

# MANAGEMENT COMPETENCIES: ARE THEY RELATED TO HOTEL PERFORMANCE?

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## ABSTRACT

*This research identified the capabilities used by Canadian hotel general managers during a time of economic stress and examines the relationships between capabilities and hotel performance. The instrument used in this study was the New Zealand Management Capability Index (NZIMCI) and contains eight drivers and a performance measurement. Financial management was identified as the most practiced capability. This finding coincides with other studies and agrees with the results obtained from New Zealand managers. A multiple regression analysis found two drivers within the NZIMCI were significant for hotel performance and were performance leadership and organization capability. However, these two drivers only scored as number three and five respectively out of the total of eight. Financial management, though rated as the highest, was not significant. This disconnect requires further investigation to determine which capabilities have the greatest impact on performance and how managers can prepare themselves for further stressful economic conditions.*

**KEYWORDS:** Competencies, hotel performance, tourism, performance measurement

**JEL:** M10, M12, M50

## INTRODUCTION

The unsettled economic conditions in the travel industry in Canada since 2000 resulted from acts of terrorism, public health concerns such as Severe Acute Respiratory Syndrome (SARS), Bovine Spongiform Encephalopathy (BSE), forest fires, widespread power outages and severe weather including hurricanes and snowstorms. The year 2003 saw the majority of these events. The following describes subsequent revenue losses:

This past year has been dismal. Yes, the war in Iraq, SARS, the strengthening of the dollar, SARS II, the air industry, and BSE have hit all of us in an almost unimaginable way. This was followed by wildfires and floods in B.C., the blackout in Ontario, Internet worms and viruses and the hurricane in Nova Scotia. By the end of the year, in just six markets of Montreal, Ottawa, Toronto, Niagara Falls, Calgary, and Vancouver, our total tourism losses amount to \$1.7 billion. (HAC Annual Report, 2004, p. 19-20)

The severe revenue loss created many challenges for hotel managers and the most arduous test of a manager's abilities occurs during stressful times. It is unknown to what degree a general manager can mitigate external adverse conditions to prevent revenue decreases so this study attempted to identify the capabilities that had the greatest correlations with the hotel performance. The lodging industry at its best can be difficult to manage. When coupled with challenging economic conditions it can become increasingly demanding.

The unique characteristics of the hotel industry can place great demands on its managers. This is because typically hotels operate 24 hours per day, seven days per week, and 365 days per year; are highly labor intensive and seasonal and contain a very diverse complement of employees. In comparison to other industries, these unique job characteristics may exert increased daily management pressures on hotel managers (Rutherford, 2002). Kay and Moncars (2004) stated that due to the hotel industry's challenges

of terrorism, political unrest, economic upheavals, technological advances, and overall travel patterns, there is a need to reexamine the knowledge, skills and abilities required for success. This paper will first discuss various competencies identified and the lack of research in linking competencies and performance. The explanation of the methodology and survey usage is given followed by the findings incorporating frequency analysis and multiple regression analysis. The paper ends with a discussion of the findings.

## LITERATURE REVIEW

Competencies have been identified as major factors influencing performance of a company and the gaining of competitive advantage (Aung, 2000; Brophy & Kiely, 2002; Conant, Mokwa, & Varadarajan, 1990; Sandwith, 1993; Woodruffe, 1991). Boyatzis in his book, *The Competent Manager* (1982) brought the term *competent* into many discussions on management performance and development and allowed the discussions to move away from indefinable attributes of a personal nature to the safer dimension of behaviors. The term has become commonly used in human resource systems.

Sandwith (1993) conducted a landmark study on competencies. He identified five management competency domains, including: conceptual-creative (1), leadership (2), interpersonal (3), administrative (4), and technical (5) (Sandwith, 1993, p. 45). Sandwith (1993) found that leadership and interpersonal competencies were critical to more than one functional area and management level.

In early research on specific hotel management competencies, Tas (1983, p. 60) identified the most important competencies for hotel manager trainees as:

1. Managing guest problems with understanding and sensitivity
2. Maintaining professional and ethical standards in the work environment
3. Demonstrating poise and a professional appearance
4. Communicating effectively both in writing and orally
5. Developing positive customer relations
6. Striving to achieve positive working relationships with employees.

