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## Male and Female Hotel Controllers in the '90s

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## Male and Female Hotel Controllers in the '90s

### **Abstract**

Female hotel controllers generally are expected to display the same managerial characteristics and are evaluated on the same criteria as male controllers, yet there is a significant difference in their base salaries. The authors explore some of the differences between male and female hotel controllers and make overall comparisons with previously-collected data.

# Male and female hotel controllers in the '90s

by Richard Ghiselli  
and Bai Yuan Chen

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Financial controllers are important members of a hotel's management team. Their duties typically involve cash management, capital budgeting, internal control, extending credit, and approving purchases.<sup>1</sup> Since these functions are essential to the smooth and profitable operation of a hotel, success often depends heavily on the performance of the controller.

Geller, Ilvento, and Schmidgall profiled hotel controllers in 1989.<sup>2</sup> Their study was a follow-up to an earlier survey that helped identify many of the job-related functions and personal achievements of controllers.<sup>3</sup> Both surveys were sent to members of the International Association of Hospitality Accountants (IAHA) specifically, hotel controllers and those holding hotel accounting positions. The studies found the following:

- Approximately 70 percent of hotel controllers had at least four years of college or a bachelor's degree.
- Interest in professional certification of any kind was modest.
- The vast majority of respondents indicated that they had responsibility for such standard accounting functions as general accounting, receivables, payables, and payroll.
- Cash management and internal controls were cited as essential areas of knowledge.
- Signing checks, extending credit, and approving purchases were cash-related functions that most controllers had authority to manage, but

- were limited in their ability to borrow or invest funds.
- Knowledge of computers was growing in importance.
  - Controllers were becoming increasingly involved with the operational aspects of their hotels. Some of the operational functions included food controls, purchasing, receiving, and inventory.

### **Women have experienced wage growth**

In the '90s managerial and professional women have experienced greater wage growth than most female workers and many other demographic groups.<sup>4</sup> Nevertheless, their salaries may not be equivalent to men's in many fields; accounting may be one of them. For example, Harris reports that the median base salary for accountants/auditors in 1993 was \$31,824; by gender, males earned \$36,920 and females, \$28,288.<sup>5</sup> In another survey, women in private accounting firms were found to have lower salaries at all levels in the accounting department; moreover, the differences widened as the level increased.<sup>6</sup> Again, the average salaries for women who were members of the Institute of Managerial Accountants were found to be lower than the salaries of men; in 1995 the average for men was \$65,326 and for women, \$47,765.<sup>7</sup> While women reportedly received a larger percentage increase in 1995, the gap between their salaries was larger in 1995 than it was in 1991, and by experience the average base salary for men was generally higher for men than it was for women.<sup>8</sup>

In the hospitality industry, men's salaries have also been found to be higher than women's salaries.<sup>9</sup> The median base salary for food service supervisors was reported to be \$16,328; for male supervisors it was \$20,852, for female, \$13,998.<sup>10</sup> In a survey of college-educated hospitality managers the mean was estimated to be about \$38,500; men's salaries were found to average about \$42,300 and women's, \$35,900. In addition, men's salaries were higher at every level of experience.<sup>11</sup> Another study indicates that women in certain segments of the food service industry earn approximately 76 percent of what men earn.<sup>12</sup>

Yet there is a limited amount of data about the differences between male and female hospitality managers. This study explores some of the differences as they pertain to male and female hotel controllers. It uses as its frame of reference the information collected in the previous studies of hotel controllers, and with this data provides a sketch — at six year intervals — of how this position and the people occupying it have changed over the last 12 years.

### **General managers are contacted**

From the approximately 1,300 hotels listed in the IAHA Membership and Resource Guide, 1994-1995 edition, 395 were randomly chosen.<sup>13</sup> The random number function in Excel<sup>®</sup> was used in this process. By gender, nearly 27 percent (26.8) of the 1,300 hotels

were perceived to employ female controllers; the sample of 395 was comparable in that 28 percent of the listings were clearly identifiable as or were associated with females.

Since the study was part of a larger study investigating the performance and evaluation of hotel controllers, the general managers of the hotels were contacted, rather than the controllers themselves. Since they would be a better source for some of the job-related information that was requested. A cover letter, questionnaire, and self-addressed, stamped envelope were sent to each of the potential respondents. A few weeks after the initial mailing, a follow-up postcard was sent as a reminder to those who had not yet responded. Shortly thereafter, another cover letter, questionnaire, and envelope were sent to those who had not responded to either mailing.

