

Career progression of graduates in the hospitality industry: the hotel sector

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Executive summary

Background

No-one knows for certain how many hotels there are in the UK but there are about 22,000 registered with the tourist boards (BHA 2000). Their turnover makes up about 1 per cent of UK GDP (BHA 1999) and they employ about 220,000 people, or about 13 per cent of those employed in the hospitality industry (HtF 2000).

The industry is fragmented, with a large number of independents and small chains, and large numbers of small establishments: the average size of all UK hotels is only around 20 rooms. However, the activities of a small number of large corporations are increasingly important in shaping the industry.

The hotel industry is a cyclical business whose success is roughly in line with economic trends. The industry was badly hit by the recession of the early 1990s. The boom of the late 1980s had stimulated hotel demand, and many new hotels came on stream just as the market collapsed. It was not until the mid-1990s that occupancy levels picked up. The late 1990s were marked by sustained growth not just in occupancy but more importantly in achieved room rate and yield. The consensus is that one impact of the recession was an injection of a new professionalism into the management of those hotel companies that survived, making them more focused on customer needs and better at managing costs. This should mean the industry is now better placed to cope with future economic downturns.

The core activities of hotels are to provide accommodation, food and drink to guests. Many also provide leisure facilities, conference and banqueting facilities and business services. However, the mix of services and facilities provided obviously depends on the market served. It is useful to make a crude distinction between deluxe hotels (four and five star), mid-market (three star) hotels and the budget hotel market.

Deluxe hotels

There are around 7,000 bedrooms available in five-star hotels in the UK and 43,000 in four-star hotels. The majority (over 80 per cent) of these rooms are in group-owned hotels. The presence of international chains is high in the five-star market.

Mid-market hotels

In the UK there are more hotel bedrooms (74,000) in the mid-market three-star category than in any other category (BHA 2000). The independent hotelier traditionally dominates this market. During the recession of the early 1990s, the performance of the mid-market hotels was significantly worse than that of the upper-market sector and this has led some analysts to argue that this market is doomed. However, other analysts point out that with the entry of new companies into this market and heavy investment in facilities by existing players has transformed the mid-market product.

Budget hotels

The growth and success of the branded budget hotel sector has been one of the biggest changes to affect the industry in the last decade. Budget hotels offer core facilities only: modern well-designed bedrooms but no conference facilities, lounges and fitness suites. Adjacent restaurants and bars owned by the same company usually provide food and drink. There is limited service so staffing levels are low. Rooms are

sold at a fixed price with little discounting. The product is standardised, and companies have relied on strong branding to assure quality and build customer loyalty.

Research approach

In line with the other sector reports that make up this research, this report aims to:

1. Identify the relationship between hospitality education (degrees, HNDs and higher professional qualifications) recruitment and progression of managers within this sector.
2. Look at the overall pattern of career progression of managers in the sector.
3. Consider the relevance of teaching and learning to the reality of management in the industry and the extent to which hospitality degrees contribute to the skills of individuals employed in the industry.
4. Contribute to the growing body of knowledge concerning the value of higher education to purchasers and providers.
5. Identify patterns of recruitment of graduates/diplomates amongst hospitality providers.

The approach this research takes is to locate key management jobs within the hierarchy and identify the impact which higher education qualifications have on the attainment of and performance within these jobs. Within this sector, therefore, the focus has been on two types of role:

- the hotel general manager
- other members of the hotel's executive team: for example, operations manager, revenue manager, human resource manager, sales manager.

Sample

As with other sector reports in this research, this study is based on a sample of organisations that were selected as representative types. The sample was selected to cover the main markets within the industry: deluxe, mid-market and budget, different geographical bases (regional, national and international) and different types of location (city, edge of town, country).

Two companies included in the sample operate a range of hotel brands aimed at different market segments. In these cases, the research focused on one of the brands only.