Tas (1988) defined competencies as “those job activities and skills judged essential to perform the duties of a specific position” (p. 41) and identified the top competencies required by managerial trainees in order of importance as follows: human relations skills, professional ethical standards, diplomacy, and effective oral and written communication skills. Baum (1990) found managers in the United Kingdom identified “management of guest problems with understanding and sensitivity” (p. 14) as the most important competency followed by effective communication. A study of 422 hotel managers in Korea (Chung, 1999) indicated highly rated competency variables as marketing analysis techniques, adapting to changing circumstances, enhancing socialization and interpersonal relationship with employees, identifying and defining problems of operations, and maintaining consistent service quality and developing innovative ways of work. For a more complete list on hotel manager competencies, see Table 1.

Researchers in their studies on competencies (Brophy & Kiely, 2002; Chung, 2000; Raelin & Cooleage, 1995) have included an ongoing debate on the value and application of generic competencies to different industries. Often debated is the question: Is there a set of common generic competencies that all managers require to be successful? Researchers of this view of generic competencies in the human resource discipline have determined “...that off-the-shelf generic competencies cannot serve as a proper model to guide the human resource planning process” (Raelin & Cooleage, 1995, p. 32). Organic competencies are those that apply to a specific managerial job and organization and were determined to be the important factors, especially where flexibility may be required. In the hospitality industry, flexibility and quick reaction are deemed critical skills due to continuous dynamic market conditions.

Researchers that investigated the possibility of a set of universal senior management competencies (Hayes, Rose-Quirie, & Allinson, 2000) found that some managers need different sets of competencies to manage specific circumstances. These researchers also found there are "...some shared competencies that can be usefully developed in the context of generic senior management development programmes" (Hayes et al., 2000, p. 5).

Table 1: Essential Competencies Identified in Research

Researcher(s)	Article/Text Name	Competencies Identified
Orser, 2000	Management competencies and SME performance criteria: A pilot study	Management Capacity (marketing, HR, financial, networks, negotiations, etc.) Managerial Acumen (experience, growing, expanding the firm.) Domain knowledge (depth of industry experience, technical expertise, sector expertise)
Kay and Russett, 2002	Hospitality-management competencies	Leadership, technical, interpersonal, administrative, conceptual-creative
Chung, 2000	Hotel management curriculum reform based on required competencies of hotel employees and career success in the hotel industry	Management analysis techniques, adaptation of environment changes and procurement of employee and job, problem identification and communication, operation techniques and knowledge, innovation
Kay & Moncarz, 2004	Knowledge, skills and abilities for lodging management success	Domains included: Human resources management, information technology, financial management and marketing
Chung-Herra, Enz & Lankau, 2003	Grooming future hospitality leaders: a competencies model	8 overarching factors: communication, critical thinking, implementation, industry knowledge, interpersonal skills, leadership, self-management, and strategic positioning
Brophy & Kiely, 2002	Competencies: a new sector	5 key results areas: customer care, quality and standards, managing staff, achieving profitability, and growing the business
Tas, 1988	Teaching future managers	6 essential competencies out of 36: manages guest problems, maintains professional and ethical standards, demonstrates professional appearance, communicates effectively, develops positive customer relations, strives to achieve positive working relationships with employees.
Quinn, Faerman, Thompson & McGrath, 2003	Text: Becoming a master manager: A competency framework	8 managerial leadership roles: mentor, facilitator, monitor, coordinator, director, producer, broker, innovator
Hellriegel, Jackson & Slocum, 2002	Text: Management" A competency-based approach	6 key competency categories: communication, planning & administration, teamwork, strategic action, global awareness & self-management

*This table lists competencies identified in a number of studies and is used to show the varieties of competencies identified.*

In Canada, Orser (2003) explored performance and the role of management competencies in small and medium sized firms. Performance was measured using the success factors of market acceptance, self-fulfillment, personal welfare and financial outcomes. The results "revealed that growth in revenues was significantly correlated with the diversity, or breadth, of management skills and with the owner's intentions to pursue growth" (p. 55). These researchers also revealed that no single competency was found to be directly associated with growth. "Rather, growth appears to be a consequence of the interaction of multiple management activities (and the diversity of management experience that results) as well as the owners' determination that their firms would grow" (p. 59).

