January 1998

Mobility of General Managers as Lodging Size, Service Vary

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Abstract

Hotel Managerment has usually been viewed as a single labor market which allows considerable movement between properties of different sizes and service levels. The authors question this assumption and support the hypothesis that general managers in one type of hotel will have spent a large majority of their careers in hotels of the same type.

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Traditionally researchers have examined the position of hotel or motel general manager (GM) as a single job title. Differences in the size and service level of the properties have either been ignored[1] or the study has been restricted to a single class of hotel.[2] The *Dictionary of Occupational Titles* describes the position as "manages hotel or motel to ensure efficient and profitable operation...."[3] This implies that the position of GM in a small budget motel is equivalent to the GM in a large luxury resort. It also suggests that the knowledge, skills, and abilities required for success as a GM are consistent among the various classifications of properties. Only the scale and scope of the duties are different.

This aggregation implicitly assumes that there is a single labor market for hotel GMs. However, in a study published in 1995 on the career paths of general managers, a loosely defined hotel classification system was used as a modifying variable.[4] The primary goal of the paper was to analyze the career experiences of the participants prior to their becoming general managers.

However, in a secondary finding, the authors found significant differences in the backgrounds of general managers of hotels of various classes. The general managers in the larger full service hotels had more experience prior to becoming GMs. Also, they had more education and were more likely to have studied hospitality management while in school than the general managers in smaller hotels offering fewer services. Two

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potential explanations for this are that those hoteliers with more education and experience are superior candidates and naturally move from lesser to more prestigious hotels and the hotel industry is divided into a series of small labor markets with limited movement between the hotels of different classes or sizes. In other words, the type of hotel where managers begin their career may have a strong influence on where they spend most of their career.

If hotel managers tend to stay in one type of hotel throughout their careers, the second explanation would be supported. The purpose of this research is to analyze whether general managers move between types and sizes of hotels during their careers.

GM mobility tested

The hypothesis being studied is that general managers of hotels in a given segment will have spent a large majority of their careers in hotels of the same or similar segments. A segment is derived from a combination of size and the hotel's service level.

If this hypothesis is true, there are several implications. First, in the future, when studying the characteristics of hotel managers, one would have to control for the different segments when trying to generalize the findings. For example, an attitude survey of hotel managers might be significantly affected by the segment those managers work in. Second, for students in hospitality programs and others considering a career in

hotel management, the hypothesized segmentation may affect their career strategies.

Service levels are key

To test the hypothesis the authors decided to compare the size and service level of hotels in which general managers have worked in the past with the size and service level of their current hotel. In the hotel industry it is extremely difficult to obtain reliable and objective measures of service levels. Therefore, it was felt that it was of the utmost importance to utilize an independent rating system. By having the service levels measured independently, any self-reporting bias from the participants should be reduced. The AAA diamond rating service listings were used as both the source of the sample and the measure of service level. Though not universally accepted as definitive, these listings are highly structured and should yield consistent, comparable ratings.[5]

However, their use presented two drawbacks. First, when coding the hotels in a GM's history, obtaining the hotel rating concurrent with the actual time worked proved to be impractical because past guides were not available. Therefore, it was necessary to use the property's current rating. According to a spokesperson in the AAA's industry evaluation office, a few hotels do change ratings from year to year; however, the number is not significant.

The second problem the authors anticipated was that,

although the AAA guides are extensive, they are not a complete listing of all the hotels in a given class. Therefore, it would be impossible to rate some of the hotels where a general manager has worked in the past. This problem was exacerbated by the upheaval in the hotel industry. Over the past few years a great number of properties have closed or change affiliations. If a hotel had changed affiliations it was not used as part of the data. In addition, AAA only rates hotels in North America. Therefore, a general manager's experience out of the region would be omitted. In spite of these limitations it was felt that the previously mentioned benefits of an independent rater would greatly overshadow the inability to identify some of the GM's experience. Overall, approximately 65 percent of the participants' careers were identified.

Diamond-rated hotels are used

Random samples of 150 each were drawn from the total United States population of two, three, and four AAA diamond-rated hotels. These and the population of all 42 five-diamond hotels were combined for an initial total of 492. Each hotel was contacted by phone to obtain the current GM's name. For a variety of reasons ranging from the hotel having closed to not currently having a GM, it was necessary to eliminate 22 hotels.

A survey was mailed to the GMs of the remaining 470 hotels. The survey covered specific information about the name, location, dates and position held in the hotels where the participants had previously worked. In addition, it asked for the date and location of the first management position and the first general manager position held by the GMs in the survey. There was an additional section concerning demographic information such as age, gender, and education. After two weeks a follow-up letter with another copy of the survey was faxed to non-respondents. The overall response was 43 percent, for a total of 202. By classes the responses were 30 percent for two diamonds, 47 percent for three diamonds, 51 percent for four diamonds, and 48 percent for five diamonds.

The individual properties in the GM's history were then coded for size (number of rooms), service level (number of diamonds), longevity in the position, and whether, at that time, the participant was the GM of the hotel, etc.

