behavioural attributes to personality traits that are key to successful job performance. Gamble and Messenger (1990:52) therefore suggest that graduates should have a multi-skilled base, which will allow them to be creative, flexible and adaptable

Enz et al. (1993:90) maintain that the curriculum should amalgamate the vision of the faculty with that of the students and the industry.

The programme should focus on seven key themes:

- Strategy: the ability to see the big picture;
- Communication;
- Different management styles, principally working as teams;
- Leadership skills: the ability to persuade, motivate and encourage;
- Analytical ability, technical skills and industry concepts: excellence in implementation;
- Ethics awareness;
- International scope.

Ross (1992:9) is in agreement with Enz et al. (1993:90), but Umbreit (1992:10) distinguishes six “most interesting” content areas for hospitality curricula. These are human resources management, service marketing, leadership, financial analysis,

interpersonal skills and Total Quality Management. Ross (1992:12) in fact fails to mention financial analysis in his findings, a crucial contributing factor to the competence of a department manager to manage his or her department effectively.

Agut and Grau (2002:31) suggest that there is some contradiction between the theory and practice of management capabilities. They make a distinction between technical and generic managerial competency needs. Technical managerial competencies cover areas of knowledge such as economics, financial management and market analysis, whereas generic competencies would include things like good judgement and self-control in emotive situations.

Tourinho and Neno (2003:63-80) remind us that real knowledge is applied or applicable knowledge, which comes from practice. Hospitality managers need to have had direct contact with the industry. Practice creates knowledge and enhances learning.

2.10 Summary

The literature reviewed emphasises the links among managers, industry, education, recruitment and retention of employees, as well as management skills and competencies. The highlights of the chapter include the following:

- a)** The literature situates management in a broad context. It finds that the industry seeks a skills set that is enabling, with a wide range of elements conducing to productivity in hospitality and tourism.
- b)** The management competencies and skills required of department managers were analysed, and a disjunction identified between the skills required by the industry and what a graduate regards as important.
- c)** Hospitality management education in different countries was surveyed, with a focus on the gaps in this education.
- d)** Management development practices differ and there are certain barriers to the development of management.
- e)** The literature identified the competencies required by department managers and the problems with the recruitment and retention of trained managers.

In Chapter Three the research design and methodology will be discussed.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

In this chapter, I will outline and discuss the research design and methodology, the study population and sampling procedure, and the method used to collect data. The reliability and validity of the research instruments are addressed, as well as relevant ethical considerations.

3.2 Research design

The purpose of the research is to investigate the financial management knowledge and accounting skills of department managers within the hospitality industry. The aim of the research is to show the importance of financial management knowledge and accounting skills amongst department managers within the hospitality industry.

Research methodology refers to the techniques used to structure a study, gather and analyse the data in the course of the research investigation. It consists of a set of orderly, disciplined procedures to acquire information. A research design is basically a plan that describes how, when and where data are to be collected and analysed (Parahoo, 1997:142).

A clear theme emerging from the literature was that to better manage their departments and increase profitability, financial skills are essential to hotel department managers. The researcher is of the view that department managers of three- to five-star hotels in Cape Town have inadequate accounting skills and financial management knowledge to manage their departments effectively. To test this hypothesis, a survey was conducted in the form of a structured questionnaire distributed to department managers in three- to five-star hotels.

3.3 Instrument

The research design in this study is quantitative, and the research instrument is a survey. Data was collected via a questionnaire structured in such a way as to ensure uniformity and objectivity (Appendix B), and distributed to department managers of three- to five-star hotels. I tried to follow the advice of Saunders et al. (2003), who

suggest that questions should not merely be answerable but should have a meaningful purpose. Questions and interviews should be as concise as possible, to assist with the validity of the study.

The questions asked were both factual (e.g. demographic information) and evaluative (calling for a subjective opinion). This means that the study is mixed-method, combining quantitative and qualitative data for analysis.

The questionnaire was modelled to address the perceived importance of 21 skills that department managers require. The survey asked the participants to rank the skills on a scale of one to four, one being less important, two: important, three: very important, and four: not sure. Questions relating to experience and qualifications were asked, in order to provide background information.

An e-mail was sent to industry representatives and colleagues within the Cape Town hotel school to outline the purpose of the study. A structured questionnaire, interviews, consultations and collaboration with industry representatives to detect errors or ambiguous statements on the questionnaire. Five individuals from the hospitality industry, five individuals from the third-year block release management programme at the Cape Town Hotel School and two CPUT staff members from the Cape Hotel School were selected to complete the questionnaire. A cover letter was attached to the questionnaire providing a detailed explanation of the purpose of the study as well as relevant supporting documents. The data collected was analysed by a statistician to check for any errors or omissions and corrections were made to the questionnaire, prior to its being sent out to the department managers of hotels.

3.4 Research methodology and data collection method

A mixed methodology approach will be applied as the questionnaire consisted of quantitative and qualitative questions. The purpose of the research was to investigate perceptions of the accounting skills and financial management knowledge of department managers. Questions were accordingly developed pertaining to the knowledge obtained from formal education and industry experience. Additional questions were geared to the essential competencies required by the industry, as covered in the literature review. The hotels selected were three- to five-star. E-mail contact was made with our work-integrated learning partners and . The Cape Town Hotel School reception confirmed the e-mail addresses of the General Managers of

the targeted hotels in the Cape Metropole. General Managers on the list were sent a letter (Appendix A) requesting permission for their department managers to participate in the research.

Once permission was granted, a few of the questionnaires were hand-delivered and collected by the researcher in person. The majority of them were sent and returned via e-mail. The returned questionnaires were printed and the information was analysed.

Permission was granted by the Head Office of one of the major hotel groups, but a small number of General Managers were not keen to complete the questionnaire, citing reservations regarding confidentiality.

The Head of the Hotel School assisted by resending the questionnaires via email with the help of the Cape Town Hotel School Board Chairman. This led to a more respondents completing the questionnaire, which made the sample more representative.

3.5 Sampling strategy

The target population for the study consisted of 45 department managers at three- to five-star hotels within the Cape Town. The three- to five-star hotels were considered appropriate as they have clear and consistent organisational structures. The results can be generalised without much error, as the population is relatively homogeneous.

The population for the study included all department managers of Front Office, Food and Beverage, Housekeeping, and Room Division departments. The selection of this specific population is based on the notion that the personnel of these four departments have similar job descriptions and characteristics.

Participation was voluntary and the responses were anonymous and kept confidential. Of the 40 questionnaires returned, 35 were completed correctly and five were invalid. Five department managers did not respond. The correctly completed questionnaires constituted 77.78% of the total sent out.

3.6 Data analysis and validation

Analysis

The data will be analysed by grouping of the questionnaires based on the department managers responses and examining the data to determine if the primary objectives of the study. The raw data will be recorded and entered into an excel spread sheet to analyse the data in the form of graphs and tables, which will be interpreted and a brief summary provided. The condensed data will be summarised in brief formats. This will be done to establish relations between the research objectives and the summary findings.

Opinion questions

3.7 Summary

This chapter has described the research methodology and design of the study. The sampling process and data analysis are also outlined.

In the analysis of the data, the department managers' reported accounting skills and financial management knowledge are compared to existing hospitality educational programmes and industry standards.

CHAPTER FOUR

DATA PRESENTATION

4.1 Introduction

Chapter Three discussed the research design and methodology, the research population, sampling procedure and the methods used to collect data.

Chapter Four presents the data gathered from the questionnaires completed by the sample population. There are five sections to the questionnaire, with various sub-sections. Section A covered demographical information, which contains a number of quantitative questions, followed by Section B, Section C and Section D, covering financial management knowledge, accounting skills and competencies, comprising a combination of quantitative and qualitative questions. Section E was an open-ended and opinion question, which formed part of the qualitative data. (Annexure A)

The following sections were covered in the questionnaire:

4.1.1 Demographical information

4.1.2 Financial management knowledge and accounting skills (Qualitative)

4.1.3 Financial knowledge and competence

4.1.4 Financial management knowledge and accounting skills (Importance)

4.1.5 Open-ended and opinion question

4.2 Data presentation

The central question investigated is whether the financial management knowledge and accounting skills amongst departmental managers in the hotel industry within the Cape Metropolitan area are adequate.

The data and results presented in the various graphs and tables are based on the responses received from the 35 respondents as recorded by the researcher.

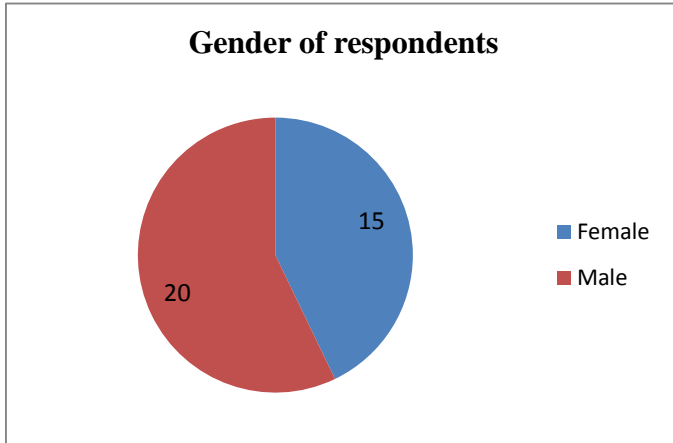
4.2.1 Section A - Demographic characteristics of the respondents

As indicated above, the total number of usable responses was 35, giving a usable response rate of about 78%.

1. Gender

This question was asked to ascertain if responses from men and women differ in regard to the problem statement: Do department managers have adequate financial management knowledge and accounting skills to manage their departments effectively?

Table 4.1 Gender of respondents



	No of respondents	%
Female	15	43%
Male	20	57%
Total	35	100%

Figure 4. 1 Gender of respondents

The results in Figure 4.1 indicate that 43% of the respondents are female and 57% are male. Analysis of their responses by gender will be covered in Section B.

2. Age category

This question was asked to determine the respondents' ages and establish the approximate average age of a department manager.

Table 4.2 Age of respondents

	Age of respondents	%
Younger than 25	3	9%
25 to under 35	18	51%
35 to under 45	11	31%
45 to under 55	3	9%
55 +	0	0
Total	35	100%

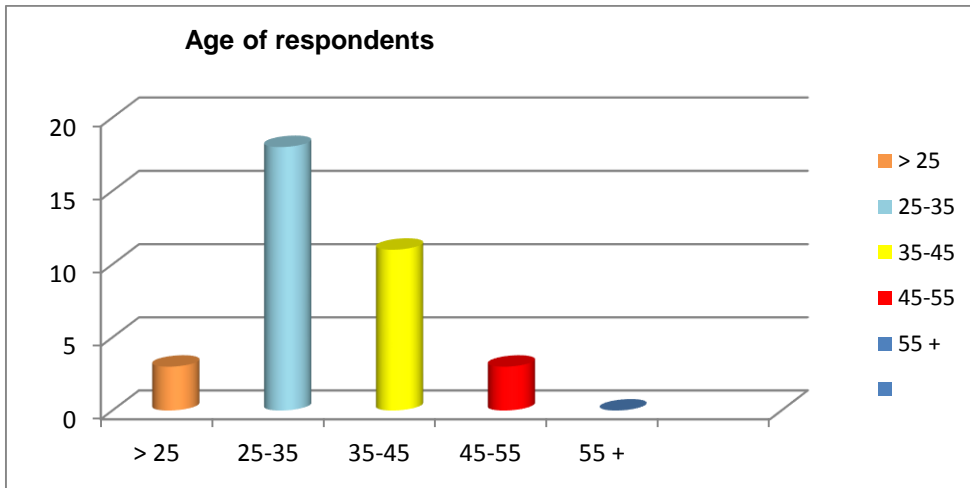


Figure 4.2 Age of respondents

The results in Figure 4.2 indicate that the majority of the respondents, 51%, fall into the 25 to 35 age group, 9% are younger than 25, 31% are aged 35 to 45, and nine 9% 45 to 55. None of the respondents was over 55.

3. Department manager's highest qualification

This question was asked to determine the number of department managers who have a post matric qualification.

Table 4.3 Qualifications

	No of respondents	%
No formal qualification	0	0%
Matric	6	17%
Post matric completed	2	6%
Certificate	2	6%
Diploma	19	54%
Degree	4	11%
Post graduate degree	2	6%
Total	35	100%

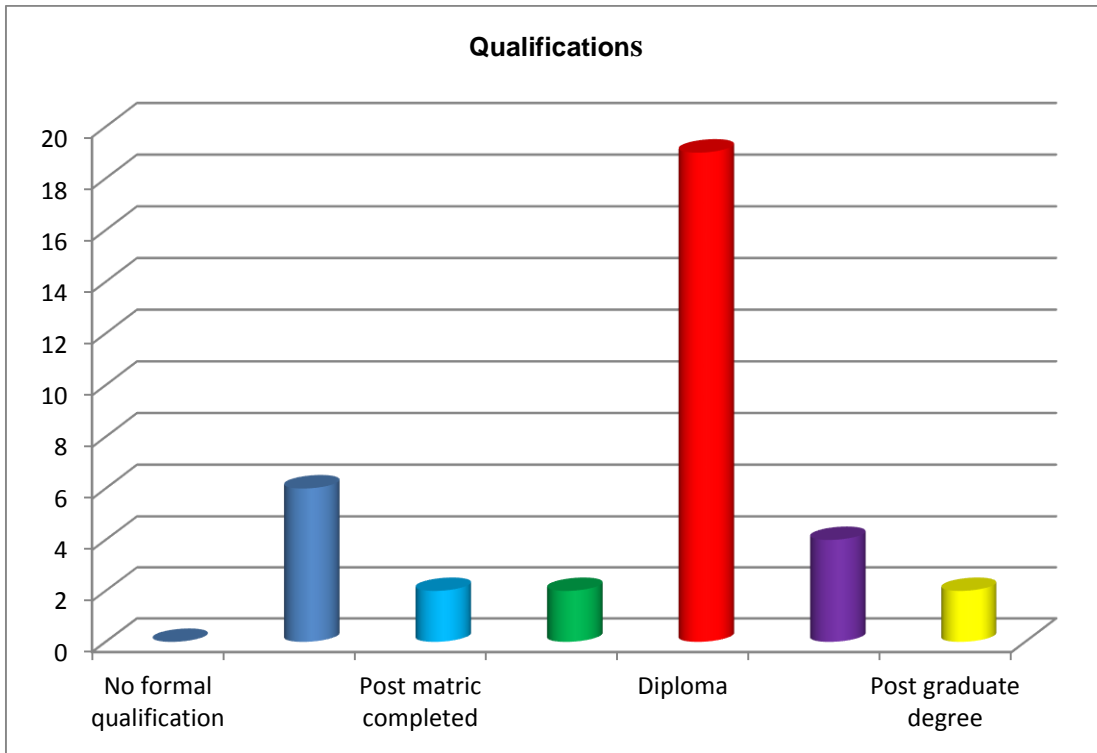


Figure 4.3 Educational qualifications of department managers

The results in Figure 4.3 show that all department managers have some form of formal qualification: 54% of them had completed a National Diploma, while 17% have a degree or post graduate qualification. The remaining 29% have less than a Diploma-level qualification.