A great deal of research has occurred in attempts to identify essential competencies and capabilities for management success but there is little to link certain capabilities with performance. Is performance impacted by certain capabilities more so than others or, is it a combination of “management activities” which may induce a possible threshold effect, as Orser (2003) contends?

## METHODOLOGY

The purpose of this research was to identify and rate the capabilities of hotel general managers in Canada and to search for correlations between capabilities and business performance. A survey was designed which included basic demographics and incorporated the New Zealand Institute of Management Capability Index (NZIMCI) which asks the respondents to rate a list of given capabilities. In this research, competencies and capabilities are “nested” terms. The NZIMCI was developed by Doug Matheson in 2003. Matheson (2004) defines capability as putting the competencies into practice and the instrument focuses on eight major drivers including: visionary and strategic leadership, performance leadership, people leadership, financial management, organizational capability, technology and knowledge, external relationships, and innovation – product and services. It also contains a performance measurement in which the respondents self-rate their business performance from 0% = no results to a maximum of 100% = excellent performance.

The hotel industry in Canada consists of 6,581 lodging establishments (Hotel Association of Canada, 2004) of which 3,464 operate on a year round basis and contain at least 30 rooms. This criterion is used by KPMG LLP, the consulting company that collects statistics on the Canadian hotel industry for the Hotel Association of Canada. These criteria were also used to define the targeted respondents in this research project.

The survey used self-assessment on a census of the Canadian hotel general managers. The survey was mounted on a web page and the link was emailed directly to the managers. The survey was active for a period of three months from July to October. The completed surveys were analyzed using the Statistical Package for the Social Sciences computer software, version 15. The distribution list was created using the Hotel Association of Canada membership directory, the provincial hotel associations’ membership lists and corporate hotel groups who forwarded the request and link to their general managers.

The research questions for this study were:

1. What are the most significant capabilities identified by general managers of hotels as measured by the New Zealand Institute of Management Capability Index (NZIMCI)?
2. What is the correlation between the capabilities of the general manager and hotel performance?

Frequency analysis determined which capabilities were rated the highest. Multiple regressions tested the following equation where HP = Hotel Performance as the dependent variable to assess the role of the eight drivers on the relationship with performance (equation 1).

$$HP = \beta_1 FM + \beta_2 ER + \beta_3 PF + \beta_4 PL + \beta_5 OC + \beta_6 VSL + \beta_7 IPS + \beta_8 ATK \quad (1)$$

Where:

- B = Regression coefficients
- FM = Financial management
- ER = External Relationships
- PL = Performance Leadership

- PL =People Leadership
- OC =Organization Capability
- VSL =Visionary & Strategic Leadership
- IPS =Innovation of Products and Services
- ATK =Application of Technology & Knowledge

Since no *a priori* hypotheses had been made to determine the order of entry of the eight predictor variables, a direct method was used for the multiple linear regression analysis.

**FINDINGS**

The survey was sent to 952 general managers and 184 responses were received of which 183 were usable and gave a response rate of 19.2%. Table 2 contains the basic demographics of the respondents.

Research methods involved conducting a frequency analysis to determine the overall capability rating of each competency. This analysis was followed by a correlation analysis to determine which competencies appeared to coincide in practice with higher performance. Cronbach’s alpha was used to determine the consistency of ratings for each competency measure. A direct multiple regression analysis was used to determine if performance could be predicted from a combination of variables, namely capabilities such as financial management, people leadership, etc.