The questionnaire requested both job-related and personal data. Questions were asked about the managerial skills and accounting techniques currently required of hotel controllers, and the extent of authority they had within the accounting and financial fields of the hotel. Also, the survey included questions about the age of the controller, his/her educational level, gender, salary, years of service at the property, and years of accounting experience.

Of the 152 questionnaires returned, five could not be delivered. The final response rate was 37.2 percent (147/395).

Hotels ranged in size from 43 to 1,200 rooms, and, as in the previous studies, were divided into four categories based on this factor. The four groups were hotels with fewer than 250 rooms; with 250 to 500 rooms; with 501 to 1,000 rooms; and with more than 1,000 rooms. The hotels were also classified by ownership type. The majority were part of a corporate chain; franchise and independent hotels were about equally represented. Table 1 shows the percentage of respondents by size and type of ownership.

### **Male and female controllers have similar credentials**

Approximately three quarters of the controllers were males. The mean age was 39.2 years, with a range of 28 to 65 years. Men were, on average, about two years older than women.

Almost 90 percent of the respondents had at least a bachelor's degree; this was considerably higher than the percentage of controllers who had this level of education in the previous two inquiries. Also, there were fewer who only had completed high school in this study (2.8 percent). Over time, the data seem to indicate that some post-secondary education or a post-secondary degree has become a necessity — possibly a requirement — for this position.

The percentage of respondents obtaining professional certification has also continued to increase since 1983 and 1989. The two most

**Table 1**  
**Profile of Hotels by Size and Type of Ownership**

Number and Percent of Respondents			Number and Percent of Respondents		
Number of Rooms	n	%	Type of Hotel	n	%
<250	51	34.7%	Chain, corporate	56	38.9%
250-500	60	40.8	Chair, franchise	45	31.3
501-1000	33	22.4	Independent	42	29.2
>1000	<u>3</u>	<u>2.0</u>	Other	<u>1</u>	<u>.7</u>
Total	147	100.0%	Total	144	100.0%

prevalent certifications remain CHAE and CPA. Males and females have obtained these credentials at about the same rate. See Table 2.

A vast majority of controllers (92.3 percent) had six or more years of accounting experience. This was considerably greater than in 1989 when almost 30 percent of the controllers had five or fewer years experience. Overall, male controllers tended to have slightly more accounting experience; close to two-thirds had been practicing 10 or more years, whereas not quite 60 percent of the female controllers had that much experience.

More than a third (37.2 percent) of the hotel controllers had worked five or more years in the position they currently held. There was a significant difference, however, in the amount of time male and female controllers had held their current positions ( $\chi^2_{(3)} = 11.7, p < .05$ ); almost half the female controllers had been in their current positions less than a year, while only 19.4 percent of males were in the same category. This result was surprising given the amount of accounting experience in the sample; it may indicate there is considerable movement or turnover in the profession.

#### **Male controllers are paid more than female controllers**

For the sample as a whole, salaries ranged between \$24,000 and \$97,000; the mean was \$54,053. A significant difference between male and female salaries was detected at the .05 level of significance ( $t_{(129)} = 2.76, p < .05$ ): the average salary for males was \$56,000; for females, \$48,200. Part of the reason for this may have been the amount of time male and female controllers had been in their current positions; 40 percent of the male controllers had been in their current positions for more than five years, and, as indicated, close to half of the females were in their first year.

**Table 2**  
**Profile of Controllers by Education Level,**  
**Professional Certification, & Gender**

Level of Education	1983 <sup>1</sup>	1989 <sup>2</sup>	Overall	1995	
				Male	Female
High school	10%	7.3%	2.8%	2.8%	2.9%
Associate degree	16	15.3	7.0	5.7	11.1
Bachelor's degree	61	57.9	81.0	82.1	77.8
Master's degree	11	6.4	9.2	9.4	8.3
<b>Professional Certification</b>					
CHAE	8.0%	17.0%	23.1%	22.7%	24.3%
CPA	13	14.4	17.7	16.4	21.6
CMA	n/a	1.0	2.0	2.7	0
CHA	n/a	2.8	8.2	7.2	10.8
CFA	n/a	n/a	2.0	2.7	0

1. Geller and Schmidgall, 1984.

2. Geller, Ilvento and Schmidgall, 1990.

When analyzed by length of time a controller had held his/her position at the property he/she was currently at, however, average salaries for males were higher in all but one of the categories. Males also had higher salaries when analyzed by hotel size; in two of the three categories significant differences were detected between male and female salaries. Moreover, there were differences between salaries when examined by ownership type; males had higher salaries in all three settings. Table 3 shows the average base salary for males and females by years of service, hotel size, and ownership type.