4. Years of experience

This question was asked to ascertain their level of service within the industry.

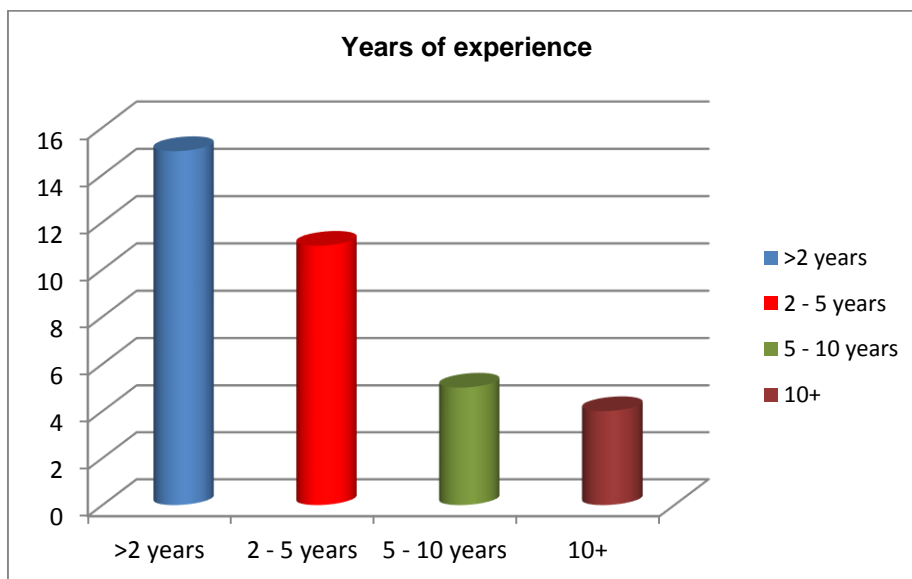


Figure 4.4: Years of experience in their current position

The results in Figure 4.4 indicate that two thirds of the department managers have less than five years' experience and one third more than five years. 43% have less than two years' experience and 32% have less than five years' experience. 26% have more than five years' experience.

5. Current position

Table 4. 4: Current Job Title

	No of Respondents	%
Deputy General Manager (Rooms Division)	11	31%
Facilities Manager (Rooms Division)	1	3%
Food and Beverage Manager (F&B)	12	34%
Executive Housekeeper (Rooms Division)	4	11%
Front Office Manager (Rooms Division)	6	17%
Banqueting Manager (F&B)	1	3%
Total	35	100%

The results in Table 4.4 show that the majority of the respondents, 34%, are from the Food and Beverage Department, and 31% from the Room Division Department.

6. Are internal and external courses generally attended by department managers?

This question was asked to determine whether internal or external in-service courses are by and large attended by department managers.

Table 4.5 Internal & external training courses

Internal & External courses	Yes %	No %
In-house (Internal) courses attended	74%	26%
External courses attended	48%	52%

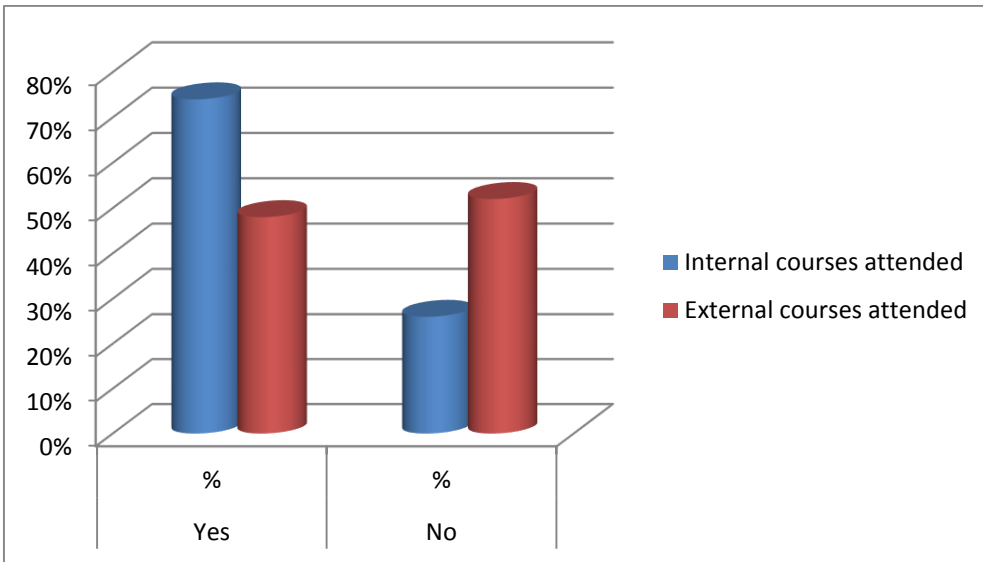


Figure 4. 5 Internal and external short courses attended

Figure 4.5 indicates that 74% of respondents attended in-house (internal) training while 26% did not. However, 48% of respondents attended external training while 52% did not.

7. Which courses are generally attended by department managers?

This question was asked to determine the type of courses attended by department managers.

Table 4.6 Course categories

General Management	Human Resources	Other Short Courses
Management perspectives	Assessor Training	Cruise Ship Course
Leadership Development	Train the Trainer	Preliminary wine course
Bookkeeping	Appraisal skills training	Bartenders course
Project Management	Interview skills training	Fire Fighting
Fidelity Fund Certificate	Managing poor performance	Health and Safety training
GIBS Management of Business units	Disciplinary procedures	Reservations Training
Advance Management Principles		Standard Operating Procedures
Revenue management		Payroll - VIP
Marketing Management		Payroll Tax

Table 4.6 shows a list of the courses attended, as indicated by the respondents. It indicates that they have received limited training relating specifically to financial management knowledge and accounting skills. The courses attended are very diverse.

4.2.2 Section B - Financial Management Knowledge and Accounting Skills

8. In your opinion do you have adequate financial management knowledge and accounting skills?

This question was posed to the respondents to determine their opinion of their own financial management knowledge and accounting skills. Their responses were differentiated by gender.

Table 4.7 Adequate financial management knowledge and accounting skills

	No of respondents	Yes	No	Yes & No	Total %
Male	20	29%	9%	19%	57%
Female	15	3%	23%	17%	43%
Total	35	32%	32%	36%	100%

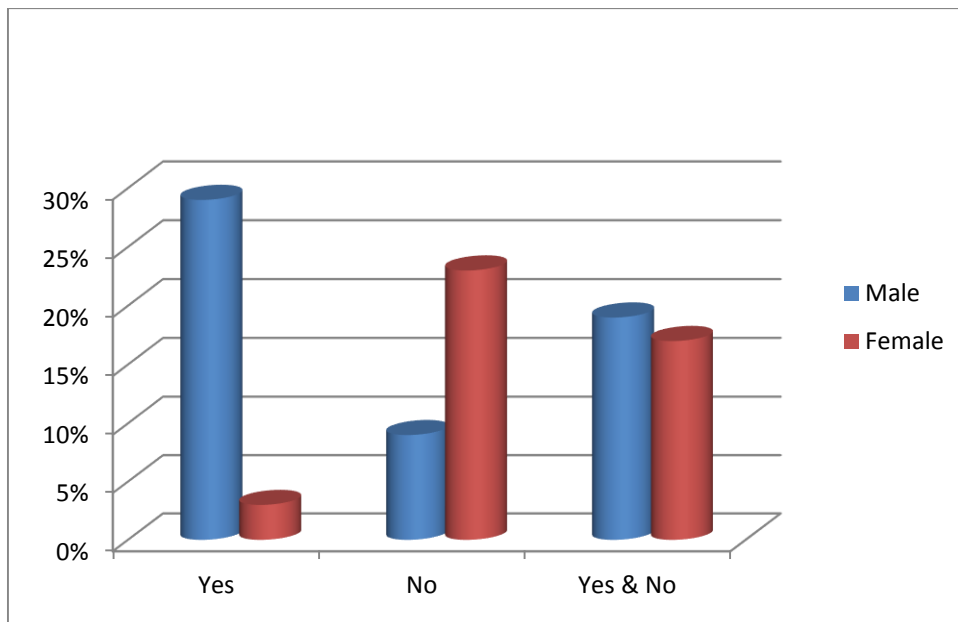


Figure 4.6 Opinion on financial management knowledge and accounting skills level

The results in Table 4.7 indicate that 32% of the respondents answered “yes”, claiming they had adequate financial management knowledge and accounting skills to manage their departments effectively and 32% answered “no”. 36% of the respondents were unsure as they answered “yes & no”.

9. If you answered "Yes and No" to the question above, which are the areas of concern, and in which do you find you can do well?

This question was posed to determine which areas within their department they are confident about, while highlighting where financial management knowledge and accounting is an area of concern.

Table 4.8 Perspectives on areas performed well and areas of concern

Areas which they do well	Areas of concern
<ul style="list-style-type: none"> •Follow instructions from financial manager •Stock control systems and procedures •Cash flow management 	<ul style="list-style-type: none"> •Limited knowledge to view and interpret financials •Budgeting - actual vs. budgeted comparison and variances •Revenue management •Overall understanding of whole financial picture •No access to information that is sent to head office •Controls over revenue and expenses •Financial reporting •Month End packs

10. Property management system and accounting package

When respondents were asked "Does your hotel use a property management system? Is this property management system interfaced with an accounting package? Indicate which system", the following responses were given.

Table 4.9 Property Management System and Accounting Package

Type of system	No of respondents	Percentage
% Use Property management system	35	100%
% Use of Opera, Fidelio and Micros	30	86%
% Use of Accpac	5	14%
Total	35	100%

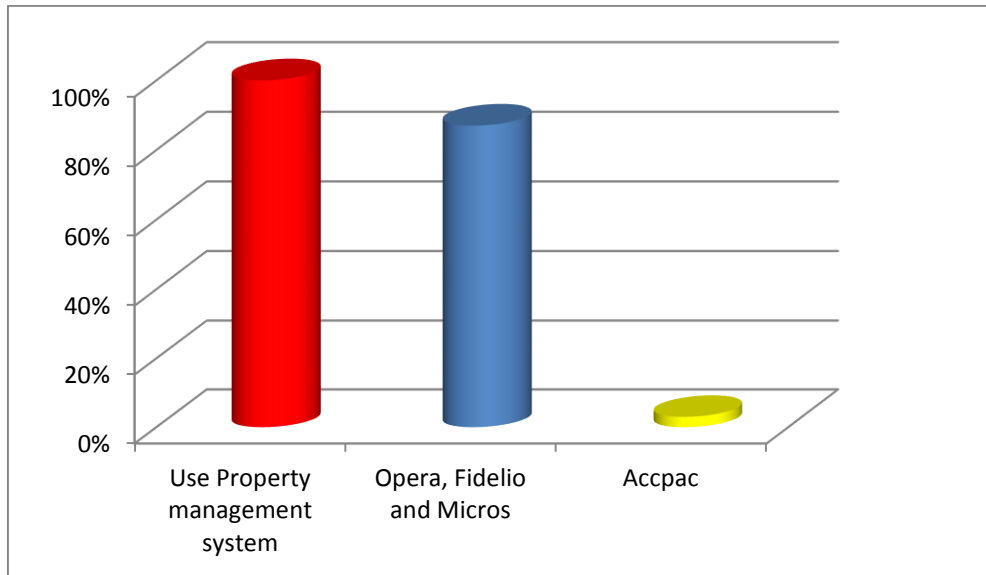


Figure 4. 7 Property Management Systems

The results in Figure 4.7 show that 100% of the respondents indicated that their hotel use a property management system. 86% of the respondents were familiar with Opera, Fidelio and Micros, whereas only 14% indicated being familiar with the Accpac accounting package.

11. Financial reports generated by the property management system

When respondents were asked “Are they required to interpret financial information generated by their property management system?” The following responses were given.