Table 2: Demographics

Factor	Highest Mean/Frequency/Rating
Gender	Male = 61.7%
Age	Mean = 43.91 years
Education level	College 2 year diploma = 38.3% University Degree = 32.8%
Salary level	51% indicated over \$71,000 annual
Average number of years in management	Mean = 16 years
Average number of management positions before GM	Mean = 4.52
Method used to acquire current capabilities Rated: 1 = least important to 5 = most important	Asked for Projects = 3.74 Mentor = 3.53 Moved for promotion = 3.33 Management training programs = 3.02 Classes = 2.78 Memberships with Associations = 2.37
Average times a manager moved properties for a promotion	Mean = 3.16
Number of years in the GM position	Mean = 6.86 years
Size of property	30 – 125 rooms = 52.5% 126 – 250 rooms = 29.0%
Level of competition 1 = low, 2 = medium, 3 = high	3 = 47.5%
Property location	Downtown = 40.43% Suburban = 27.87%

*This table shows the basic demographics of the hotel general managers who responded to the survey. The general description of a hotel general manager in Canada is a male, age 44 with a college diploma or university degree who makes over \$71,000 per year. He has spent 16 years in management, in five different management positions and used projects to learn. He has moved 3 times for promotions and has 7 years experience as a general manager. The size of property he manages is between 100 – 200 rooms, located downtown in a highly competitive environment.*

Frequency analysis of the NZIMCI results indicated that the capability of financial management was rated the highest with a mean of 80.00/100 (n = 174). External relations was rated the next highest with a 78.16/100 mean (n = 174) and performance leadership was the third highest with a mean of 75.04/100 (n = 174). The lowest rated capability was application of technology knowledge with a mean of 69.89/100 (n = 174). A summary of the NZIMCI is in Table 3. These results coincide with Kay & Moncarz (2004) in which upper level executives' financial management knowledge had a stronger relationship with their monetary success than human resource knowledge.

The NZIMCI findings also agree with the New Zealand managers for the 2003, 2004, 2005 and 2006 results. In those studies, the top two highest rated capabilities were also financial management as number one and external relations as number two for the past four years. The internal consistency of the nine NZIMCI scales was computed using Cronbach's Alpha, which indicates the consistency of a multiple item scale (Leech, Barrett, & Morgan, 2005). A reliability coefficient of .86 indicated high reliability and that the items were measuring the construct for which they were intended.

Table 3: New Zealand Institute of Management Capability Index

Rank	Capability	Mean Assessed	Weight	Score
1	Financial Management	80.00	10%	8.00
2	External Relationships	78.16	5%	3.91
3	Performance Leadership	75.04	10%	7.50
4	People Leadership	72.29	10%	7.30
5	Organization Capability	71.26	5%	3.56
6	Visionary & Strategic Leadership	71.04	15%	10.66
7	Innovation – Products & Services	70.23	10%	7.02
8	Application of Technology & Knowledge	69.89	5%	3.49
	<i>Results and Comparative Performance</i>	<i>74.83</i>	<i>30%</i>	<i>22.45</i>
	<b>NZIM Capability Index Rating</b>			<b>73.89</b>

*The NZIMCI scale contains a maximum rating of 100 and a minimum of zero. The above table contains the scores of the NZIM Capability Index and indicates that the most highly practiced capability is Financial Management followed by External Relationships. The overall score for NZIMCI is 73.89.*

Multiple regression analysis is an important tool used in business forecasting models. In this study, its purpose was to analyze the relationship between management capabilities as measured by the NZIMCI and hotel performance. The predictors were the capability levels based on the NZIMCI and included eight capabilities of visionary and strategic leadership, performance leadership, people leadership, financial management, organization capability, technology and knowledge, external relationships, and innovation of products and services. The criterion variable was results and comparative performance. The scale uses a maximum rating of 100 to indicate that the competency is fully practiced throughout the organization to a minimum of 0 to indicate the capability is not in place. Performance is measured using a maximum of 100 to indicate excellent performance in most areas and strong evidence of industry leadership to a minimum of 0 which indicates no results or poor results.

A common problem in regression analysis is multicollinearity, which occurs when two or more predictors contain the same information, resulting in high intercorrelations between some of the predictor variables. The NZIMCI may contain variables that are similar in nature. Table 4 contains a correlation matrix to detect multicollinearity among the variables. The highest correlations were between performance leadership and visionary and strategic leadership at .56, and results and comparative performance and performance leadership, at .55. Due to the use of the words leadership and performance in these scales, respondents may not have differentiated between the two. However, none of the correlations was above .60, and none was negative.