The organisations were:

- **Globalhotel:** a chain of about 130 five-star hotels that operate throughout the world
- **Cityhotel:** a national hotel company with over 50 hotels. Its core product is a medium to large four-star, full service city hotel in a strong location. Many of the company's hotels are in London and the largest have about 800 rooms
- **Nationalhotel:** a chain of about 50 three- to four-star hotels operating across the UK largely in out-of-town locations
- **Regiohotel:** a privately owned chain of hotels operating in the south of England. The hotels are small to medium sized and operate in the three- to four-star market
- **Budgethotel:** one of the major budget hotel chains operating in the UK. This research focused on the managed rather than the franchised hotels in the chain.

In each of these companies, interviews were conducted at the Head Office level with the aim of establishing the company's development and strategy and its human

resource practices. Then a further set of career interviews was conducted with managers within the companies. The case study summaries were checked with the company.

Main findings

General management

- The new breed of hotel general manager (GM) is required to be revenue- and cost-focused: the emphasis is on being a business manager, on developing the long-term strategy for the unit and on maximising yield. The human resource director at Nationalhotels was most explicit about this change in focus. He said, 'the role of the GM is on being revenue managers. Their role is where the business is coming from today, next week and next year. What markets are we going to try and develop? Which areas are we losing money in.' Commonly the deputy manager is the person responsible for the day-to-day operations of the hotel. The only exceptions to this pattern were found in smaller units within Regiohotel and Budgethotels where the general manager role remains hands-on.
- Hotel managers within the large companies increasingly work within branded operations. On the one hand, branding has simplified their work. They can no longer redesign their restaurant menus at a whim. However, they are now frequently required to focus on the bottom line and not just on the gross operating profit: as one general manager expressed it, they need to 'think about the return on the painting behind the front desk'. Their knowledge of the operation remains important, but their commercial awareness has become more crucial and their ability to make commercial decisions within the constraints of the brand values.
- There was evidence from this study that the typical style of management used by hotel general managers is changing. The emphasis is on a participative approach, and general managers are much less formal than they used to be. As one manager at Nationalhotels put it: 'Gone are the days when there was a hush when the manager came into the room, and that's allowed us to get closer to our teams.' Of the companies in this study, Budgethotels had gone furthest in developing an informal and friendly work culture, which matches the style of service offered to its customers.
- The route to becoming a hotel general manager is through more junior operational roles within hotels. Few companies seem to have had much success in recruiting managers at this level from other industries, or even other sectors of the hospitality industry. An exception is Budgethotels where some managers have transferred from branded restaurant or pub operations. For most companies, previous rooms division and sales experience is essential but it is interesting that food and beverage experience is no longer universally required. Most large companies have developed competence models for the general manager role, which typically emphasise generic management and personal skills, and increasingly assessment centres are used to select those ready to progress to this level. It is interesting to note that Budgethotels found that managers typically 'fell down' on their commercial skills.
- The speed with which one can progress depends on the size and complexity of the operation. Within Budgethotels, one can progress to being a general manager by one's mid to late twenties. Within Globalhotel, it would be unusual to achieve this

position before one's forties. Progression does not currently depend on qualifications. Nevertheless many managers feel that the general manager role is becoming a role for a graduate. There is no evidence from this study of managers taking or even considering further academic qualifications (for example, MBAs), although they do make extensive use of in-company training and development programmes.

- The general manager role remains a predominantly male role. Cityhotels and Budgethotels were most successful in developing female general managers but even in these companies less than one in four general managers were women. All the companies were anxious to increase the number of women at this level and pointed to the greater proportion of women managers below this level. It is certainly the case that the typical career structure to general manager poses problems for women (and potentially men) with family responsibilities given that it usually requires geographical mobility and a willingness to work 'unsociable' hours. Within Budgethotels, it was possible to progress so young that managers, of both sexes, were more likely to be unattached and mobile. Cityhotels has a high concentration of units in London that allowed progression without moving home. Within Globalhotel, there were felt to be barriers to posting women managers to hotels in certain parts of the developing world.

The unit management team

There is considerable variation in the way different companies define the roles of the unit management team. Even within the same chain, the general manager is often given flexibility to shape his or her own team. However, some trends emerge from this study.

- Delayering

Most companies have moved towards much flatter and simpler unit management structures. An exception is Regiohotel, which still operates a traditional tall hierarchy, and is seen as giving people the opportunity to progress.