As might be expected, base salaries have drifted upward over the last 12 years. Nevertheless, there were an unexpected number of salaries at the low end of the range in 1995. Since pay incentives are fairly prevalent for hotel controllers,<sup>14</sup> this may indicate that they are becoming a larger component of wage agreements. Table 4 shows the salary distributions for controllers over the three studies.

Equally surprising was the number of salaries at the low end of the scale for controllers who had been in their current position at their current property for five or more years. Again, this may indicate a greater emphasis on performance measures and incentives. Even though there were a number of low salaries in this category, it, as might be expected, had the largest percentage of respondents whose salaries were greater than \$60,000 a year.

In general, female salaries lagged behind male salaries: more than 60 percent of male salaries were greater than \$50,000 a year, while

**Table 3**  
**Profile of Controller Base Salaries by Years**  
**at Current Property, Size of Hotel, and Ownership**

Years at the property	Average base salary (in thousands)		
	Overall	Males	Females
< 1	\$51.7	\$53.4	\$49.4
1-2	54.2	52.9	67.5
3-4	51.5	53.2	46.2
> 5	57.4	61.0	43.2*
<b>Size of Hotel</b>			
< 250	\$45.8	\$46.0	\$45.5
250-500	53.8	56.2	45.0'
501-1000	63.9	66.0	55.2'
> 1000**			
<b>Ownership Type</b>			
Chain, corporate	\$58.4	\$60.0	\$53.3
Chain, franchise	46.7	48.4	40.1
Independent	56.5	60.6	48.3'

\* A significant difference between male and female salaries was detected at the  $\alpha = .05$  level of significance.

\*\*Insufficient data.

**Table 4**  
**Controllers' Base Salaries From 1983 to 1995**

Average Base Salary	1983 <sup>1</sup>	1989 <sup>2</sup>	1995
< \$20,000	5%	1.0%	11.0%
20,000 $\leq x < 30,000$	27	10.5	1.4
30,000 $\leq x < 40,000$	39	30.4	11.6
40,000 $\leq x < 50,000$		22.9	21.2
50,000 $\leq x < 60,000$		19.0	24.0
60,000 $\leq x < 70,000$		8.6	17.8
70,000 $\leq x < 80,000$		4.4	8.9
80,000 $\leq x < 90,000$		3.2	2.7
> 90,000			1.4

1. Geller & Schmidgall (1984), salaries larger than \$39,000 were combined.

According to the researchers, 29 percent earned \$40,000 or more.

2. Geller, Ilvento, & Schmidgall (1990), highest category may include salaries over \$90,000.

more than 60 percent of female salaries were less than that. Some of this might be expected given the years of service at a property. Table 5 shows the salary distributions for male and female controllers and for length of service at a particular property.



**Table 5**  
**Distribution of Hotel Controllers' Base Salaries**

Average base salary	Gender		Years of Service at Current Position and Property			
	Male	Female	< 1	1-2	3-4	> 5
< \$20,000	11.0%	10.8%	5.3%	15.4%	-	18.5%
20, 000 <= x < 30,000	1.8	-	2.6	3.8	-	-
30, 000 <= x < 40,000	8.3	21.6	13.2	15.4	11.5	9.3
40, 000 <= x < 50,000	17.4	32.4	28.9	7.7	30.8	18.5
50, 000 <= x < 60,000	26.6	16.2	26.3	26.9	34.6	14.8
60, 000 <= x < 70,000	20.2	10.8	18.4	15.4	15.4	18.5
70, 000 <= x < 80,000	10.1	5.4	2.6	11.5	7.7	13.0
80, 000 <= x < 90,000	2.8	2.7	2.6	-	-	5.6
> 90, 000	1.8	-	-	3.8	-	1.9

Regression analysis was used to examine and to clarify the relationship between a hotel controller's salary and the variables that might affect it. A statistically significant relationship was found between a hotel controller's base salary and the number of hotel rooms at the property, the type of ownership, accounting experience, and gender. The following model was generated using a stepwise procedure:

$$S = 31.78 + .03 Rms + 2.34 E_L + 7.10 O_I - 6.59 G$$

(t) (8.65)      (6.84)      (3.14)      (3.14)      (-2.81)

where:    S    = base salary of hotel controller  
           Rms = number of rooms in the hotel at which the controller was employed  
           E<sub>L</sub> = indicates years (levels) of accounting experience  
           O<sub>I</sub> = ownership type : I = >independent  
           G    = gender: 1 => females / 0 => males

The amount of variance explained by the model was 39.9 percent,  $F_{(4,125)} = 20.74$ , and the parameters associated with the independent variables were all significant at the  $\alpha = .05$  level or below.