Table 4: Correlations of New Zealand Institute of Management Capability Index

	Vision Strategic Lead	Perf. Lead.	People Lead.	Fin. Mgmt.	Org. Cap.	App. of Tech. & Know.	Ext. Relations	Innov. Prod. & Serv.
Visionary & Strategic Leadership	Pearson Correlation							
Perf. Leadership	Pearson Correlation	.563(**)						
	Sig. (2-tailed)	.000						
People Leadership	Pearson Correlation	.540(**)	.535(**)					
	Sig. (2-tailed)	.000	.000					
Financial Mgmt.	Pearson Correlation	.425(**)	.329(**)	.433(**)				
	Sig. (2-tailed)	.000	.000	.000				
Org. Capability	Pearson Correlation	.475(**)	.375(**)	.482(**)	.446(**)			
	Sig. (2-tailed)	.000	.000	.000	.000			
Application of Technology & Knowledge	Pearson Correlation	.390(**)	.321(**)	.473(**)	.443(**)	.475(**)		
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
External Relations	Pearson Correlation	.236(**)	.241(**)	.313(**)	.364(**)	.311(**)	.377(**)	
	Sig. (2-tailed)	.002	.001	.000	.000	.000	.000	
Innovation Products & Services	Pearson Correlation	.512(**)	.460(**)	.499(**)	.408(**)	.441(**)	.518(**)	.410(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000
Results & Comp. Perf.	Pearson Correlation	.398(**)	.554(**)	.407(**)	.283(**)	.403(**)	.259(**)	.192(*)
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.001	.011

\* Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed)

The above table shows the correlations used to detect multicollinearity. None of the correlations was above .60 to indicate such a problem and none was negative.

The multiple regression analysis indicated the predictor variables were significantly related to the results and comparative performance,  $F(8,165) = 11.56$ ,  $p < .01$ . The multiple correlation coefficient  $R$  was .60, indicating that approximately 36% of the variance of the performance index in the sample can be accounted for by the capability measures. The coefficients in Table 5 reveal that only two of the eight drivers contained in the NZIMCI had a significant relationship on hotel performance. These two drivers were performance leadership ( $\beta = .42$ ,  $p < 0.01$ ) and organization capacity ( $\beta = .20$ ,  $p < 0.05$ ).

This finding was not expected as it was thought that financial management would have a relationship with performance as it was rated so highly. Thus Multiple Regression Equation with Standardized Coefficients (equation 2). These were the only two capabilities that were significant as predictors for hotel performance):

$$HP = .42PL + .19OC \quad (2)$$

Where:

PL = Performance Leadership

OC = Organization Capability

Table 5: Regression Results

	Unstandardized Coefficients		Standardized Coefficients	t
	B	Std. Error	Beta	Lower Bound
Constant	19.427	7.424		
Visionary & Strategic Leadership	.011	.098	.009	.108
Performance Leadership	.437	.084	.419	5.172**
People Leadership	.059	.081	.063	.732
Financial Management	.027	.092	.022	.292
Organization Capability	.197	.081	.194	2.441*
Application of Technology & Knowledge	-.042	.077	-.044	-.545
External Relations	-.013	.071	-.013	-.181
Innovation Products & Services	.074	.085	.073	.872
R	.599			
R Square	.359			
Adjusted R Squared	.328			
F for R	11.56			

\* $p < .05$  \*\* $p < .01$

The above table shows the unstandardized and standardized coefficients of the eight drivers in the NZIMCI. Only two of the drivers Performance Leadership and Organization Capability are significant.

The correlation matrix of the nine scales within the NZIMCI is in Table 6. The correlation coefficients ranged from a low of 0.19 to a high of 0.56. There were only two predictors that were significant, performance leadership ( $r = .56$ ) and organization capability ( $r = .40$ ). These two predictors, however, were rated as number three and five, respectively. The financial management capability appears to not have as great an impact on business performance as performance leadership or organization capability. This may lead one to question the overall impact of just one person, the hotel manager, on the property's performance. As the survey was completed by only one person, the general manager, is their perspective actually correct?