The coded data were analyzed using a series of logistic regression models, a statistical technique for modeling and comparing data when the dependent variables are proportions. In the models used in this paper, the dependent variables are the identifiable proportion of time spent in the various segments being tested previous to the participant's current position. The independent variables are the segments of the current hotels of the participants. There is a different model for each dependent variable, i.e., a model is fitted to predict the proportion of time that

has been spent in each segment previous to the current position.

Hotel history is predicted

For each proposed segment, the proportion of history spent in that segment for a typical individual was predicted by the model, using the GM's current position's segment. In each model the proportion predicted based on the current segment was compared with the other segments using a Chi-square test with a .01 significance level. By using such a high level of significance for each individual model, the overall significance is guaranteed to be better than .05.[6]

In the first attempt, the segments were defined as the diamond rating of the hotels. While these models predicted most histories well, some of the predicted histories were not significantly different. This was particularly true of the comparison between two-diamond and three-diamond hotels. In the next attempt, the segments were based solely on hotel size (as measured by the number of rooms). The segments were derived from the quartiles of the original random sample drawn from the AAA ratings. The breakdown was as follows:

• first quartile < 48 rooms
• second quartile 48-119 rooms
• third quartile 120-280 rooms
• fourth quartile > 280 rooms

As with the first attempt, the resulting models predicted some relationship. However, none of the histories met the prescribed (.01)

significance level.

At this time segments combining both size and ratings were tested. The initial segments were based on apparent overlap in the earlier models and the authors' knowledge of the industry. Immediately the models became stronger. The models were modified and tested in a variety of combinations.

The models that proved to be the strongest were as follows:

• **Segment 1:** All two-diamond hotels and those three-diamond hotels in the three smallest quartiles.

• **Segment 2:** Three-diamond hotels in the largest quartile and all four-diamond hotels in the two larger quartiles.

• **Segment 3:** All five-diamond hotels in the two larger quartiles.

There was not enough identifiable career history to reliably develop models for the GMs of four and five-diamond hotels in the bottom two quartiles. One hundred of the hotels fell into Segment 1; 65 fell into Segment 2 and 15 into Segment 3. The remaining 22 were four and five-diamond hotels with fewer than 119 rooms.

In the first Logit model, it was predicted that a typical individual will have spent 78.6 percent (Table 1) of his work history in Segment 1 hotels if he is currently in such a hotel. This was a statistically significantly higher

Table 1
Predicted history of general managers
given the segment of current hotels

		Predicted percent of time spent in each segment			
Current		**1**	**2**	**3**	**Total**
hotel's	**1**	78.60	21.40	0.00	100.00
segment	**2**	22.40	76.70	1.00	100.10
	3	00.00	58.80	41.20	100.00

Table 2
Chi-square comparison of proportion of career history
in a given segment between GMs in hotels in adjacent segments

Historic segment	Current segments	DF	Chi-square	P-value
1	1-2	1	188.446	0.0001
2	1-2	1	182.47	0.0001
2	2-3	1	12.479	0.0004
3	2-3	1	60.95	0.0001

proportion of history spent in Segment 1 than predicted for individuals currently in Segment 2 hotels (22.40 percent) (P-value < .0001 (Table 2)).

In the second model, a significantly higher predicted proportion of history within Segment 2 hotels was noted for individuals currently in Segment 2 hotels (76.7 percent), than for individuals currently in Segment 1 (21.4 percent) or Segment 3 (58.8 percent) hotels (Table 1) (with P-values .0001 and .0004 respectively (Table 2)).

Finally, the predicted proportion of time spent in Segment 3

hotels was found to be significantly higher for individuals currently in Segment 3 hotels (41.2 percent) than for those currently in Segment 2 hotels (1 percent) (Table 1) (P-value .0001 (Table 2)).

This strongly supports the hypothesis that general managers of hotels in a given segment have different career histories in regard to the types of hotels worked.

Next, the actual percentage of time GMs from one segment had spent in the same or one of the other two segments was calculated (Table 3).

Table 3
Percent of career spent in hotels in each category

		Percent in category of current hotel		
Categories		1	2	3
of hotels	1	78.64	22.36	0.00
worked	2	21.35	76.63	58.76
previously	3	0.00	1.01	41.24
	Total	99.99	100.00	100.00

Finally, the segments in which the GM first worked in hotel management, though usually not as the general manager, and first became a hotel general manager were compared with their current hotel's segment (Table 4).

Hypothesis is supported

The results strongly support the hypothesis that the labor market for hotel general managers is divided into segments and that there is limited movement between these. The research also identifies three of these segments.

Segment 1 (all two-diamond hotels and those three-diamond hotels within the three smallest quartiles) is made up of the standard mid-range properties, for example, Holiday Inns, Hampton Inns, and CourtYards by Marriott. Based on the survey results, the typical GM of such a hotel appears to have spent over three-quarters of his or her career in this segment (Table 3). The overwhelming majority (98.4 percent) of the sample appears to have started their management career here and to have first

become GMs here (100 percent) (Table 4).