The model indicates that the base salary of hotel controllers increased with the size of the hotel and the number of years of accounting experience. In particular, the room variable (Rms) indicates that on average a hotel controller's salary increases or is associated with \$30 for each room while holding all the other variables at their means. Similarly, a hotel controller's salary was greater as accounting experience increased — on average, \$2,340 per level — holding all other variables at their means. Additionally, the salaries of

**Table 6**  
**Importance of Managerial Characteristics for Hotel Controllers**

<b>Managerial Characteristics:</b>	<b>Mean*</b>	$\sigma$	<b>n</b>
Decision-making	6.27	0.80	143
Initiative	6.17	0.93	142
Leadership	6.03	0.89	144
Adaptability	5.69	1.08	143
Interpersonal skills	5.55	1.22	142

\* Importance rated along a seven-point scale with 1 considered "not important" and 7 considered "very important."

controllers at independent hotels were, on average, larger than those of the baseline, in this model, franchise chain operations.

The model also confirms that the salaries of female controllers were significantly less than male controllers. All else being equal, female controllers received on average \$6,589 less than their male counterparts.

#### **General managers rate importance of controllers' activities**

Controller requirements were measured along two dimensions that define the roles and functions that many controllers often have in their organizations, namely, managerial skills or characteristics and accounting-related techniques and knowledge. Hotel general managers rated the importance of these dimensions on a seven-point scale: 1 was considered "not important" and 7 "very important." Decision-making ability was rated most important, and initiative was second; all of the characteristics, however, were considered important. There were no significant differences by gender. The other managerial characteristics in order of importance were leadership, adaptability, and interpersonal skills. See Table 6.

Among the accounting-related techniques or functionally-related criteria upon which general managers evaluated the performance of their controllers, internal control was considered the most important (mean = 6.43), and cash management the second most important (mean = 6.18). These skills were identified as foremost in all three settings, in corporate, franchise, and independent hotel operations. Other functionally-related skills were — in order of importance — knowledge of current accounting regulations, personnel management, capital budgeting, auditing techniques, computer skills, statistical skills, financial risk management, and tax knowledge. The scores are not directly comparable to those in previous studies since importance (of the skills/ techniques) in them was based on the percentage of controllers who indicated they needed these skills to perform their jobs;

**Table 7**  
**Importance of Certain Functionally-Related Skills to Hotel Controllers**

<b>Techniques:</b>	<b>1983<sup>1</sup></b>	<b>1989<sup>2</sup></b>	<b>1995<sup>3</sup></b>
Internal controls <sup>4</sup>	95% <sup>4</sup>	97.2%	6.43
Cash management	89	90.9	6.18
Knowledge of current accounting regulations	90	17.9	5.81
Personnel management	78	81.5	5.72
Capital budgeting	80	84.6	5.615
Auditing techniques		84	5.60
EDP/Computer skills	70	96.6	5.435
Statistical skills	82	78.7	5.32
Financial risk management		36.1	4.65
Tax knowledge	60	75.2	3.73

**Notes:**

1. Geller & Schmidgall, (1983).
2. Geller, Ilvento, & Schmidgall, (1989).
3. Importance rated along a seven-point scale with 1 "not important" and 7 "very important." Scores to previous studies are not directly comparable since importance in them was based on the percent of controllers who indicated they needed these skills to perform their jobs.
4. In the 1983 study, auditing and internal control were not separate.
5. Significant differences detected between male and female controllers at  $\alpha = .05$ .

in this study general managers rated importance. Table 7 shows how the rankings compared.

In all three studies cash management and internal controls were considered extremely important. The high ranking of computing skills in 1989 may have reflected more the surge in popularity of the PC at the time rather than the importance of these skills. In 1995, general managers, perhaps, just assume their controllers will have the necessary computing skills (or have written them into their job descriptions as qualifications) and, as a result, may have attached less importance to them. The most noticeable dissimilarity in the ratings was the importance of tax knowledge; unlike controllers, general managers did not consider tax knowledge very important.