Table 6: The Bivariate and Partial Correlations of the Predictors with Performance Index NZIMCI

Predictors	Correlations between each predictor and the performance index	Correlations between each predictor and the performance index controlling for all other predictors
Visionary & Strategic Leadership	.40	.01
Performance Leadership	.56*	.37
People Leadership	.41	.06
Financial Management	.28	.02
Organization Capability	.40**	.19
Application of Technology & Knowledge	.26	-.04
External Relations	.19	-.01
Innovation Products & Services	.37	.07

\* $p < .05$ , \*\* $p < .01$

This table shows the correlations of the predictors and the performance index. The two significant drivers were performance leadership with the highest correlation and organization capability.

## DISCUSSION

Some long held beliefs that managing human resources, communications, interpersonal skills and other so called 'soft skills' are the most important elements of management were not found in this study. This



study of Canadian hotel managers identified the capability of financial management as being practiced with greater diligence during economic stressful times. The business atmosphere during the survey was rated as high 47.5% of the time, which indicates the managers perceived an increase in direct competition. This may have been the reason that financial performance became their focus.

The results of this study also found a fairly strong alignment with the results from the New Zealand managers. The Canadian managers rated the top two highest capabilities, financial management and external relations, the same as the New Zealand managers did over the past four years. However, the overall score on the Index was 73.89 for the Canadian managers and 68.60 for the New Zealand managers in 2006. It appears the Canadian managers are functioning at a higher capability rate.

Frequency analysis indicated that financial management was rated the highest driver with a mean of 80.00/100, implying that this capability is “being practiced consistently across the property with further improvements being made” (NZIMCI, 2003). However, the multiple regression analysis indicates that the only two drivers that were significant or had a direct impact on performance were performance leadership and organization capability. Performance in the NZIMCI is defined as growth in revenue in the past five years; profit performance and economic added value in the past five years. Performance leadership is defined as goal, performance and achievement focused; consistently meeting goals and is better than its competitors. Organization capability is defined as having a culture of innovation and research, balancing strong teams with free individuals and demonstrating strong commitment for learning. This finding agrees with Orser (2003) who contends it is a combination of activities and not a singular one that drives performance.

In addition, during times of stress, these managers may not have felt they were performing better than their competitors were, and/or they may not have had the resources to develop a culture of innovation or continuous learning. This may explain why innovation was rated as only seven out of the eight drivers.

The limitations of this paper include the focus on the hotel industry in Canada and the respondents included only one management position. It is suggested that future research in the areas of management competencies include the team approach, as this is a common strategy in the hotel industry due to the nature of the business.

This study is important for managers to help them prepare for further stressful economic conditions and that they should explore which capability levels they should implement. Other studies are required to examine the disconnect between the rating of the capabilities and the lack of correlations to actual performance to identify how management focuses may change based on environmental forces at play.

## APPENDIX

### NZIMC Capability Rating Instrument

#### Introduction

Management capability is demonstrated in business performance, and is the result of management leadership and competence in the key management practices that lead to sustainable business performance and business growth. Capability is defined as “*the demonstrated capability to achieve or accomplish through effective use of abilities for a particular purpose.*” There are nine major drivers of management capability that deliver profitable business growth and which can be used to create an index of management capability. We are asking you to assess **your property’s current position** with respect to these nine drivers.

#### Instructions:

For each of the nine categories that make up the capability index we would like you to tell us what you consider your property’s current position. The scale to use for the first eight categories is the following.

#### Category 1-8 Scoring

Score	Current position of the organization
100	Yes, fully practiced throughout the property. Continually refined and improved as “The way things are done round here”
80	Yes, being practiced consistently across the property with further improvements being made.
60	Yes, being practiced across most of the property most of the time.
40	Yes, being practiced, but only in parts of the property, part of the time.
20	Yes, this has just started
0	No, this is not in place

Underneath each of the first eight categories, please place the number from the scale above that best describes your property’s current position. **The score given will therefore be in the range 0 – 100.**

#### 1. Visionary and Strategic Leadership

- Articulates a clear and inspiring vision, actively fosters and encourages ownership of the vision by staff and ensures the vision is well understood, and motivates the employees to work towards achieving goals.
- The vision and supporting goals underpin and guide decisions and behaviors.
- Contributes effectively, with the board, to establishing strategies, objectives and plans with a view to growing the business, while meeting the needs of shareholders, taking account of employee, supplier, customer and other stakeholder interests.
- Demonstrates an international/global perspective and a good understanding of global markets.