- The revenue management role

This relatively new role, which focuses on yield maximisation, was described as being 'probably the most influential role to be developed in our business over the last five years'. Globalhotels, Cityhotels and Nationalhotels had all introduced this role. Budgethotels had an area revenue manager and was considering introducing a management role with revenue and commercial responsibility into the units (despite its simple pricing structure and lack of conference and banqueting).

All the managers who had experience of this role recognised its value in terms of yield. However, as this is a relatively new role there was a feeling that it was not yet fully defined, and career routes into and from it were not fully developed. With the new emphasis on yield management in the general manager's role, it might appear that experience as a revenue manager should be essential for prospective general managers, but currently this is not the case.

- Food and beverage management

Although all the hotels run by the companies in this study had food and beverage operations, not all ran traditional hotel restaurants. Food and beverage offerings tend

to be less tightly branded than accommodation offerings, but many companies are increasingly centralising decision making about food and beverage and using standard menus, concepts and purchasing. In this context many of the specialist skills that a food and beverage manager might have needed in the past, such as knowledge of wines and of menu design, are of less importance.

Nonetheless there was general agreement that food and beverage is the most complex operation to manage in a hotel. Further, there is now more pressure to ensure that the hotel restaurant is more than an amenity for guests but is also profitable. Food and beverage managers need skills in staff, financial and quality management. Knowledge of current food concepts and of how these might meet market needs is also important.

Traditionally, assistant managers were rotated between rooms management and food and beverage positions as part of their development. This was still the case within the traditional management structure of Regiohotels but, interestingly, also within Budgethotels. In other hotels, whilst food and beverage experience remained desirable for all managers there was evidence that it was becoming a specialist career route.

- Functional management roles.

A number of the interviewees were not interested in becoming general managers but saw themselves following specialist careers in such areas as human resource management or sales. Such careers often involved moves between unit and regional or head office posts. Although many in these types of role had a hospitality management background, these roles were also open to those with other qualifications or who have moved from different industries. They seemed particularly attractive to graduates. These specialist career routes were less apparent in the more traditional Regiohotels. In Budgethotels also it was not possible to specialise early in one's career: managers were developed through general operations first.

People development and progression

- The companies in this study were increasingly using sophisticated human resource management tools to manage the progression and development of managers. Most had competency models and used assessment centres to measure whether managers were ready for progression. There was considerable emphasis placed on skill development, usually facilitated through coaching, mentoring, job rotation and short in-company courses. Less emphasis was placed on the acquisition of extra formal qualifications except in specialist areas (for example, human resource specialists would expect to qualify for IPD). The culture across the hotel sector remains that attitude and experience is more important than formal qualifications, and several stories were told of managers who had worked their way up from the bottom.
- Nevertheless, several managers expressed the view that degrees or diplomas were becoming more necessary in order to progress. All the companies in the study had graduate programmes, usually for relatively small (eight to 10) numbers of graduates a year. Most of the graduates taken on were hospitality graduates. No distinction was made between those with degrees and those with higher diplomas. Some companies aimed to target specific universities or colleges; others considered whoever applied. In the deluxe and (to a lesser extent) the middle market hotels, European hotel school graduates competed with UK graduates.

- As the human resource manager from Budgethotels pointed out, the market for the first or second job out of university is a competitive one that favours the job-seeker. There was a recognition that, as one of the Globalhotel respondents said, graduates 'have a far higher opinion of themselves and a far higher expectation of the industry. They want to take ten steps further than they are capable of in the first few months, and if they don't do that they are very keen to change industry and they will do that without a thought and probably do very well.' Graduates might expect to progress more slowly in the deluxe hotels than in the budget sector, where a good graduate could make general manager within two to four years, although managers in all sectors who 'stuck with' the industry for the first few years after graduation were reasonably happy with their rewards.
- Generally hospitality graduates seemed to be favoured for their commitment to and knowledge of the industry rather than for any particular skills they possessed. Several respondents, from the four- and five-star hotels particularly, spoke highly of European hotel school students: they were seen as more prepared for the realities of work in the industry and more enthusiastic about it than many UK graduates. However, there were no complaints that UK graduates lacked any specific skills. Especially in the mid- and budget market hotels, it was acknowledged that graduates from other disciplines would also be good recruits providing they had relevant work experience. The respondents from Budgethotels felt that many hospitality students knew little about this sector and some academics specifically discouraged students from considering it.
- The hospitality graduates themselves had differing views of the usefulness of their degrees. They valued the general transferable skills which doing a degree had provided and specifically mentioned the work placement experience. Many also valued the management units: human resource management, marketing and accounting. Where degrees were criticised it was for being out of touch with current industry practice, especially in use of technology.