When compared by gender, significant differences were detected. Specifically, general managers who employed male controllers considered capital budgeting more important ( $t_{(140)} = 2.19, p < .05$ ) than those who had female controllers, and general managers who employed female controllers considered computer skills more important ( $t_{(117)} = -3.09, p < .05$ ). As a result there were some minor variations in the order of importance as presented in Table 7. However, internal controls and cash management remained the two most important skills.

**Table 8**  
**Controllers' Authority over Cash-Related Activities**

	Extent of Authority					
	None		Shared		Sole	
	n	%	n	%	n	%
Investing funds	65	45.5	64	44.8	14	9.8
Signing checks	13	9.0	130	90.3	1	0.7
Extending credit to customers	3	2.1	90	63.4	49	34.5
Setting or changing prices	52	36.1	92	63.9	0	0.0
Borrowing funds	85	59.0	56	38.9	3	2.1
Approving purchases*	15	10.5	123	86.0	5	3.5

\*Significant differences detected between male and female controllers at  $\alpha = .05$ .

### Controllers have varied degrees of autonomy

More than 97 percent of the controllers had the authority to extend credit to customers either solely (34.5 percent) or in conjunction with another manager (63.4 percent). Approximately 90 percent shared authority with other managers when signing checks. Other major responsibilities included approving purchases (86 percent) and setting or changing prices (63.9 percent). Again, these measures are not directly comparable with the other studies since the extent or level of authority was not previously examined. Table 8 shows the extent of authority controllers had over certain cash-management functions. There was a significant difference in the frequency that male and female controllers approved purchases ( $\chi^2_{(2)} = 8.38, p < .05$ ). Only male controllers had the sole authority to approve purchases.

Overall, the level of education of hotel controllers is increasing. The number of hotel controllers with at least a bachelor's degree suggests that this level of education may have become a prerequisite. This trend will probably continue as those with only high school diplomas move on or retire, and their replacements are required to have a college degree. Certainly the skills and competencies that are needed to successfully perform the duties of this officer require substantial preparation and a continued commitment to learning.

As in the previous studies, the most frequently cited or highly rated areas of expertise for hotel controllers were cash management and internal control. Nevertheless, controllers may have limited authority over many cash-management activities. In most situations they do not have or share the authority to invest funds, borrow funds, and set or change prices with other managers. Their primary function seems to be devising and implementing controls that better guarantee that costs and revenues are accounted for.

Both general managers and controllers agree that internal controls and cash management are important controller duties. They also agree that capital budgeting and auditing techniques are vital functions of this officer, and that financial risk management is less significant. They disagree about the importance of tax knowledge and computing skills. This is reasonable since hotel controllers may put more emphasis on personal competencies such as computer skills, while general managers are, perhaps, more inclined to put greater emphasis on functions concerning the whole hotel such as internal control.

General managers indicate that financial controllers should exhibit personnel management skills, demonstrate leadership and initiative, and be decisive. To be effective, these requirements necessitate that controllers be familiar with all aspects of the operation.

### **Salaries vary greatly between males and females**

This study found that male and female hotel controllers had similar educational backgrounds, and had obtained professional certification at about the same rate. Also, the differences in professional experience were not sharp. Yet there was a significant difference between the salaries of male and female hotel controllers; male controllers generally had higher salaries than females. Other variables that significantly affected salary included hotel size, ownership type, and years of accounting experience.

Interestingly, average base salaries of hotel controllers did not increase in step with length of service. One reason for the weak linear relationship may be the short time frame; salaries may not vary greatly in the first few years of employment. Another reason may be the pay structure or arrangement. The compensation agreement, however, may not be able to explain the difference in the base salaries of male and female controllers inasmuch as most hotels are providing major benefits to hotel controllers,<sup>14</sup> and there is no evidence or reason to presume that female controllers are more likely to receive or opt for a larger portion of their pay in the form of an incentive or a bonus than male controllers. Moreover, since female controllers are expected to display the same managerial characteristics as male controllers and are, for the most part, evaluated on the same criteria as their male counterparts, the current situation is unacceptable.

The primary limitation of the study is the representativeness of the population — the sample used for this research was selected from the IAHA Membership and Resource Guide. Hotels with controllers who are not members of IAHA were not included. This may create sample bias, and limit the external validity of the research.

Even though the sample size is relatively small, it is adequate and representative of the populations of male and female hotel controllers. Nonetheless, further research that includes more females may be warranted.

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- <sup>12</sup>"Women in food service are 'satisfied' with pay": 6.
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- <sup>14</sup>Geller, Ilvento and Schmidgall: 91-97.
- <sup>15</sup>Ibid.

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