Table 4.10: Interpretation of financial reports

	No respondents	of	%
Yes	6		17%
No	29		83%
Total	35		100%

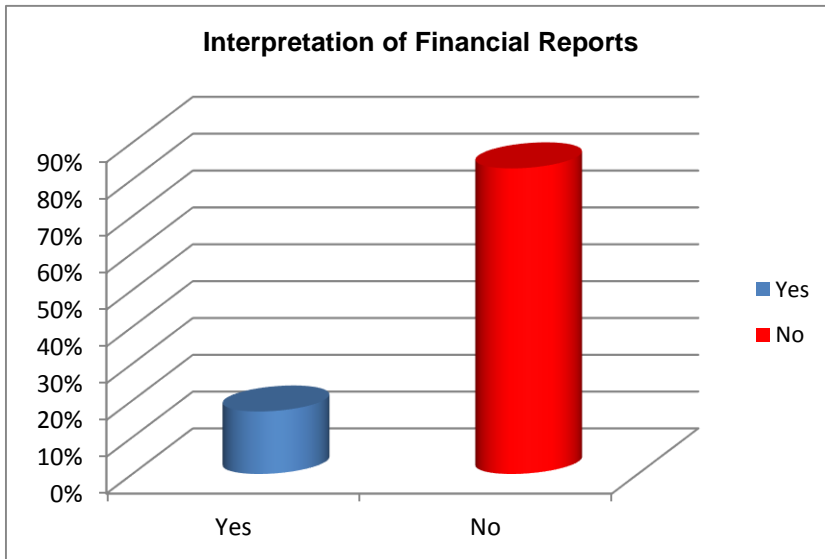


Figure 4.8: Interpretation of financial reports

The results in Figure 4.8 indicate that only 17% of the respondents answered “yes” to the above question, and all of them were male. The 83% who answered “no” were all female respondents.

12. How does access to financial information add value to the management of your department and the property as a whole?

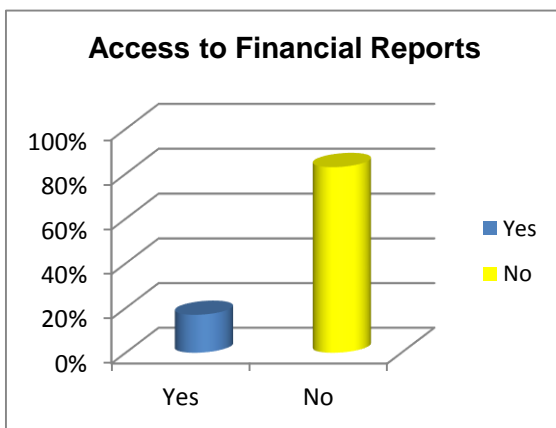


Table 4.21a Access to financial reports

Access to Financial Reports	No of respondents	%
Yes	6	17%
No	29	83%
Total	35	100%

Figure 4.9: Access to Financial information

The results in Figure 4.9a indicate that only 17% of the total number of respondents had access to financial reports. The remaining 83% had no such access. The reasons they gave for the “add value” part of the question appear in the table below:

Table 4.11b Added value of access to financial information

<ul style="list-style-type: none"> • Financial information assists with the effective management of the department • Determines profit and losses • Tighter control over expenses and management of costs • Budgeting is more accurate and realistic • Assists with targets and fulfilling the targets • Identifies problem areas within the department where corrective action can be taken • The results indicate that financial reports play a crucial role in the effective management of a department and the general management of the hotel.
--

13. (a) Do you need financial knowledge and accounting skills to maximise profits and (b) is it a requirement for promotion purposes?

Table 4.123a: Is financial management knowledge and accounting skills a requirement to maximise profits?

	No of respondents	Percentage %
Yes	6	17%
No	1	3%
Did not answer the question	28	80%
Total	35	100%

Table 4.12a shows that 17% answered “yes” to the question of whether department managers need financial management knowledge, while only one (3%) answered no. 80% did not answer this question.

Table 4.12b: Is financial management knowledge a requirement for promotion?

	No of respondents	Percentage %
Yes	5	14%
Undecided	30	86%
Total	35	100%

Table 4.12b indicates that 14% of respondents thought that it was a skill required for promotion, while 86% were undecided.

4.2.3 Section C - Financial Management Knowledge and Competence

Tas (1988:58) defines competence as the knowledge and skills required for acceptable job performance. This is echoed by Wynn and Stringer (1997:10-15), who define competencies “simply as the things people have to be, know and do, to achieve the outputs required in their job”. In this context, competence will be defined as the knowledge and skills required for acceptable job performance.

14. Cost-cutting measures

When respondents were asked “Which cost-cutting measures have you implemented?” the following responses were given. Only 40% of the respondents had actually implemented cost-cutting measures within their department; 60% left the question unanswered.

The following cost-cutting measures were implemented in the Rooms, Food and Beverage and Front Office departments.

Table 4.13a: Cost-cutting measures - Rooms Division

<ul style="list-style-type: none"> • Daily reconciliation of linen going in and out • Regular stain treatment of linen • Effective stock control • Reviewed pricing structure • Negotiated better supplier deals • Inventories are pre-determined, such as cleaning, guest supplies according to budget and occupancy • Restructuring outsourced contracts • Changing chemical suppliers for rooms- minimise wastage • Reduced nice-to- have items which do not add value to the guest experience • Recycling (paper, LED lights, water saving shower heads)
--

Table 4.13b: Cost cutting measures - Front Office

<ul style="list-style-type: none"> • Printing cost effectively • Monitoring stationery usage • Reduced telephone usage, blocking extensions • Reduced staff costs: cutting down hours of staff in all areas, check weekly rosters

Table 4.13c: Cost cutting measures - Food and Beverage

- Accurate menu costing
- Menu engineering - reduce holding stock and increased sales
- Re-costing of beverages, to achieve budgeted cost of sales
- Regular stock-take of operating equipment
- Breakages counted on a weekly basis and reconciled against losses at end of month
- Weekly spot checks and daily control of spoons and teaspoons
- Stock sheet with recording of purchases issued
- Recycling (paper, glass bottles, LED lights,)
- Track COS on a daily basis, monitoring spent vs. budgeted daily

15. Reduced operating expenditure

When respondents were asked “Have you saved any money for the hotel, (Yes or No), and (b) how did you achieve this?”, the following responses were received. 91% answered "Yes", that they had saved money for the hotel. 3% answered "No", that they had not saved any money for the hotel, and 6% did not answer the question.

The following cost-saving methods were mentioned:

Table 4.13d: Cost-saving methods

- Free Red Bull, reduced prices of Red Bull in bar
- Re-use invoice paper issued to guest and print tax invoice
- Changed uniform suppliers, more affordable suppliers used
- Variable staff contracts
- Manufactured own wine, used as VIP gifting and house wine
- Held back on refilling positions
- Changed staffing companies
- Cancelled rental equipment contracts
- Send e-mails, reduce phone usage
- Check adjustments, keep staff liable for errors and they have to pay in for shortages
- Training department staff regularly, fewer mistakes, less printing of reports to correct errors

Question 3

16. Internal control procedure

When respondents were asked to “provide an example of any internal control procedure that they as the department manager have implemented”, the following responses were given:

Table 4.14: Internal control procedures implemented by respondents – to reduce costs

- Daily count of spoons and teaspoons, because of high losses
- Front office manager do full stock take after each shift
- Marketing and GM house account are balanced daily, for sign offs with legitimate reasons
- New policy for cash up procedures and SOP (standard operating procedures)
- Regulating issuing procedures
- Key control
- Revenue management and bar calculations
- Access control to storeroom
- Combination of finger scanner and manual clock card system to check hours worked
- Rental equipment control procedures reviewed and new policies put in place
- Send out invoices promptly to debtors, reduce or eliminate the bad debts
- Weekly training on policies and procedures, expenditure and consumption sheet

17. Financial forecasting

When respondents were asked which financial forecasting methods were they responsible for, the following responses were received.

The results indicated that they were familiar or involved with the following financial forecasting methods:

Table 4.15 Financial Forecasting measures

- Revenue forecasting , responsibility of Business Optimisation Manager and Financial Manager
- Expense forecasting for inventory items responsibility of Department manager (Housekeeping, Maintenance & Security)
- Trend analysis - to determine budgets
- Rooms occupancy forecasting
- Revenue reports
- Banqueting forecasting
- Payroll forecasting

18. Management reports

When respondents were asked which management reports they has access to, the following responses were given:

The following management reports were mentioned by the respondents:

Table 4.16 Access to management reports

- Month end pack
- DMR - Daily Management Report
- PMS reports (Property Management System)
- All reports (FB, Rooms, etc.)
- Profit and Loss report
- In house expenses report
- Guest ledger
- Hotel financial pack
- COS reports
- DRR - Daily Revenue Report

4.2.4 Section D - Financial management knowledge and accounting skills

The following question used a 4-point Likert scale range in which the respondent had to select from among the following options: Less important, Important, Very important and Not sure.

19. The importance of budget preparation and forecasting

This question was asked to ascertain the importance of Budget preparation and Forecasting within their specific department.

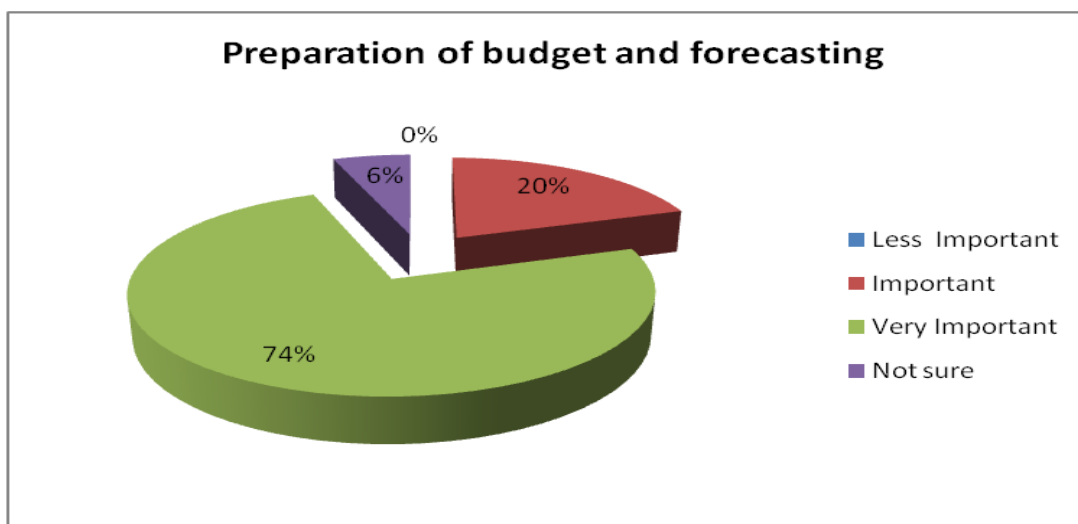


Figure 4.9 Budget and forecasting preparation

Figure 4.10 indicates that 74% of the respondents were of the view that budget preparation and forecasting is very important, while 20% rated it as important. 6% were not sure.

Question 2: The importance of budgetary and expenditure control

This question was asked to ascertain the importance for the department manager of control over budgets and expenses.

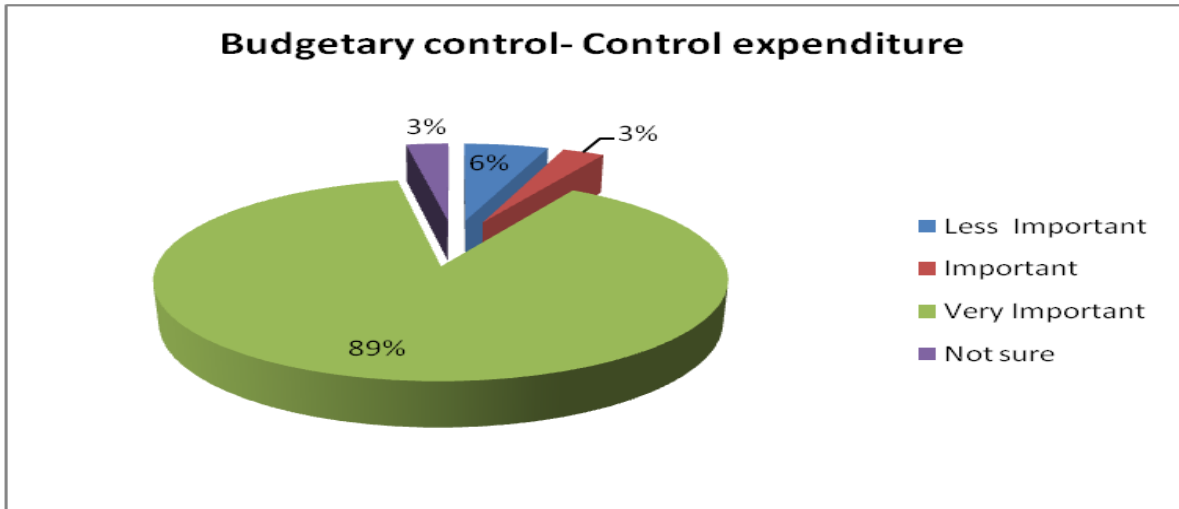


Figure 4.10 Budgetary control

Figure 4.11 indicates that 89% of the respondents rated budgetary control and expenditure control as very important. 3% regarded it as important, compared to 6% who thought it was less important. 2% of the respondents were not sure.

Question 3: The importance of revenue forecasting

This question was asked to ascertain the importance of revenue forecasting to department managers.

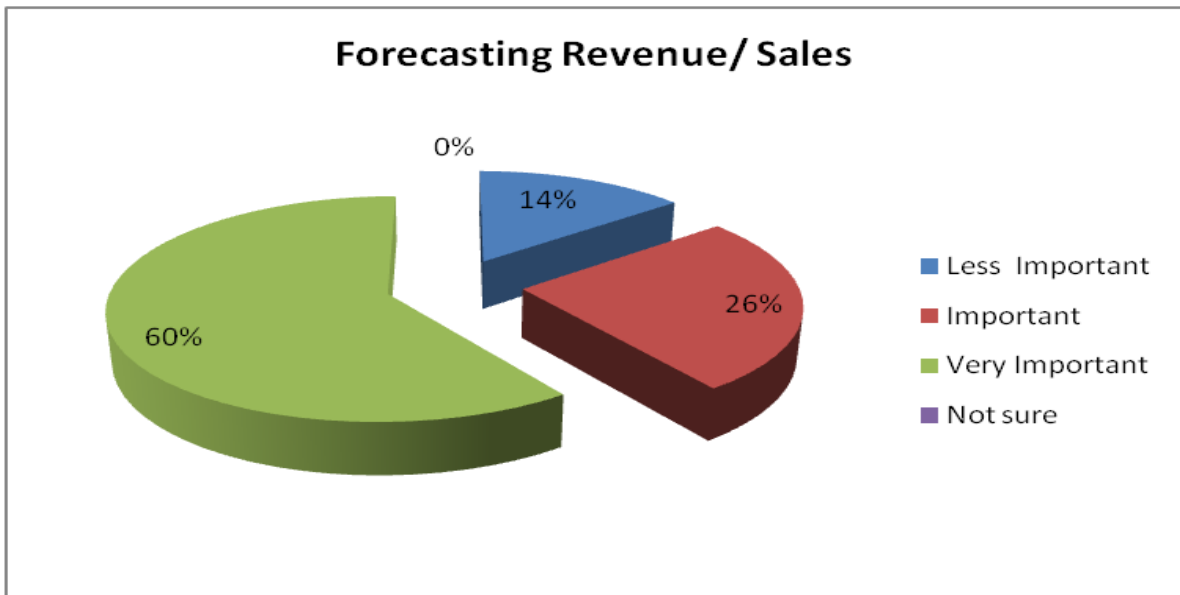


Figure 4.11 Revenue forecasting

The results in Figure 4.12 indicate that 60% of the respondents viewed forecasting revenue as very important. 26% deemed it important, while 14% were of the view that it was less important.