Gender and ethnicity issues

- As discussed above, hotel general manager remains a predominantly white male occupation although most companies were attempting to redress the balance. Below general manager, the split between male and female managers seems much more equal. Careers within the hotel sector often require working unsociable hours and being geographically mobile, which still seems to disadvantage women with family responsibilities compared with men.
- Hotel management is an international profession and the management teams, especially in deluxe hotels, are drawn from all round the world. However, there does seem to be relatively poor representation from British ethnic minorities at more senior levels. Nevertheless, two of the British hospitality graduates interviewed happened to be from ethnic minority communities.
- A couple of respondents commented that the sector tended to be ageist, favouring the young and discriminating against older employees.

The hotel sector

Background

No one knows for certain how many hotels there are in the UK but there are about 22,000 registered with the tourist boards (British Hospitality Association (BHA), 2000). Their turnover makes up about 1% of UK gross domestic product (GDP) (BHA, 1999) and they employ about 220,000 people or about 13% of those employed in the hospitality industry (HtF, 2000).

The industry is fragmented, with a large number of independents and small chains and large numbers of small establishments: the average size of all UK hotels is only around 20 rooms. However, the activities of a small number of large corporations are increasingly important in shaping the industry. The top 10 hotel companies in the UK control about 1,200 hotels and around 125,000 rooms (HtF, 2000). At this corporate level, there has been recent further consolidation. For example in 1999, Hilton acquired Stakis and Whitbread took over Swallow hotels. Many of the largest companies have international interests and consolidation, which initially took place within national boundaries, is now increasingly cross-border (PricewaterhouseCoopers, 2000).

The hotel industry is a cyclical business whose success is roughly in line with economic trends. The industry was badly hit by the recession of the early 1990s. The boom of the late 1980s had stimulated hotel demand and many new hotels came on stream just as the market collapsed. It was not until the mid-1990s that occupancy levels picked up. The late 1990s were marked by sustained growth not just in occupancy but more importantly in achieved room rate and yield. The consensus is that one impact of the recession was an injection of a new professionalism into the management of those hotel companies that survived, making them more focused on customer needs and better at managing costs. This should mean the industry is now better placed to cope with future economic downturns.

The core activities of hotels are to provide accommodation, food and drink to guests. Many also provide leisure facilities, conference and banqueting facilities and business services. However, the mix of services and facilities provided obviously depends on the market served. It is useful to make a crude distinction between deluxe hotels (four and five star), mid-market (three star) hotels and the budget hotel market.

Deluxe hotels

There are around 7,000 bedrooms available in five star hotels in the UK and 43,000 in four star hotels. The majority (over 80%) of these rooms are in group-owned hotels. The presence of international chains is high in the five star market. Litteljohn (1997) notes that such chains often concentrate on specific locations (international or national gateways) and certain types of hotel (trophy). Indeed Ward (1997) notes the prices paid for premium central London hotels. Even for national chains operating in the four star market, operating within an

internationally recognized brand is important. When Whitbread purchased Swallow hotels they replaced this brand with Marriott, which although a newer player in the UK scene, was a better international brand. Similarly, Hilton rebranded Stakis hotels as Hilton.

Expectations of deluxe hotels are high especially from international business travellers. 'High-tech guests won't be content with a dataport in the room – they want e-mail access, fax and more' (International Hotel and Restaurant Association (IHRA), 1999). Deluxe hotels also need to demonstrate that they have added value in the same way as those mid-market hotels that are enhancing their product (see below). A recent development has been the growth of niche designer products, for example 'signature' hotels associated with particular stylists or personalities, or small boutique hotels (Thomason, 2000).