Segment 2 (three-diamond hotels in the largest quartile and all four-diamond hotels in the two largest quartiles) are upscale luxury hotels such as Hyatts, Hiltons, and Marriotts. Again, the GM's appear to have spent over 75 percent of their career within this segment; a large majority (82.35 percent) started their management careers and first became GM's (76.47 percent) within this segment.

Segment 3 (all five-diamond hotels in the two largest quartiles) is the luxurious tip of the industry, typified by Ritz Carlton and Four Seasons Hotels. The general managers within this segment have statistically significantly different histories than the other groups; however, they appear to have actually spent over half (58.76 percent) of their careers in Segment 2 hotels. The majority also started their management careers in another category (40 percent).

That many of the general managers in this class spent considerable time in other classes is

Table 4
**Percent of GMs whose current hotel is in same segment as
first position in management**

| | Current hotel's segment | | | |
| | | | | Weighted |
Segment	1	2	3	average
Management	98.4	82.35	40	92.05
General manager	100.0	76.47	80	94.32

logical due to the extremely limited number of five-diamond properties, only 42. Even being a Ritz Carlton or Four Seasons does not guarantee that a property achieves the five-diamond rank. With so few properties it is highly unlikely that a manager would be able to stay in this class exclusively throughout a career. It is interesting to note, however, that most (80 percent) appear to have been trusted with a five-diamond property for their first general manager's assignment.

These findings support the hypothesis that the labor market for hotel managers is actually made up of several sub-markets. From the results, it seems to be highly probable that a general manager entered the industry and spent most of his or her career in the same type of hotel in which he or she currently works.

Managers tend to stay

One can postulate a number of causes why this segmentation occurs. A partial explanation may be the organizational and marketing structure of the industry. Most

hotel chains tend to operate in a single segment. Although some companies operate chains in more than one segment, in this sample none of the participants had moved between divisions owned by the same company. Therefore, managers who stay and are promoted within a chain will tend to stay in the same segment.

Another possible explanation is that individuals in charge of hiring look for candidates with experience in properties similar to the one for which they are recruiting. The career segments roughly parallel the market segmentations of the hotel industry as a whole. Recruiters may believe that a candidate from the same segment can better handle the size, standards, need to contain costs, etc., of the new property because of the similarities.

A third possible explanation for the stratification is that the training required to successfully manage a hotel differs significantly among the segments. Supporting this are the educational differences of the participating general managers (Table 5). In the sample,

Table 5
Educational level of GMs by segment
(all figures in percentages)

Segment	1	2	3	Weighted average
GMs with bachelor degree	46.00	72.31	66.67	57.22
GMs who majored in RHI	11.00	29.23	26.67	18.89
GMs who majored in business	16.00	29.23	20.00	21.11

the GMs in the larger full-service segments were more likely to have graduated from college. Furthermore, the GMs of these two segments were more likely to have studied hospitality management or business.

A final potential explanation may be that some of the GMs in Segment 1 entered the industry with different aspirations and career goals. On average they appear to have been older when they began their careers in hotel management. The reported average age when they first entered hotel management was 30.2 years. For Segments 2 and 3 it was 24.33 and 24.6, respectively.

Furthermore, even among those with bachelor's degrees, fewer majored in hospitality management (Table 5). This suggests that many of the GMs in Segment 1 did not follow the traditional life-career stages of beginning a permanent career soon after completing one's education.[7] It is possible that many of the managers worked their way up the ladder from line positions and therefore entered management at a later age. However, it also possible that

for many of these managers the hotel industry may represent a mid-career change. It has been postulated that many individuals change industries in mid-career because the old position did not satisfy various psychological factors such as the need for autonomy and control of one's life and work.[8]

In the sample taken for this study, the average general managers in Segment 1 hotels took only 2.9 years to advance from their first management position to their first general manager position. For Segment 2, the period was 9.9 years, and for Segment 3 it was 11.1 years. This faster path to general manager and other characteristics of Segment 1 properties may make this segment of the industry particularly attractive to individuals seeking a new career with greater independence.

Implications exist for training

This segmentation might have some broad implications for how educational institutions and the industry train and develop managers in the future. Should educational and training programs offer

specialized courses for specific types of properties? Do educational institutions need to offer more programs aimed at training and supporting older managers entering the field? Do educational institutions give adequate career guidance to students entering the industry?

If a new manager wants to become the general manager of a large, full-service hotel, he or she probably would be better advised to forgo the faster path to general manager that the smaller, lower-rated properties offer. Starting in smaller, lower-rated properties and working up to the bigger, higher-rated properties has been suggested by various professors, job counselors, and recruiters as a viable career strategy. Based on this survey, this appears to be counter-productive to the student who has the interest, ability, and drive to manage the larger more complex properties.

There are also several research possibilities that can evolve from this study. One would be a study of the job designs and duties of the general managers in the various segments. This would help to determine if the jobs themselves are different. Another possibility would be a series of in-depth profiles of the individual managers in different segments. These profiles, based on interviews, observations, and demographic information, would help to determine if the individuals had different goals, values, and priorities. Either of these would go a long way toward determining the

cause of the segmentation and would be significant contributions to the research literature.

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