Question 4: The importance of capital budgeting

This question was asked to determine the importance placed on capital budgeting by departmental managers.

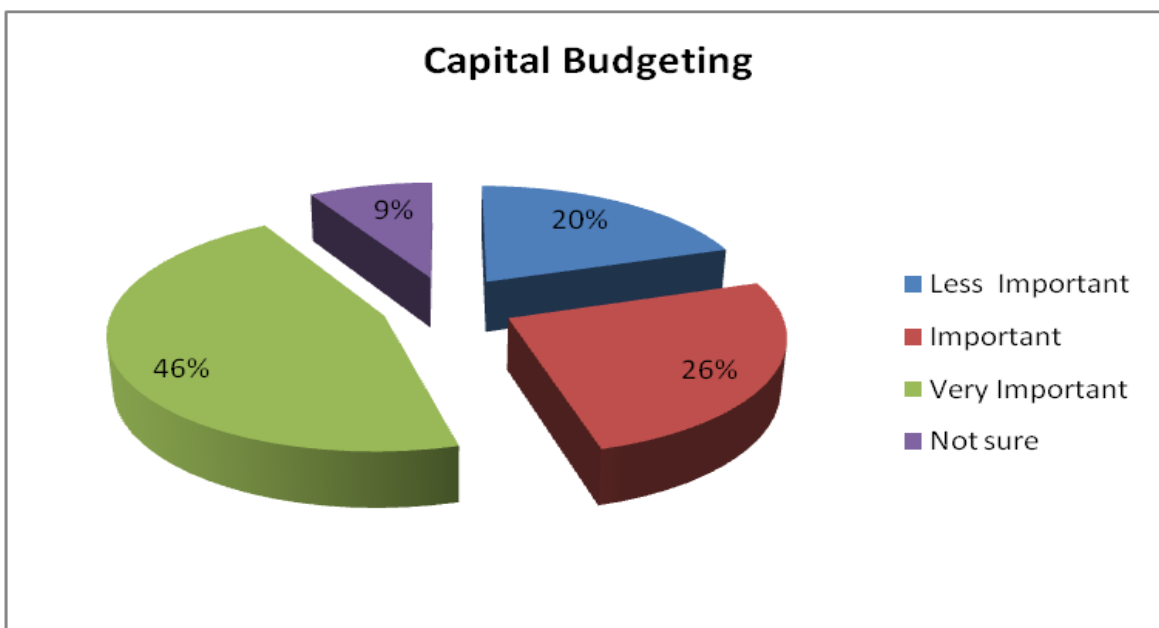


Figure 4.12 Capital budgeting

Figure 4.13 shows that forty six 46% of the respondents viewed capital budgeting as very important, 26% thought it important, 20% indicated it was less important, and 9% were not sure.

Question 5:

The importance of cash and operating budgets

This question was asked to determine respondents' views on the importance of Cash and Operating budgets to their department.

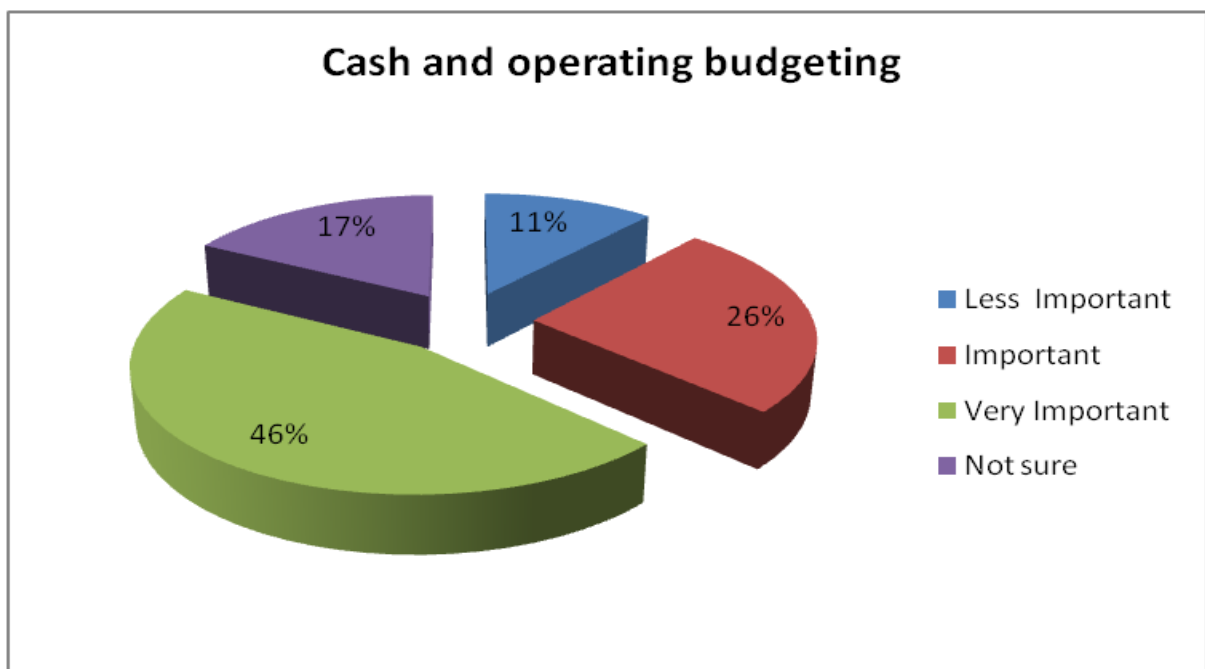


Figure 4.13 Cash and operating budgets

The results in Figure 4.14 shows that 46% of the respondents were of the opinion that cash and operating budgets were very important, 26% regarded them as important, 11% felt they were less important, and 17% were not sure.

Question 6: The importance of internal control procedures

This question was asked to determine if internal control was important within their department.

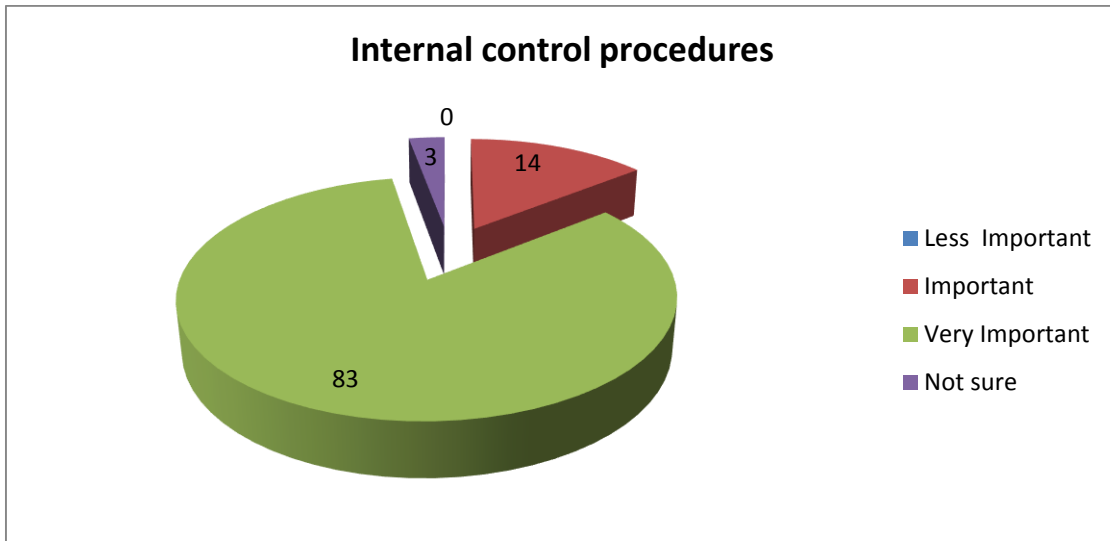


Figure 4.14 Internal control procedures

Figure 4.15 shows that 83% of the respondents viewed internal control procedures as very important. 14% regarded them as important, while 3% were not sure.

Question 7: The importance of accounts receivable credit and collection

This question was asked to ascertain the perceived importance of accounts receivable credit and collections.

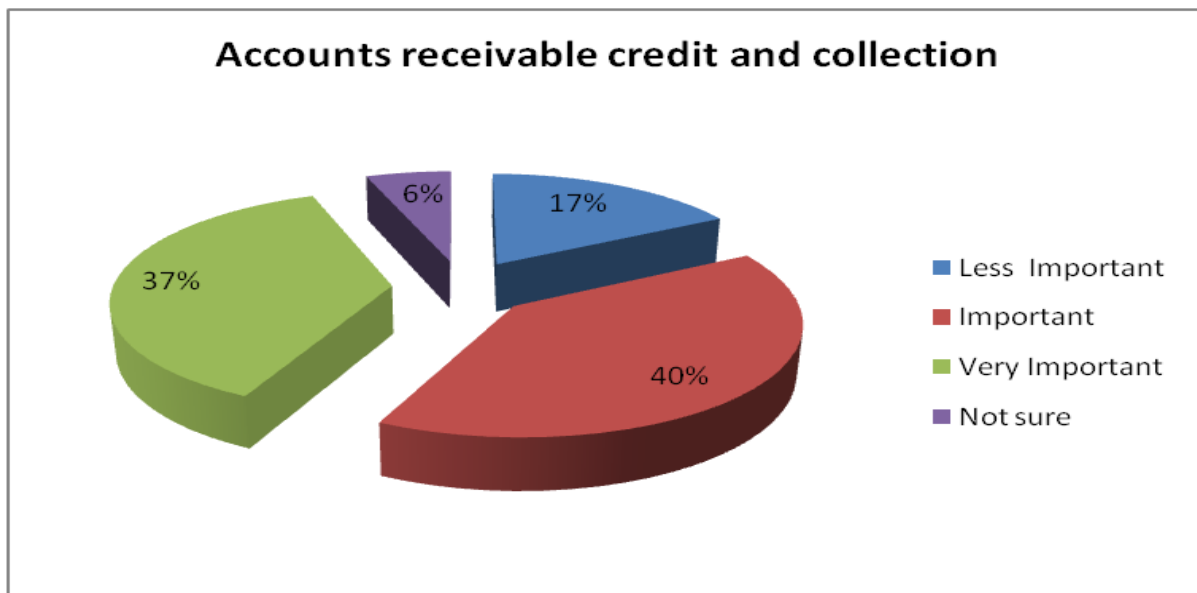


Figure 4. 15 Accounts receivable: credit and collection

The results depicted in Figure 4.16 show that 37% of the respondents considered accounts receivable credit and collection to be very important. A majority of 40%

were of the opinion that it was important, while 17% described it as less important. 6% were not sure.

Question 8: The importance of managing departmental income and expenses

This question was asked to ascertain how important it is for the department manager to control the department's income and expenditure.

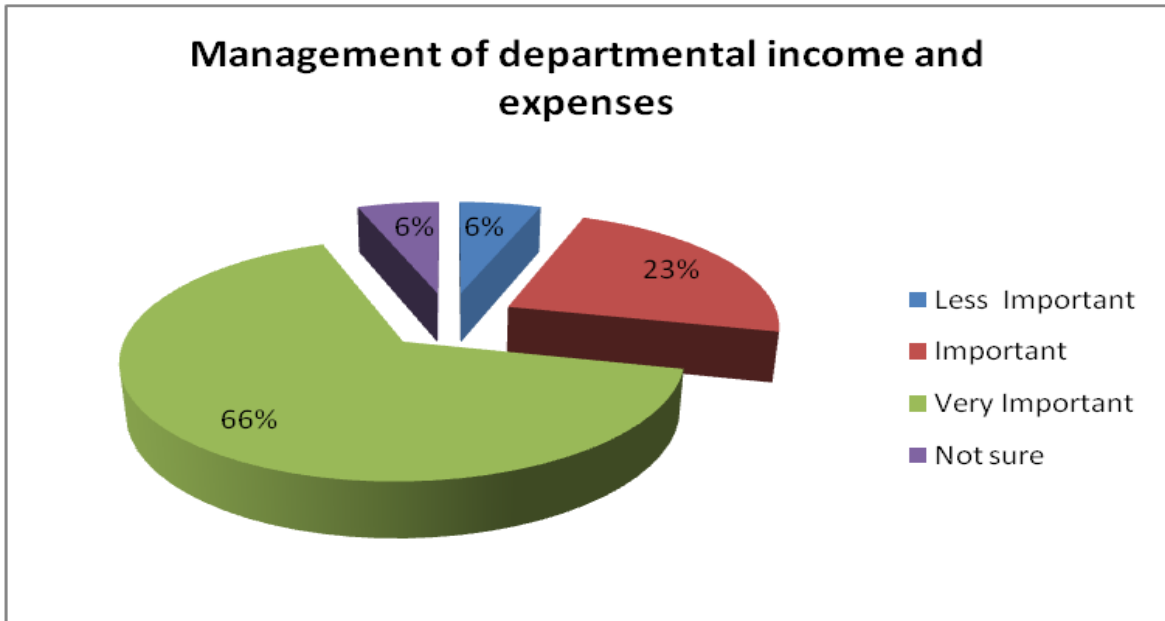


Figure 4.16 Management of departmental income and expenses

The data in Figure 4.17 shows that the respondents considered the management of departmental income and expenses to be very important. 66% indicated that the management of income and expenses was very important, 23% believed it to be important, while 6% regarded it as less important. 6% were not sure.