Mid-market hotels

In the UK there are more hotel bedrooms (74,000) in the mid-market three star category than in any other category (BHA, 2000). This market is traditionally dominated by the independent hotelier. During the recession of the early 1990s, the performance of the mid-market hotels was significantly worse than that of the upper-market sector, and this has led some analysts to argue that this market is doomed. Tired two and three star independent hotels of indifferent quality, price and convenience are particularly threatened by the growth of the new budget chains (Beioley, 1999). Leisure analysts speak of the 'death of the middle', where consumers are either in search of the high spend, high fashion experience or will settle for the casual and cheap. In this analysis a 'hotel which is neither a blow-out nor a crash-out could be in trouble' (Joint Hospitality Industry Congress (JHIC), 2000).

However, other analysts point out that the entry of new companies into this market and heavy investment in facilities by existing players has transformed the mid-market product (Bailey and Kemp, 2000). They point to improved and heavily marketed conference facilities, innovative food and beverage offerings (such as the Mongolian Barbecue concept in Posthouse hotels) and the addition of non-core enhancements (such as Holmes Place health clubs in Regal hotels). With the budget market providing a no-frills product, the message is that mid-market hotels can no longer compete by offering basic services and leaving the four and five star hotels to provide the extras (Bailey and Kemp, 2000).

Budget hotels

The growth and success of the branded budget hotel sector has been one of the biggest changes to affect the industry in the last decade. Budget hotels offer core facilities only: modern well-designed bedrooms, but no conference facilities, lounges or fitness suites. Adjacent restaurants and bars owned by the same company usually provide food and drink. There is limited service so staffing levels are low. Rooms are sold at a fixed price with very little

discounting. The product is standardised and companies have relied on strong branding to assure quality and build customer loyalty.

The first budget hotel opened in the UK in 1985 and there are now over 700 (Beioley, 1999). The table shows the growth in this market over the last seven years.

Table 1
Growth of budget hotels

Year	Number of hotels	Number of bedrooms
1993	240	10,560
1994	286	13,728
1995	351	17,550
1996	430	22,360
1997	518	27,972
1998	618	34,200
1999 (est)	710	39,050

Source: Mintel, from Beioley (1999)

It is expected that this sector will continue to grow fast. It is estimated that there could be 1,000 to –1,100 properties by 2003 (Beioley, 1999). The market is dominated by two main brands, Whitbread's Travel Inn and Granada's Travelodge. These account for about 60% of total supply, although there are currently 11 main brands operating in the market. Budget hotels tend to achieve higher occupancy rates and can achieve higher returns on investment than hotels in other market segments (Thomason, 2000).

Trends

Branding and segmentation

Brands are 'increasingly becoming a major source of competitive advantage' in the European hotel industry (PricewaterhouseCoopers, 2000). The UK hotel industry has been relatively slow to brand compared with the US and French companies (Thomason, 2000). Even now, branding may involve little more than an attempt to put across a corporate identity and ensure some commonality of approach, whilst allowing considerable variation in the core product (Ward, 1997). The budget hotel chains have been particularly effective in maximising the advantages from strategic brand development.

The use of market segmentation techniques has been more widespread since the recession. The market is broken down into a series of segments to which the hotel product can be tailored, for example, corporate, short break, conference. Room tariffs are adjusted to suit the demands of the segment and availability (Thomason, 2000). The best hotels have become more customer-focused rather than product-focused, looking at the services customers actually

want and tailoring the product accordingly, rather than assuming that certain products and services, for example, a plush restaurant, a doorman and concierge had to be provided even if they were scarcely used.

Innovation in food and beverage

Across the hotel industry, about half of total revenue comes from rooms and the proportion increased between 1995 and 1998. London hotels are particularly dependent on rooms revenue which comprises 70% of total revenue (BHA, 2000). Inevitably, the question is asked as to whether it would be more profitable to replace hotel restaurants with extra bedrooms. The budget market has demonstrated the viability of a rooms-based product.

According to Ward (1997), 'one of the major challenges faced by hoteliers today is what to do with catering.' Several operators are experimenting with branded or franchised operations. The traditional hotel restaurant is no longer an inevitable part of the hotel product.