##### Our current position

#### 2. Performance Leadership

- Ensures the organization is strongly goal, performance and achievement focused.
- Balances risk with achievement, not risk avoidance – is not risk adverse
- The property consistently meets its performance goals. The property has a performance track record of growth and of continually improving performance.
- The property’s performance consistently is better than its competitors or other comparable properties.

##### Our current position

#### 3. People Leadership

- Attracts, retains, develops, motivates and leads an effective team capable of achieving company objectives.
- Human resource planning is an integral part of the annual business planning process.
- Provides enhanced leadership – acts as a role model, committed to developing subordinates and leading people.
- Strong on empowerment – allows scope for people to grow
- Maintains a culture supportive of GEN-X & Y values ...not stifled by structure and hierarchy.
- Grows people (Grows their CV). Demonstrates ability to work effectively with, and achieve results through, a diverse range of people.
- Creates a stimulating culture.

##### Our current position

**4. Financial Management**

- Develops and commits to plans and goals that support sound growth and continuing performance improvement.
- Leads and manages the business to consistently achieve or exceed set goals.
- Practices sound and effective financial management of the organization including financial planning, accounting, cash flow management, investment, financial reporting and liaison with financial institutions.

**Our current position**

**5. Organization Capability**

- Builds organization capability, a culture of innovation and research, and an organization dedicated to continuous improvement.
- Brings about and maintains a “boundary-less” organization, is confident and effective in leading and managing a non-hierarchical structure.
- Effectively balances strong effective teams with free individuals.
- Has sound understanding and effective application of best management practices to achieve organizational goals and objectives.
- Demonstrates strong commitment to continuous learning for both individuals and the organization

**Our current position**

**6. Application of Technology and Knowledge**

- Exploits information technology and bring about a knowledge driven organization.
- Understand the impact of technology on organization and on work itself.
- Understand the value and application of knowledge in organizations and demonstrates effective knowledge and information management.

**Our current position**

**7. External Relations**

- Develops and maintain networks and spheres of influence.
- Ensures the organization has a positive external image through the building effective relationships with all stakeholders including customers, suppliers, and the fulfillment of community and social obligations.

**Our current position**

**8. Innovation – Products and Services**

- Creates the climate for and encourages continuous innovation in products and services.
- Ensures that innovation is recognized by everyone as important for all aspects of the business and for all its processes – innovation is part of the culture. Innovation leads the business to new dimensions of performance
- Uses innovation to create new value for the business, its customers and its shareholders.

**Our current position**

Category 9                      Scoring

Please use the scale below for scoring category 9. Again, the score will be in the range of 0 – 100.

<i>Score</i>	<i>Current position of the organization</i>
100	Excellent performance in most areas. Strong evidence of industry leadership in many areas.
80	Good to excellent performance in most areas. Most trends compared against benchmarks show areas of leadership and very good performance.
60	Good performance in many areas. Many trends compared against benchmarks show areas of good performance.
40	Improving trends in many areas. Some trends compared against benchmarks show areas of strength
20	Early stages of developing trends, many results not reported
0	No results, poor results.

**9. Results and Comparative Performance**

- The performance results are the most important measures of management capability. *The results should include performance relative to competitor(s).*
- The key measures\* of business performance and business growth in the context of the Management Capability Index could be:
  - Growth in revenue over past 5 years.
  - Profit performance over past five years
  - EVA (Economic Added Value) performance over past five years

**Our current position**

\*NOTE: The key measures of the particular organization’s performance should be used to assess results and comparative performance. NZIMC can be found at [http://www.management.co.nz/editable/NZIM\\_capability\\_index.html](http://www.management.co.nz/editable/NZIM_capability_index.html)

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