Question 9: The importance of interpreting the income statement

This question was asked to determine the importance of being able to interpret the Income Statement relating to their specific department.

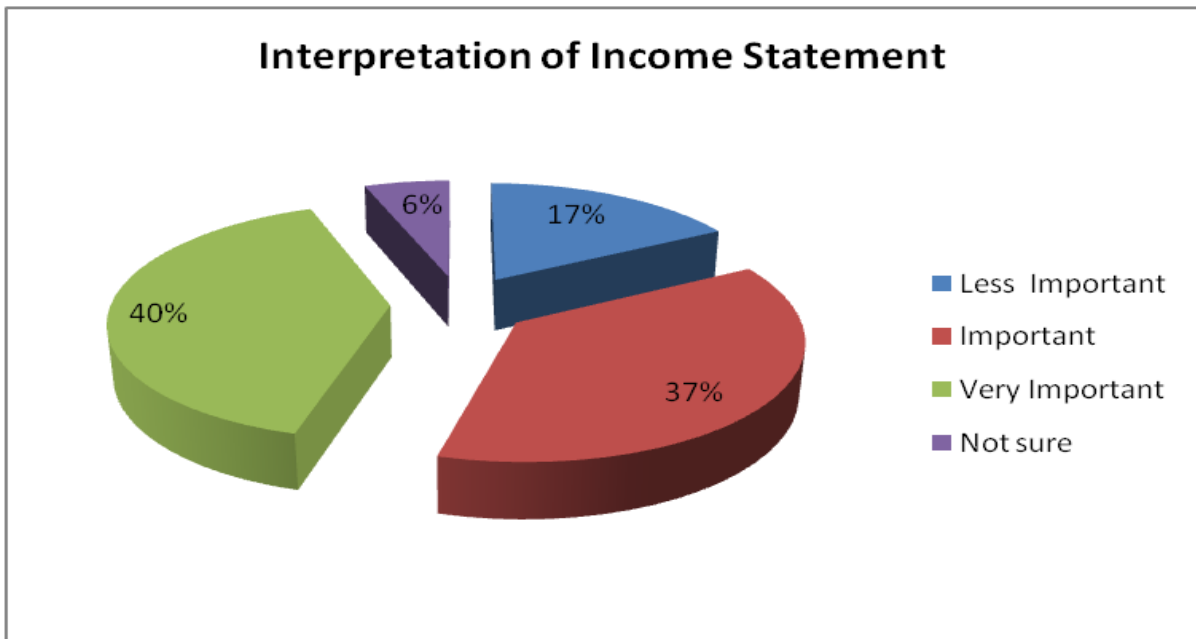


Figure 4.17 Interpretation of the income statement

Figure 4.18 indicates that 40% of the respondents were of the opinion that interpretation of the Income Statement was very important, 37% rated it as important, 17% described it as less important, while 6% were not sure.

Question 10:

The interpretation of the balance sheet using financial ratios

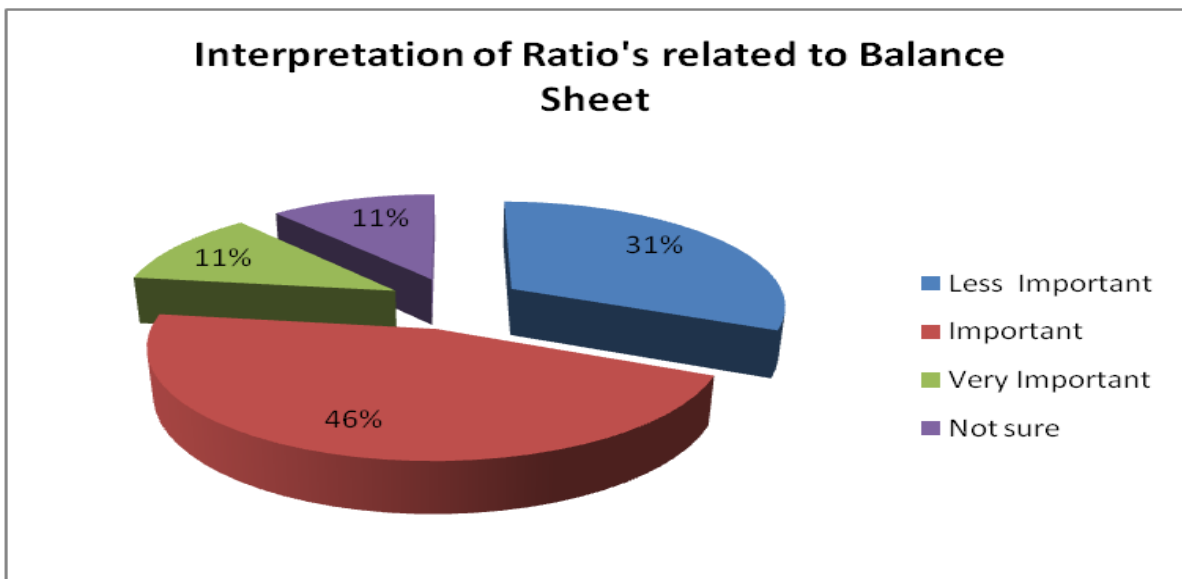


Figure 4.18 Interpretation of ratios related to Balance Sheet

The results in Figure 4.19 indicate that 46% considered the use of ratios to interpret the balance sheet as important, whereas 31% found it less important. Only 11% of respondents regarded it as very important, while an equal number (11%) were unsure.

Question 11:

The importance of the cash flow statement

This question was asked to determine the importance of the cash flow statement in the operations of their department.

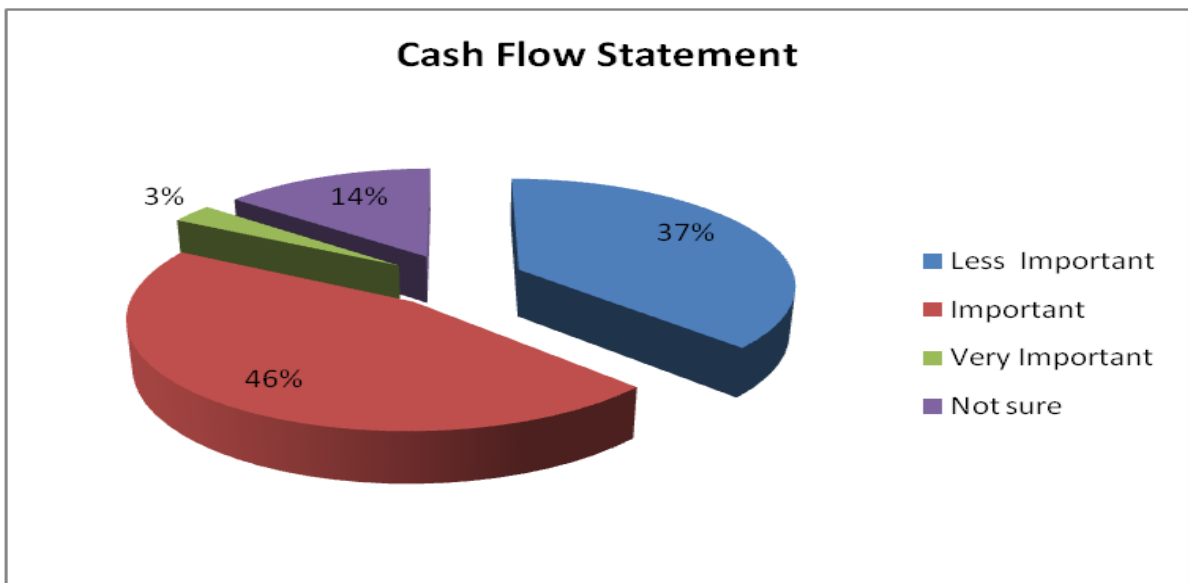


Figure 4.19 Cash flow statement

The results in Figure 4.20 indicate that 46% considered the cash flow statement as important, while 37% deemed it less important. A mere 3% regarded it as very important, while as much as 14% were not sure.

Question 12:

The importance of VAT collection and payments

This question was asked to determine if department managers are responsible for VAT collection and payments.

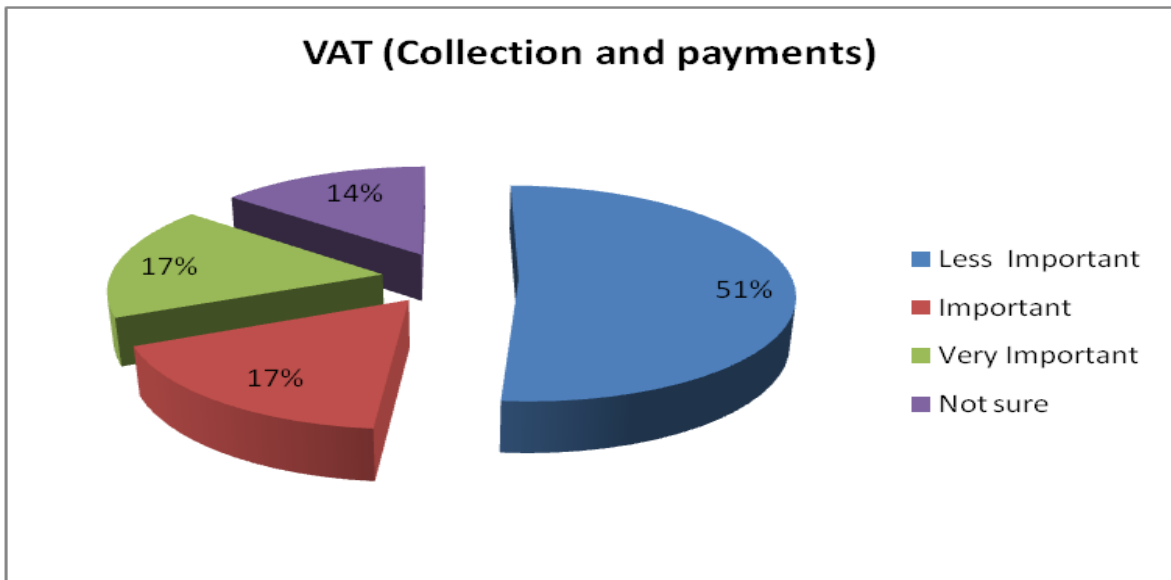


Figure 4. 20VAT - Collection and Payments

Figure 4.21 indicate that the majority – 51% -- of respondents considered VAT collection and payments as less important. 17% regarded it as very important, while an equal number rated it as important. 14% were not sure.

Question 13:

The importance of menu costing and cost control

This question was asked to determine if Menu Costing and Cost Control plays a significant role within their department.

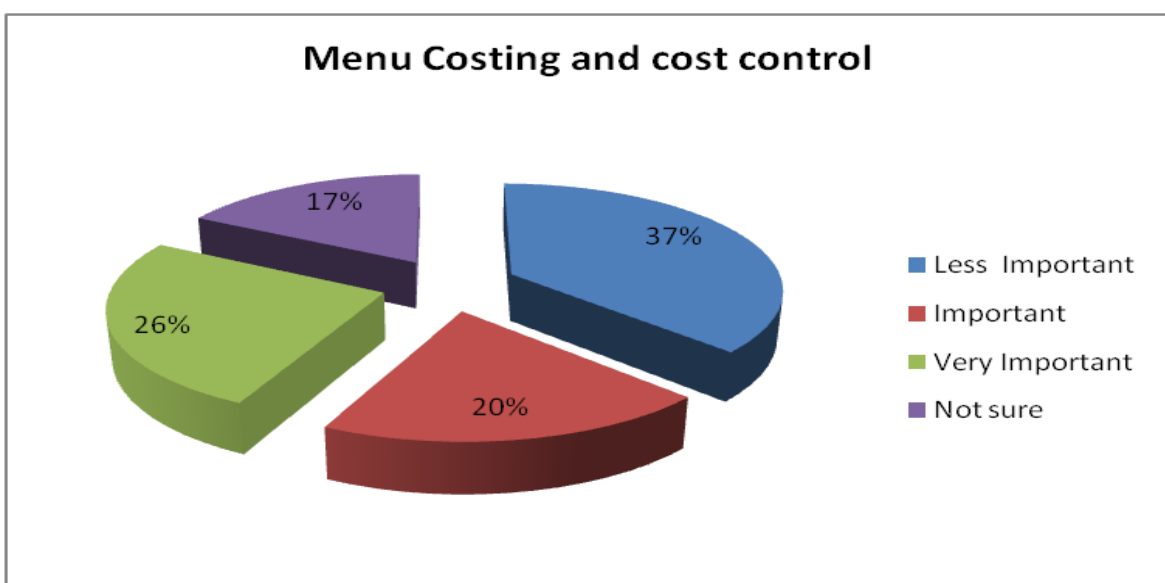


Figure 4.21 Menu costing and cost control

The results in Figure 4.22 indicate that 26% of respondents viewed menu costing and cost control as very important (presumably the Food and Beverage Managers). 20% considered it to be important, while 37% found it less important. 17% were not sure.