More sophisticated use of labour

The biggest single cost in running hotels is labour. Labour costs in the past were largely regarded as fixed, thus any falls in occupancy immediately affected revenue. According to a recent BHA report (1999), better hotels have become more sophisticated in the flexible use of labour, with better forecasts of labour demand. Hotels have also looked at the number of employees they actually need. One reason for the profitability of the budget brands has been their low employment levels (averaging 0.3 jobs per room for hotels without restaurants (Beioley, 1999)). The BHA 'Trends and Statistics' report notes that the percentage of total payroll to total revenue across the hotel industry fell between 1995 and 1998, suggesting more productive use of staff. It may also be a reflection of the problems recruiting and retaining staff as unfilled vacancies for many hotel jobs remain high (HtF, 2000).

The better hotel companies also recognise the connection between treating employees well and getting those employees to provide good service to customers. This involves investing in the training and development of employees. The proportion of hotels providing training beyond induction for their employees increased from 50% to 60% between 1995 and 1999. However, hotels that were part of a chain were almost twice as likely to provide training beyond induction than independents: almost 100% did so (HtF, 1999). Other research studies also support the contention that, on average, large chain hotels have much more sophisticated human resource management (HRM) practices than the industry as a whole. Indeed, overall, hotels and restaurants have been claimed to be the worst employers in the UK (Nixon, 2000).

Professional management

A recent BHA report (1999) argues that hotels are now better managed than in the early 1990s. Before the recession, hotels were regarded as much as a property investment as a cash-generating business. This meant that hotel managers were expected to do little more than break even. Hotel managers were developed to be hoteliers first and managers second – trained to play ‘mine host’ with the guests, but not to control costs or use their assets profitably. By contrast, the new breed of managers are trained to be revenue and cost focused.

This new style of management also involves a different approach to leadership: away from a command and control style towards a more consultative team-based approach, appropriate in the new delayered structures where operative staff are empowered. Some research indicates that hotel managers perceive the industry to have moved in this direction (Gilbert and Guerrier, 1997).

Although these new demands on managers would seem to suggest the need for better qualified managers, only 8.7% of hotel and accommodation managers hold degree or equivalent qualifications, compared with 17.9% of the workforce as a whole (HtF, 2000). However, this overall figure does not distinguish between types of establishment or levels of management.

The changes in the nature of the hotel manager’s role outlined above also raise the question of whether general business and management skills are now more important than specific hotel or hospitality-related skills. The marked improvement in the performance of hotel companies in the 1990s has been associated with the appointment of new senior management teams (BHA, 1999) often with no previous experience of the hotel industry. However, one industry commentator, Paul Slattery, has argued that the ineffectiveness of corporate management is the reason why most UK and USA hotel company shares stand at a deep discount to their respective stock markets. One explanation for this, according to Slattery, is the appointment of executives of hotel chains with no background knowledge or experience of the hotel industry (IHRA, 1999).

Research approach

In line with the other sector reports that make up this research, this report aims to:

- identify the relationship between hospitality education (degrees, HNDs and higher professional qualifications) and the recruitment and progression of managers within this sector
- look at the overall pattern of career progression of managers in the sector
- consider the relevance of teaching and learning to the reality of management in the industry, and the extent to which hospitality degrees contribute to the skills of individuals employed in the industry
- contribute to the growing body of knowledge concerning the value of higher education to purchasers and providers
- identify patterns of recruitment of graduates and diplomates amongst hospitality providers.

The approach which this research takes is to locate key management jobs within the hierarchy and identify the impact which higher education qualifications have on the attainment of, and performance within these roles. In other sector studies, the focus has been firstly on the unit manager and secondly on multi-unit management. However, hotels are typically larger and more complex units than restaurants or pubs and therefore the unit manager, or general manager of a hotel, holds a more senior role. Within this sector, therefore, the focus has been on two types of role:

- the hotel general manager
- other members of the hotel's executive team, for example, operations manager, revenue manager, human resource manager, sales manager.

One problem faced in defining appropriate respondents in the latter category is that the structure of management roles within hotels varies quite considerably from company to company, and even across different units within the same company. This report has attempted to look at both those roles that seem to be particular to the hospitality industry (for example, food and beverage manager, revenue manager) and those that would appear to require more generic management skills (for example, human resource manager, sales manager).

It was decided not to include any multi-unit managers in this study. Managers would normally require at least 20 years experience in the industry before attaining this role, and it is difficult to extrapolate back from the experience of managers in their 40s to students in their early 20s. To some extent, this problem was also faced when looking hotel general managers who also tend to be at least in their late 30s, but this is such a crucial role in this sector it could not be ignored. It was also decided not to focus on regional and national functional roles as, given the number of interviews planned in each company, it was not possible to collect sufficient data on these as well as on the unit management roles. However, much information on career paths at region and

head office was gained from looking at the careers and career plans of the unit based respondents.

Small firms

This report looks only at careers within the corporate hotel sector. However, the majority of hotels within the UK remain small independent operations. The prospects for graduates within small and medium firms in this sector are dealt with in the report on small and medium hospitality companies.

Gender and ethnicity variations

The approach used in this study does not allow a quantitative analysis of gender and ethnicity variations. Questions on equal opportunities were, however, included in both the interviews with human resource specialists and the career interviews, and these enable trends and issues to be identified.

Higher education programmes

Specific hospitality management undergraduate degrees have existed within UK universities since the 1960s. Originally termed 'hotel and catering administration', they were arguably initially designed to prepare students particularly for careers in the hotel sector. Current hospitality management programmes tend to share the following features: 'laboratory work' within a teaching restaurant; an extended period of work placement; and an array of modules which focus on business management competences (HEFCE 98/15). Whilst some degrees may now be focused towards other sectors in the hospitality industry, for example, licensed retailing, the majority would aim to provide students with the specific skills and knowledge needed for a career in the hotel sector.

There are also a number of European hotel schools, usually existing outside the university sector, which equally aim to prepare students for hotel management careers. The Swiss schools at Lausanne and Glion, and the Dutch school in the Hague are the best known. Traditionally, these schools have been thought to emphasise craft skills rather than management and business skills, although they are now placing more emphasis on the latter. Students from these schools can be seen as being in competition with UK hospitality graduates.

This study is also sensitive to the opportunities within the hotel industry for UK graduates from disciplines other than hospitality management, especially for graduates from cognate disciplines such as business and management.

Sample

As with other sector reports in this research, this study is based on a sample of organisations that were selected as representative types. The sample was selected to cover:

- the main markets within the industry – deluxe, mid-market and budget
- different geographical bases – regional, national and international

- different types of location – city, edge of town, country.

Two companies included in the sample operate a range of hotel brands aimed at different market segments. In these cases, the research focused on one of the brands only.

The organisations were:

Globalhotel: a chain of about 130 five star hotels that operate throughout the world.

Cityhotel: a national hotel company with over 50 hotels. Its core product is a medium to large four star, full-service city hotel in a strong location. Many of the company's hotels are in London, and the largest have about 800 rooms.

Nationalhotel: a chain of about 50 three and four star hotels operating across the UK, largely in out-of-town locations.

Regionhotel: a privately owned chain of hotels operating in the South of England. The hotels are small to medium-sized and operate in the three to four star market.

Budgethotel: one of the major budget hotel chains operating in the UK. This research focused on the managed rather than the franchised hotels in the chain.

In each of these companies, interviews were conducted at the head office level with the aim of establishing the company's development and strategy and its human resource practices. Then a further set of career interviews were conducted with managers within the companies. The decision was taken to focus on managers operating at unit level, as this is where the majority of management jobs are located. The interviews, therefore, focused on general managers and on members of the unit's executive management team. The case study summaries were checked with the company.

The case study organisations

Globalhotel

Globalhotel is a chain of about 130 five star hotels that operate throughout the world. Four years ago the chain was taken over by a large British hotel and catering company, and the Globalhotel brand is now part of a large company operating hotel brands within other market sectors. However, for this research, the focus is exclusively on the operation of Globalhotel.