Question 14:

The importance of break-even analysis

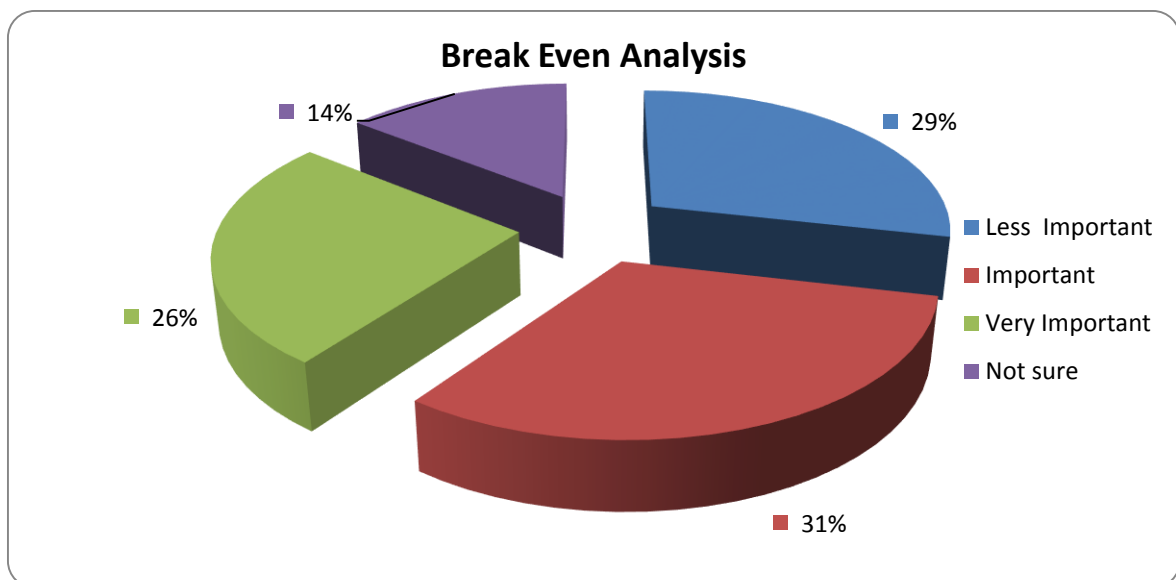


Figure 4.22 Break-even analysis

Figure 4.23 shows that 26% of the respondents viewed break-even analysis as very important, 31% deemed it important, 29% less important, while 14% were not sure.

4.2.5 Section E - Skills not mentioned in the questionnaire

When respondents were asked “Are there any other skills not mentioned in the questionnaire which you consider to be important as a department manager?”, the following responses were recorded.

A summary of the responses to this question are given below:

- Training skills
- Troubleshooting and problem solving skills, to think quickly on your feet in the event of an emergency
- People management skills
- Understanding revenue

4.3 Summary

Chapter four has focused on the completed questionnaires and the responses of the 35 participants. The purpose was to gather information from their answers to the various qualitative and quantitative questions. The quantitative data are graphically presented in the form of graphs and tables. The qualitative findings are described and presented in pie charts.

Chapter Five will analyse the findings reported in this chapter and make recommendations according to these findings.

CHAPTER 5

FINDINGS AND RECOMMENDATIONS

5.1 Introduction

In Chapter Four the data from the questionnaires completed by the sample population was presented.

In this chapter, I will analyse and discuss the findings and offer some recommendations. In total, 35 questionnaires were completed by department managers from a selected sample of 45 managers working at three- and five-star hotels. A summary and discussion will be provided to link the key focus areas of financial management knowledge and accounting skills with the effective management of hotel departments. This will address the research questions and sub-questions.

5.2 Findings and discussion

Problem Statement

Financial management knowledge and accounting skills in the hotel industry among department managers within the Cape Town metropolis are inadequate.

5.2.1 Sub Problem 1:

The lack of financial management knowledge and accounting skills has an impact on the efficient management of the hotel.

The participants had various views on whether a lack of financial management knowledge and accounting skills affected the management of their department.

Table 4.3 indicates that 54% of the respondents had completed a National Diploma, but in Table 4.7 only 32% of the respondents indicated that their financial management knowledge and accounting skills were adequate to manage their departments effectively.

As many as 37% of the respondents selected “yes and no” in response to the question asking whether they had sufficient financial management knowledge and accounting knowledge to manage their departments effectively. In addition to the equal distribution of “yes” answers and “no” answers, there is thus a large (37%)

cohort of managers who are uncertain of their financial competence, or regard it as inconsistent. If a climate of uncertainty prevails amongst the department managers, then it is questionable whether they have sufficient confidence to manage the financial information in their specific department. This evidence is substantiated by the areas of concern highlighted in Table 4.9. The respondents made reference to limited knowledge of viewing and interpreting financials, budgeting, access to financial information and control over revenue and expenses. These areas are important components in the management of a department, and any deficiency in their execution will have an impact on the department manager's effectiveness.

The low percentage of managers who felt confident that they had sufficient financial management knowledge and accounting skills suggests that the answer to the question – Is the apparent shortage of financial management knowledge and accounting skills impacting the effective management of the hotel? – must be “yes”. The evidence pertinent to the sub-problem shows that the lack of financial knowledge and accounting skills does impact the efficient management of the hotel.

5.2.2 Sub Problem 2:

The department manager of the hotel is ineffective as the hospitality industry does not consider financial management knowledge and accounting skills important.

Internal and external training are generally embarked upon by department managers and all employees of the hotel. Table 4.6 indicated that 74% of the respondents attended internal training courses provided by the hotel, while 48% attended external training courses presented by outsourced training providers. Table 4.7 shows a summary of the course categories emphasised by the department managers, which indicates minimal exposure to financial management knowledge and accounting skills. Only one of the respondents indicated that a bookkeeping course was undertaken, but no other finance-related courses were identified.

Table 4.8 specified the areas of concern among the department managers, and featuring strongly here were the limited financial information provided to them, and their lack of knowledge of analysing and interpreting financial reports and financial statements. Table 4.4 indicated that 43% had less than two years' experience in their current position and 32% between two and five years' experience at that level of

service to the industry. Table 4.12a indicated that 3% of the respondents answered no that they do not need financial knowledge or accounting skills to maximise profits and 80% did not attempt to answer the question. Whereas in Table 4.12b 14% answered 'yes' when the question was posed whether financial management knowledge and accounting skills were a requirement for promotion purposes.

Financial management competencies do not form part of the internal or external courses provided, and this was highlighted by department managers. Table 4.7 indicates that in the courses offered scant emphasis was placed on financial management knowledge and accounting skills. The evidence submitted to the sub-problem confirms that the limited financial management training provided to department managers affects the efficient management of their departments.

5.2.3 Sub Problem 3:

Department Managers are unable to optimise profitability, as their financial management knowledge and accounting skills are inadequate.

According to Burgess (2007:188), financial controllers are of the opinion that department managers do not have adequate business and financial skills to minimise costs and optimise revenues in order to maintain and maximise profits. Table 4.12a specifies that 83% of the respondents had no access to financial information or financial reports, compared to 17% who did.

Figure 4.12 displays the value gained by the 17% who have access to financial reports, in terms of control over income and expenses, assisting with the budgeting process and identifying problem areas. Figure 4.18 indicates that 40% of the respondents were of the opinion that interpretation of the Income Statement was very important and 37% claimed it was important; but Table 4.12a reveals that 83% of the respondents had no access to financial information or financial reports. This limited access to financial information does not create an environment of empowerment and knowledge-sharing to improve the financial competence of department managers.

The evidence submitted to the sub-problem indicates that the limited financial management knowledge and accounting skills held by department managers influences the profit optimisation within their departments and henceforth the overall profitability of the hotel.

5.2.4 Sub Problem 4:

The current internal and external training provided by hotels is insufficient to provide the financial management knowledge and accounting skills required by department managers.

The findings indicated that 54% of the department managers held a National Diploma, 18% a matric qualification, 13% no formal qualification, 10% a certificate, 10% a degree and only 3% a post graduate degree. A comparison of Hospitality Management curriculums offered by three major hotel schools within South Africa showed that Hospitality Financial Management was not offered to all students enrolling for a Hospitality Management Diploma.

Initially financial management was only offered to the students enrolled for a Hospitality (Hotel) Management Diploma and not to students enrolled for the Food and Beverage Management Diploma (previously known as Food Service Management). This was amended in 2004, when the curriculum of all three streams of study, Accommodation Services, Food and Beverage Management and Professional Cookery introduced by the Department of Higher Education included Hospitality Financial Management as a major subject, carried through all three years of study.

Financial Management was initially included in the Hotel Management curriculum, and only in the year 2004 was it incorporated in the curriculum of all three streams, Accommodation Management, Food and Beverage Management and Professional Cookery, offered by all three schools. The management of the hotel Industry has recognised the importance of Accounting and Finance within the current qualifications offered to hotel school graduates. Financial Accounting is offered as a major subject from the first year of study up to and including the third year.

The evidence submitted to the sub-problem indicates that the financial management and accounting skills curriculum offered to hospitality students' should cover all the streams offered by the educational institutions. The content should be accessible to Rooms Division, Food and Beverage and Professional Cookery curricula.

5.3 Recommendations

This research study was based on the theory that adequate financial management knowledge and accounting skills amongst department managers of three- to five-star hotels would assist department managers with the effective management of their respective units or areas.

The sample who participated in the research included department managers who were alumni of The Cape Town Hotel School, Hotel Management National Diploma graduates, and Block Release programme graduates from the Cape Town Hotel School, which comprises a six-week certificate programme. The balance of the respondents had no relationship with the Cape Town Hotel School.

The research shows that there is limited involvement on the part of top management mentoring, when it comes to department managers training. There appears to be limited knowledge sharing and skills transfer. The importance of financial management knowledge and the interpretation of financial information should be emphasised. This situation can be remedied with training and mentorship. A change of emphasis to analytical and application skills recruitment which will assist in the acquisition and retention of department managers skills.

5.3.1 Sub objective 1:

Determine and present the financial management knowledge and accounting skills required of department managers for the efficient management of their department.

A basic understanding and advanced knowledge of financial management and accounting skills is required by all department managers within a hospitality environment. All the respondents indicated that they had some form of academic qualification, and 54% of them indicated that they had a National Diploma in Hospitality Management.

It was established, however, that irrespective of their formal qualification, the participants evinced a lack of financial management knowledge and accounting skills. If financial management and accounting were not included in their qualification curriculum, then all department managers should be given the opportunity to complete an internal or external training course in basic financial management or finance for non-financial managers to up-skill them to competent levels.

It is recommended that all National Diplomas for hospitality management should include a module covering financial management, basic, intermediate and advanced. Limited accounting knowledge impacts the effective management of departments and the hotel as a whole. A mentor should be a compulsory component in the handover to or training of a new department manager, with their financial competencies being verified by the incumbent employer.

5.3.2 Sub-objective 2:

Determine and present the reasons for the hospitality industry's lack of emphasis on the importance of financial management knowledge and accounting skills

Historically the emphasis within the hospitality industry has rested upon operational requirements. Top management have emphasised the right attitude and passion for the industry as the most important requirements for department managers. They are of the opinion that at least some of what is needed can be learnt on the job or through experience.

A paradigm shift within top management is essential to bring about recognition of the importance of financial management and accounting skills amongst hotel department managers. A recommendation is that the emphasis not be limited to department functional areas, but to a broader strategic framework, within the hotel.

The following financial management knowledge and accounting competencies were highlighted by the respondents in Chapter 4, Section B, Question 2: financial management knowledge to interpret and analyse financial statements, understanding of budget forecasting, variances and financial reporting. These highlighted areas have an impact on the effective management of their department and the overall management of the hotel. Limited financial and accounting knowledge affects cost control, revenue targets and the bottom line.

5.3.3 Sub-objective 3:

Determine and present the financial management knowledge and accounting competencies required by the department manager to optimise profitability.

Few of the training courses provided internally and externally concern financial management knowledge or accounting skills. Anecdotal evidence from management within the South African hospitality industry has indicated that there is an increasing number of higher level management positions within the hospitality industry that are currently occupied by degreed professionals. These degreed professionals come from other academic disciplines, a phenomenon that has been on-going over the last ten years. This evidence seems to support the opinion that the South African hospitality sector is unable to sustain itself in terms of the current hotel management qualifications offered.

This suggests a need to review internal and external training provided within hotels, as well as the hospitality educational qualifications offered within South Africa.

The lack of financial competencies and application techniques required for the analysis and interpretation of financial statements and budgeting impedes the effectiveness of department managers. Department managers are not equipped to use effectively the management reports and financial statements provided as a management tool for decision making and planning.

The Cape Town Hotel School management advisory board, which includes various top-level managers of hotels, should build partnerships and links to share knowledge on new trends and developments within the industry and hotel schools. This relationship can be reciprocated, as the academic institutions can provide short training courses geared to specific department managers. This knowledge can also be included and applied in the curriculum provided to new hotel students. The financial controllers can take a more dynamic role in improving financial and accounting competencies, developing managers and assisting department managers to analyse financial information.

5.3.4 Sub-objective 4:

Determine and present a comprehensive financial management competency training strategy for department managers

The evidence indicated that the internal and external training provided to department managers lacked focus on the area of finance. This can be resolved if access to short learning programmes in Finance for Non-Financial Managers and Revenue

Management are made available. The lack of access to financial information is perceived as an obstacle to developing the full potential of department managers. This is due to the finance department functions being centralised in hotel chains, where the group prepares the accounts for all hotels within the chain, or even outsources all financial functions.

This can be remedied with consultation with and the training of all stakeholders involved, in order to build capacity. If financial management or accounting were not included in their qualification, then all department managers should be given the opportunity to complete an internal or external training course in basic financial management to up-skill them to competent levels. Mentorship within the hotel should be provided, and the financial controller may be required to play a bigger role in implementing skills relating to financial management and accounting skills.

5.4 Summary

All the department managers in the sample population were of the opinion that financial management knowledge and accounting skills are essential for all department managers to manage their departments effectively. The responses indicated that only 32% of the managers were of the opinion that they had adequate financial management knowledge and accounting skills to manage their departments effectively.

The respondents pointed out that financial competence and accounting skills together comprise a key management tool for decision-making. Some department managers are more involved than others in the areas of accounting, budgeting, revenue forecasting and a range of other financial processes. Other areas of concern that surfaced were the internal and external training courses provided by the hotel and external training providers, and the expectations of the General Manager and Head office. The emphasis was mainly on people management, human resources and property management systems. Finance and accounting skills courses were not evident in their training options.

CHAPTER 6

CONCLUSION

6.1 Introduction

In Chapter Five the researcher presented and discussed the findings to the research questions and provided recommendations to address the sub-objectives of the study.

Chapter Six presents a summary of the research findings, suggests possibilities for further research, and offers a conclusion.

6.2 Importance of the research findings

This study has demonstrated that the existing financial management knowledge and accounting skills of department managers in the hotel industry within the Cape Town metropolis are inadequate. Due to the rapid development of accounting systems there is an over reliance on systems to control costs. This influences the accounting skills of department managers, which are insufficient to manage their departments effectively. The relevance and the role of accounting in department management is an essential component.

Therefore the research is centred on the deduction that the improvement of financial management knowledge and accounting skills will enhance the performance of department managers. The demands and pressures to control costs, optimise profitability and show a return on investment are challenging to any business environment, but especially so if certain competencies are lacking within middle-level management. The understanding of financial management and accounting and the interpretation of financial information plays a major role in the success and sustainability of the hotel establishment. Another factor is that a large proportion of the major hotel chains have an automated and centralized accounting system, which means that responsibility in the accounting area has shifted more to department management level.

6.3 Further research opportunities

In view of the study undertaken and the data collected from the respondents, the researcher was able to make two recommendations for further research.

A detailed needs analysis has to be piloted on the specific training required by department managers before they occupy the position. The current internal and external training provided covers all levels of operations excluding a specific focus on financial and accounting skills. The specific competencies required of middle or department managers has to be addressed, as the centralizing of accounting functions has led to a gap in the transferring of skills. There is a gap between the expectation and reality concerning the financial management knowledge and accounting skills of a department manager. Department managers are now playing a role previously played by financial controllers. Department managers feed the information through to head office, where reports are compiled and generated. The commitment of top management to this process will add value to business and the contribution made by department managers.

Further research may be undertaken using the variable of gender, as the majority of the respondents who held the positions of department manager were male. Research might investigate the reasons for this, and look at issues of representivity and parity amongst the genders. A fairly large percentage of the male respondents were confident that they had adequate financial management knowledge and accounting skills to manage their departments effectively, but there was minimal evidence to support this. The female respondents were of the opinion that they needed training, since they felt they had insufficient finance and accounting knowledge. This disparity may hold some interesting implications.

6.4 Summary of the research

6.4.1 Problem of the research

The study highlighted that there are gaps in the financial management knowledge and accounting skills of department managers. The expectation of the hotel was not the reality on the ground. The main problem was that department managers were by-and-large unable to interpret, analyse and apply the information provided to them. These financial reports were delivered from the financial controller or the head office centralized accounting section. Department managers had inadequate financial management knowledge and accounting skills to improve profitability, but they met the minimum targets set. If they had sufficient financial knowledge they would be able to identify areas where improvements might be made to add more to the bottom line. Financial management knowledge and accounting skills will add value to the

business in the form of decision-making and planning. The current hospitality curriculum should be revised in line with the information provided by the respondents in the area of financial management knowledge and accounting skills required by department managers.

6.4.2 Objective of the research

The main purpose of this study was to investigate the current financial management knowledge and accounting skills of department managers within three- to five-star hotels. This information will be of value to hotel schools, to enable them to gear their curricula to better serve the needs of the hospitality industry. Top management would be able to identify financial management knowledge and accounting skills training opportunities specifically for their department managers.

The following sub-objectives were highlighted:

- To focus on training and mentoring in the interpretation of financial statements and accounting skills knowledge for department managers, which will enhance the efficient management of departments within the hotel
- To emphasise the importance of financial management knowledge and accounting skills amongst department management, to ease the difficulties experienced by department managers in controlling costs
- To provide solutions to the inadequate financial management knowledge and accounting skills of department managers, so as to optimise profitability and maximise investment returns
- To focus on specific financial management training for department managers, to be included in the hotel school's curricula offering hospitality qualifications and the National Diploma in Hospitality Management.

6.4.3 Recommendations of the research

These recommendations are drawn from the responses of the participants in this study in conjunction with the literature reviewed. The following are the skills and competencies required of an effective department manager, with specific reference to financial management and accounting skills:

- A thorough understanding and advanced knowledge of financial management and accounting skills is required by all department managers, within a hospitality environment
- A paradigm shift within top management is essential to highlight and ascertain the importance of financial management and accounting skills amongst department management within the hotel. The emphasis should not be limited to functional areas, but to a broader framework within the hotel
- There is a need to review internal and external training provided within hotels, as well as the hotel schools qualifications offered within South Africa
- The lack of financial competencies and accounting techniques required for the interpretation and analysis of financial statements and budgeting impedes the effectiveness of department managers. Department managers are not equipped effectively to use the management reports and financial statements provided, as a management tool for decision making.

6.5 Findings of research

Many of the respondents agreed that they had acquired certain skills through on the job training and attending workshops, but a formal training programme has to be followed by middle management, due to the demands of their position. Department managers were of the opinion that years of service and experience on their own do not prepare them to manage their departments effectively. Respondents were all of the opinion that financial management knowledge and accounting skills are imperative competencies required for them manage their departments effectively.

They confirmed that there was no clear training strategy for middle management to progress from operational to middle management level. The internal and external training provided were not specifically geared to the financial and accounting training needs of middle management. Accounting and financial courses were not a key competence for promotion to department manager. Much of the training provided was for operational requirements.

The findings of the research showed the following:

- Financial management knowledge and accounting skills are in short supply owing to less than 50% of the respondents answering “yes” when asked whether they possessed sufficient financial management and accounting skills. The responses showed uncertainty amongst the participants, but they were of the opinion that finance and accounting comprise an important competency for all department managers.
- Current top-level management does not deem financial management knowledge and accounting skills an important competency for department managers. A change in perception is very important due to the notion that Accounting forms part of corporate governance, and as a result is constantly under scrutiny for compliance.
- Key evidence shows that department managers are unable to interpret financial information provided by the different units. The inability to interpret financial statements, budgeting and forecasting becomes an obstacle in the way of optimizing profitability, controlling cost and improving investment returns.
- The evidence indicates that the internal and external training provided to department managers lacked focus on the area of finance. This can be resolved if access to short learning programmes in Finance for Non-Financial Managers and Revenue Management is made available. The lack of access to financial information is perceived to be an obstacle to developing the full potential of department managers.

The literature review revealed that department managers within the hotel industry need to show competence in financial management knowledge and accounting skills, to effectively manage their respective units. This can be attributed to the changes affecting the hotel industry, originating from developments in technology and pressure from shareholders to maximise investment returns.

6.6 Conclusion

The study has emphasized that financial management knowledge and accounting skills should be a mandatory for all department managers. Financial skills such as costing, budgeting, financial statement analysis and risk assessment have become an increasingly important competency requirement amongst department managers. Competence in financial management knowledge and accounting skills among department managers enhances the effectiveness of management as a whole.

The study found that financial management knowledge and accounting skills among departmental managers in the hotel industry within the Cape Town metropolis are inadequate. According to the responses to the structured questionnaires completed by the participants, this problem is acknowledged by department managers as well as senior management.

REFERENCES

- Adams, D. & Waddle, C. 2002. Evaluating the return from management development programmes. *International Journal of Contemporary Hospitality Management*, 14(1):14-20.
- Agut, S. & Grau, R. 2002, Managerial competency needs and training requests: The case of the Spanish tourist industry. *Human Resource Development Quarterly*, 13: 31–52.
- Ahmad, R., Solent, D. & Scott, N. 2010. Human Resource practices system differentiation: A hotel industry study. *Journal of Hospitality and Tourism Management*, 17:72-82.
- Ardagh, J. 1982. *France in the 1980s: The Definitive Book*. Harmondsworth: Penguin.
- Barrows, C.W. & Johan, N. 2008. Hospitality Management Education. *The Sage Handbook of Hospitality Management*. London: Sage.
- Barnett, R. & Brennan, R. 1997. Change in job conditions, change in psychological distress, and gender: A longitudinal study of dual - earner couples. *Journal of Organisational Behaviour*, 18:253-274.
- Barsoux, J.L. & Lawrence, P. 1991b. The making of a French manager. *Harvard Business Review*, July–August: 58–67.
- Brander Brown, J. & Harris, P.J. 1998. Research and Development in Hospitality Accounting and Financial Management. *International Journal of Hospitality Management*, 17:161-181.
- Boone, L.W. & Peborde, M.S. 2008. Developing leadership skills in college and early career positions. *Journal of Hospitality and Tourism anagement*, 28(3):3-13.
- Bowen, J. & Ford. R. 2004. What experts say about managing hospitality service delivery systems. *International Journal of Contemporary Hospitality Management*, 16(7):394-401.
- Brody, R.G. Lane, S. & Steed, E. 2004. The Development of an Accounting Performance Measure to Minimize Inter-departmental Conflicts in the Hospitality Industry. *International Journal of Management*, 21(3):324-331.
- Brotherton, B. & Wood, R.C. 2008. The nature and meanings of "hospitality". *The Sage Handbook of Hospitality Management*. London: Sage.
- Brownell, J. & Jameson, D. 1995. Benchmarks for excellence: Cornell's management development program. *Cornell Restaurant and Hotel Administration Quarterly*, 37(3):87-92.
- Burgess, C. 2007. Do hotel managers have sufficient skills to help them manage their areas? *International Journal of Contemporary Hospitality Management*, 19(3):188-200.

- Burgess, C. 2007b. Is there a future for hotel financial controllers? *International Journal of Hospitality Management*, 26(1):161-174.
- Carmeli, A. 2003. The relationship between emotional intelligence and work attitudes, behaviour and outcomes. An examination among senior managers. *Journal of Managerial Psychology*, 15:788-813
- Cho, Wonae, Schmelzer, C. D. 2000. Just-in-time education: tools for hospitality managers of the future? *International Journal of Contemporary Hospitality Management*. 12(1): 31.
- Chung-Herrera, B.G., Enz, C.A. & Lankau, M.J. 2003. Grooming Future Hospitality Leaders: A Competencies Model. *Cornell Hotel and Restaurant Administration Quarterly*, 44(3):17-25.
- Cline, R.S. 2000. The Hotel Organisation of the future: Capitalising on Change is Prelude to Success. Ideas and Trends. <http://www.hotel-online.com/Trends/Andersen/future.html>. [15 September 2014]
- Coff, R. W. 1997. Human assets and management dilemmas: Coping with hazards on the road to resourced based theory. *Academy of Management Review*, 22:374-402
- Collier, P. & Gregory, A. 1995. Strategic Management Accounting. *International Journal of Contemporary Hospitality Management*, 7(1):16-21.
- Connolly, P. & McGing, G. 2006. Graduate Education and Hospitality Management in Ireland. *International Journal of Contemporary Hospitality Management*, 18(1):50-59.
- Cooper, C. & Smith, G. 2000. Competitive approaches to Tourism and Hospitality curriculum design. *International Journal of Contemporary Hospitality Management*, 1:39-90.
- Christou, E. 1999. Hospitality management education in Greece: an exploratory study. *Tourism Management*, 20(6):683-692.
- Damitio, J.W. & Schmidgall, R.S. 1991. A comparison of Hospitality Executives', Educators', and Students' views on the importance of accounting skills. *International Journal of Hospitality Management*, 10(3):219-228.
- Davis, R. 1995. New principles for management development. *Management Development Review*, 8(6):5-8
- DeSouza, K. & Awazu, Y. 2004. "Need to know" - organisational knowledge and management perspective". *Information, Knowledge, Systems Management*, 4:1-14.
- Dillman, D. 2000. *Mail and Internet Surveys: The Tailored Design Method*. New York: John Wiley.

- Doherty, L. 2004. Work-life balance initiatives: implications for women, *Employee Relations*, 26(4):433-52.
- Downie, N. 1997. The use of accounting information in the hotel marketing decisions. *Selected paper from the IAHMS Conference at HMS Leeuwarden, The Netherlands, November 1996. International Journal Hospitality Management*, 16 (3):305-312.
- Enz, C.A., Renaghan, L.M. & Geller, A.N. 1993. Graduate-level education: A survey of stakeholders. *The Cornell Hotel and Restaurant Administration Quarterly*, 34(4):90-95.
- Evans, M.R. 1990. Graduate Education: The Next Frontier. *The Cornell and Restaurant Administration Quarterly*, 31(2):92-94.
- Fawcett, S.L. 1996. Fear of accounts: Improving managers' competence and confidence through simulation exercises. *Journal of European Industrial Training*, 20(2):17-24.
- Gamble, P.R. & Messenger, S. 1990. Preparing managers for industry: the role of hospitality management education. *International Journal of Hospitality Management*, 2(2):85-88.
- Garavan, T., O'Brien, F. & O'Hanlon, D. 2006. Career advancement of hotel managers since graduation: a comparative study, *Personnel Review*, 35(3):252-80.
- Gardner, L. & Stough, C. 2002. Examining the relationship between leadership and emotional intelligence in senior level managers. *Leadership and Organisational Development Journal*, 23(2):68-78.
- Gardner, B. 2004. Combining quantitative and qualitative methodologies in logistics research. *International Journal of Physical Distribution and Logistics management*, 34(7):565-578
- Goodman, J.R. & Sprague, L.G. 1991. The future of hospitality education: meeting industry's needs. *The Cornell Hotel and Restaurant Administration Quarterly*, 32(2):66-69.
- Gosling, J. & Mintzberg, H. 2003. The Five Minds of a Manager. *Harvard Business Review*, 64-65.
- Groschl, S. 2001. *An Exploration of Cultural Differences between French and British Managers within an International Hotel Company (unpublished PhD thesis)* UK: Oxford Brookes University.
- Groschl, S. & Barrows, C.W. 2003. A cross cultural comparison of French and British managers: An examination of the influence of higher education on management style. University of Guelph. *School of Hospitality and Tourism Management*, 4(3):228-246).

- Harper, S. & Brown, C. & Irvine, W. 2005. Qualifications: a fast track to hotel general manager?. *International Journal of Contemporary Hospitality Management*, 17(1): 51- 64.
- Harris, J.G., De Long, D.W. & Donnellon, A. 2001. Do you have what it takes to be an e-manager?. *Strategy & Leadership*, 29(4):10-14.
- Harris, P. (ed). 2006. *Accounting and Financial Management: Developments in the International Hospitality Industry*. Oxford: Butterworth – Heinemann.
- Henning, M., Oxford, J., Wood, E. & Fischer, C. 2003. Global entrepreneurship monitor. South African executive report. *Graduate School of Business, University of Cape Town*.
- Jayawardena, C. 2000. International Hotel Manager. *International Journal of Contemporary Hospitality Management*, 12(1):67-69.
- Jones, C. 2002. Facilities management in medium sized hotels. *International Journal of Contemporary Hospitality Management*, 14(2):72-80.
- Jones, W.P. 1991. Another Graduate-Education Model. *The Cornell H.R.A. Quarterly*, 70-72.
- Kay, C. & Moncarz, E. 2004. Knowledge, Skills, and Abilities for Lodging Management Success. *Cornell Hotel and Restaurant Administration Quarterly*, (45):285-297.
- Kent, M.C. 2006. The clock is ticking, How long have we got before our skills time bomb goes off?. <http://www.people1st.co.uk> [6 February 2013].
- Kotter, J.P. & Schlesinger, L.A. 1979. Choosing strategies for change. *Harvard Business Review*, 57(2):106-114.
- Ladki, M. 1993. Hospitality Education: The identity struggle. *International Journal of Hospitality Management*, 12(3):243-251.
- Laesecke, H. 1991. Meeting the industry needs. *The Cornell Hotel and Restaurant Administration Quarterly*, 29(2):46-47.
- Lashley, C. 1999. Empowerment through relayering; a pilot study of Macdonalds restaurants", *International Journal of Contemporary Hospitality Management*, 29-35.
- Lewis, R.C. 1993. Hospitality management education: Here today gone tomorrow? *Hospitality Research Journal*, 17(1):273-283.
- Littlejohn, D. & Watson, S. 2004. Developing graduate manager for hospitality and tourism. *International Journal of Contemporary Hospitality Management*, 16(7):408-414.

Laesecke, H. 1991. Meeting the industry needs. *The Cornell Hotel and Restaurant Administration Quarterly*, August, 1991.

Mariger, H. & Miller, J. 1999. Distance education evaluation: the next step. *Proceedings of the 4th annual graduate education and graduate students research conference and tourism, USA*. 4:428-437.

Martin, A., Mactaggart, D. & Bowden, J. 2006. The barriers to the recruitment and retention of supervisors/managers in the Scottish tourism industry. *International Journal of Contemporary Hospitality Management*, 18(5):380-97.

Martínez-Ros, E. & Orfila-Sintes, F. 2012. Training plans, manager's characteristics and innovation in the accommodation industry. *International Journal of Hospitality Management*, 31(2):686– 694.

Matovic, D. & McCleary, K. 2003. Marketing in the next decade: a qualitative study of the US hotel industry. *Journal of Travel and Tourism Marketing*, 14(2):47-65.

Mia, L. & Patiar, A. 2001. The use of management accounting systems in hotels: an exploratory study. *International Journal of Hospitality Management*, 20:19-28.

Nelson, A.A. & Dobson, L.R. 2001. Future of hotel education: required skills and knowledge for graduates of U.S. hospitality programs beyond the year 2000– Part I. *Journal of Hospitality and Tourism Education*, 13(5):58-67.

Okumus, F. & Hemmington, N.1998. Barriers and resistance to change in hotel firms: an investigation at unit level. *International Journal of Contemporary Hospitality Management*, 10(7):283-288.

Olsen, M., Chung, Y., Graf, N., Lee, K. & Madanoglu, M. 2004. "Branding: myth and reality in the hotel industry". *Journal of Retail and Leisure Property*,4(2):146-162.

Parahoo K. 1997.*Nursing research: principles, process and issues*. Basingstoke: Macmillan.

Pierce, B. & O'Dea, T. 2003. Management accounting information and the needs of the managers: perceptions of managers and accountants compared. *British Accounting Review*, 35(3):257-290

Philips, P. 2000. The strategic planning , finance interface: does sophistication really matter? *Management Decision*, 38(8):541-549.

Ramos, V., Rey-Maqueira, J. & Tugores, M. 2004. The role of training in changing an economy specialising in tourism. *International Journal of Manpower*, 25:55–72.

Rimington, M. 1999. Vocational education: Challenges for hospitality management in the new millennium. *International Journal of Contemporary Hospitality Management*, 11(4):186-192.

Ross, G.F. 1992. Work Attitudes and Management Values: The Hospitality Industry. *International Journal of Contemporary Hospitality Management*, 4(3):9-13.

Sandwich, P. 1993. A hierarchy of management training requirements: The company domain model. *Public Personnel Management*, 22(1):43-62

Saunders, M., Lewis, P. & Thornhill, A. 2003. *Research Methods for Business Student*, London: Financial Times/Prentice Hall.

Scapens, R. & Jayazeri, M. 2003. ERP systems and management accounting change: opportunities or impacts? *European Accounting Review*, 12(1):201-233.

Seddon, J. 1992. I Want You to Cheat, The Unreasonable Guide to Service and Quality in Organisations, Vanguard Consulting Ltd.

Singh, A. & Schmidgall, R. 2005. Future events and their impact on financial management in the US lodging industry: Delphi study to predict changes in 2007 and 2027. *Journal of Retail and Leisure Property*, 4(3):236-254.

Smith, G. 1996. International Tourism and Hospitality careers through Education and Training: A leadership Challenge. *Panel presentation for East meets West: A New Trend in World. Hospitality Management and Culinary teaching CHRIE Annual Conference, Washington, DC, August.*

Tas, R. F. 1988. Teaching future managers, *The Cornell Hotel and Restaurant Administration Quarterly*, .9 (2):58-64.

Tourinho, E.Z. & Neno, S. 2003. Effectiveness as truth criterion in behaviour analysis. *Behaviour and Philosophy*, 31:63-80.

Tynjala, P. 1999. Towards expert knowledge? A comparison between a constructivist and traditional learning environment in the university. *International Journal of Educational Research*, 31(5):357:442.

Ulrich, D. 1998. A new mandate for human resources. *Harvard Business Review*, January - February:125-133.

Umbreit, W. T. 1993. Essential skills: what the graduates need to succeed. *Hosteur*, 3 (1):10-12.

Walsh, K. & Masako, S.T. 2007. Developing In-House Careers and Retaining Management Talent. *Cornell Hotel and Restaurant Administration Quarterly*, 48 (2):163-182

Watson, S. 2008. Where are we now? A review of management development

issues in the hospitality and tourism sector Implications for talent management. *International Journal of Contemporary Hospitality Management*, 20(7):758-780.

Watson, S. & Brotherton, B. 1996. Hospitality Management Development Minimising Conflict - Maximising Potential. *Management Development Reviews*, 9(4):13-22.

Watson, S., McCracken, M. & Hughes, M. 2004. Scottish visitor attractions: managerial competence requirements, *Journal of European Industrial Training*, 28(1):39-66.

Wilson, R., Homenidou, K. & Dickerson, A. 2006. Working Futures 2004-2014. University of Warwick, Coventry. *Institute for Employment Research*, National Report :1- 341.

Wonae, C. & Schmelzer, C. D. 2000. Just-in-time education: tools for hospitality managers of the future? *International Journal of Contemporary Hospitality Management*, 12(1):31.

Wynne, B. & Stringer, D. 1997. *A Competency based Approach to Training & Development*. Boston, MA: Pitman,

Yukl, G. & Van Fleet, D.D. 1982. Cross-situational, multimethod research on military leader effectiveness. *Organizational Behaviour and Human Performance*, 30 (1):87-108.

Zaccaro, S.J. & Banks, D. 2004. Leader visioning and adaptability: bridging the gap between research and practice on developing the ability to manage change. *Human Resource Management*. 43(4):367-380.

Zaccaro, S.J. & Banks, D. 2004a. Leader visioning and adaptability: bridging the gap between research and practice on developing the ability to manage change. *Human Resource Management*, 43(4):367-380.

Zaleznik, A. Managers and Leaders: Are They Different? *Harvard Business Review*, January 2004.

APPENDICES**APPENDIX A:****Cape Peninsula
University of Technology**

Interview Participation

Dear Participant

I am a master's student currently registered in the M.Tech Business Administration programme at the Cape Peninsula University of Technology. I am in the process of writing my dissertation and am collecting data for that purpose.

Research Topic

An investigation into the financial management knowledge accounting skills and amongst department managers in the hotel industry, within the Cape Town metropolis

The purpose of the research study is to gain insight concerning the Financial management knowledge and accounting skills and amongst department managers in the hotel industry. This will aid with the hotel school curriculum and the training of hotel school graduates.

Permission has been granted by your general manager for you to participate in this research. Your participation in this research is voluntary and you may withdraw from completing the questionnaire at any time. Should you complete this questionnaire, strict confidentiality will be maintained at all times and no material that you provide will identify you.

This study adheres to the Guidelines of the ethical review process of Cape Peninsula University of Technology.

Yours sincerely

Nadia Davids.

Researcher

Eric Collier

Research Supervisor

APPENDIX B:**Section A**Demographical informationPlease tick the appropriate answer

1. Gender

Male	1
Female	2

2. Age

Younger than 25	1
25 to under 35	2
35 to under 45	3
45 to under 55	4
55 +	5

3. What is your current position within the hotel? (eg.F&B manager, Rooms division manager etc.)

4. Years of service in your current position

Less than 2 years	1
2 years under 5 years	2
5 years , under 10 years	3
10 +	4

5. Highest level of education completed, you may tick()more than one.

No formal qualification	1
Matric completed	3
Formal qualification - post matric completed	4
Certificate	5
Diploma	6
Degree	7
Post graduate degree	8

5.1 In-house courses attended? If "yes" what was attended.

Yes	1
No	2

5.2 External courses attended? If "yes" what was attended.

Yes	1
No	2

--

Section B

Financial Management knowledge and Accounting skills

6. In your opinion do you think that department managers have adequate financial management knowledge and accounting skills?

Yes	1
No	2
Yes and No	3

- 6.1 If you answered "No" in Question 6, which area lacks financial competence?

- 6.2 If you answered "Yes and No" in Question 6, where are the areas of concern and which do they do well?

7. Does your hotel make use of a property management system and state which one.

Yes	1
No	2

- 7.1 Is your property management system interfaced with an accounting package?

Yes	1
No	2

- 7.2 Which accounting packages are you familiar with?

8. Do you have access to the hotel's financial statements and financial reports?

Yes	1
No	2

- 8.1 If you answered "No" in Question 8, indicate which financial information do you have access to?

- 8.2 If you answered "Yes" in Question 8, list a few points, as to how the financial information adds value to your department and the hotel?

8.3 Do you need to interpret the financial reports generated by the property management system for your specific department?

Yes	1
No	2

8.4 If you answered "No" in question 8.3, indicate who is responsible?
eg. Financial Controller, General Manager

9. In your opinion do department managers need financial management knowledge and accounting skills to maximise profits and add wealth for their specific department and the hotel?

Yes	1
No	2

10. Is financial management knowledge and accounting skills a requirement for promotion purposes?

Yes	1
No	2

10.1 If you answered "No" in Question 10, do you think it will add value to managing your department? Give a reason for your answer.

11. Are your financial functions of the hotel outsourced or done at head office?

Section C

Financial knowledge and competence

In this context, competence will be defined as the knowledge, skills for acceptable job performance.

12. Which cost cutting measures have you been responsible for implementing?

13. Have you saved any money for the hotel, Yes or No, and how did you do this?

14. Give an example of any internal control procedure that you have developed and maintained?

15. Which financial forecasting method, process functions are you responsible for?

16. Which management reports do you access?

Section D**Financial Management knowledge and Accounting skills**

CIRCLE THE NUMBER NEXT TO EACH SKILL TO INDICATE THE LEVEL OF IMPORTANCE FOR YOUR CURRENT MANAGEMENT POSITION.

LEVELS OF IMPORTANCE

1. Less Important 2. Important 3. Very Important 4. Not sure

	SENIOR OR MIDDLE MANAGERS (DEPARTMENT ,HOD)	Less Important	Important	Very Important	Not sure
1.1	Preparation of the Budget	1	2	3	4
1.2	Budgetary control- Control expenditure	1	2	3	4
1.3	Forecasting Revenue/Sales	1	2	3	4
1.4	Capital Budgeting	1	2	3	4
1.5	Cash and Operational budgeting	1	2	3	4
1.6	Internal Control procedures	1	2	3	4
1.7	Accounts receivables (credit and collection)	1	2	3	4
1.8	Preparation of Departmental Income Statement	1	2	3	4
1.9	Management of Departmental Income & Expenses	1	2	3	4
1.1 0	Preparation of Income Statement	1	2	3	4
1.1 1	Interpretation of Income Statement	1	2	3	4
1.1 2	Preparation of Balance sheet	1	2	3	4
1.1 3	Interpretation of Ratio's related to the Balance Sheet	1	2	3	4
1.1 4	Cash Flow Statement	1	2	3	4
1.1 5	Working capital management(Cash, Inventory & Debtors)	1	2	3	4
1.1 6	Audit procedures	1	2	3	4
1.1 7	Break even analysis (CVP)	1	2	3	4
1.1 8	Menu Costing and Cost Control	1	2	3	4
1.1 9	VAT (Collections and Payments)	1	2	3	4
1.2 0	Payroll – (Budget for your department)	1	2	3	4
1.2 1	Skills development levies	1	2	3	4