Sixty per cent of Globalhotel's hotels are focused on the business market and 40% are resort hotels. Forty per cent are owned and 60% managed. Hotels range from 40-room all suite, to 1,000-bedroom properties – with everything in between. The brand values are care and attention to the customer, and respect for the local environment. Although Globalhotel has a regional structure, with regional offices in London, Paris, New York, Dubai and Hong Kong, the amount of direct supervision that each general manager can have within such a widely dispersed company is limited. Therefore, general managers are empowered to take decisions within fairly broad guidelines, providing they respect the values of the company.

The managers in the company are divided between the expatriates and the locals (who do not want an international career). Expatriates come from a wide range of countries, although most are from Europe and North America despite the company's attempts to create a more diverse management population. Within each hotel the executive team may contain a mix of expatriates and locals. The general manager is responsible for proposing the structure of his or her executive team so structures within units can vary, although there is a trend towards fewer levels. The role of revenue manager or yield manager is now in place where it would not have been five or even three years ago.

The human resource director was interviewed. Careers interviews were conducted with three general managers and a human resource manager.

General management

The company has recently done work profiling the competences of a successful general manager. Managers should be good leaders with a participative approach, good communicators, have strong listening skills, flexibility, and be culturally sensitive. They need to strike a balance between being a good businessman and a good hotelier/mine host. Particularly if they are working in developing countries, they need to be highly self-sufficient and capable of representing the company at the highest level (for example, in dealing with members of the host country's government). Most general managers tend to be in the age range 40–45 as it takes that long to develop the confidence and the people-management skills necessary for the role, given the size and prestige of the hotels to be developed. Most general managers are selected from within the company as, despite the changes of ownership, there has been relatively

low staff turnover within the management group. If managers are brought in from outside the company, it is usually at the 'number two' level so they have time to learn the brand values.

Two of the general managers interviewed specifically commented on the way that the general manager's role had changed over the last 10 years. Hotels, they claimed, are now run as sophisticated businesses. The shift has been from a role that was perhaps 70% operational management and 30% sales and marketing, to one where the emphasis is on sales and marketing strategy and financial decision-making. Before, GMs focused on gross operating profit and now they focus on the bottom line. The yield structure, or what can be done with the property, is part of the job where it was not before. 'You are saying "What is the return on the painting behind the front desk?"' This means that while knowledge of the operation is important, it is not as important as before.

All of the general managers interviewed had pursued international careers and had worked in at least two continents. They argued that their international experience had made them adaptable, sensitive to cultural differences, and had developed their language skills. Moving early in their careers also helped them to be resourceful and manage without normal support systems. However, moving around the world later in one's career and with a family can be difficult, and managers can become reluctant to do so, or choosier about where they will relocate. Within Globelhotel, there is an expectation that GMs will move, but whilst they were once moved every two to three years it is now every three to five years.

Of the three GMs interviewed, one had an Irish hotel degree, a second a hotel diploma from France, and the third qualifications in marketing and an MBA. The human resource director estimated that about a third of the current general managers had a hotel school qualification, but that a number had worked up through the ranks. The managers interviewed thought that in future a good degree would be essential for anyone becoming a general manager: 'today you cannot expect a receptionist to be a manager of a hotel.' One of the managers, who had had experience in the United States, felt that specialist hotel degrees were no longer necessary and that a more generalised service industry education was sufficient.

The unit management team

Within the hotel executive team, those managers who wish to can also pursue an international career and, as with the general managers, executives on this programme would expect to stay three to four years in one place before moving on. Given the prestige and size of many of the hotels, the trend is to empower and expect more of the heads of department. Revenue management experience is increasingly important, as is experience in sales and marketing for managers wishing to progress further at the unit level. Specialist careers are available in areas such as human resource management where some managers are now recruited from outside the industry. However, the human resource manager interviewed claimed that it was an advantage to have operational experience within hotels.

One of the general managers claimed that as the role of general manager was changing to become more strategic, it was even more important that people at the department head level had specialist technical and operational skills. He felt that this was where there was a gap in educational provision: in the development of highly skilled head barmen, housekeepers, head receptionists, and so on. He also thought that the hotel industry neither provided sufficient rewards or recognition to these people, nor developed rewarding specialist career paths.

People development and progression

There was already a well-established graduate track within the company which owns Globalhotel, although, because of the lack of international opportunities before the purchase of Globalhotel, the majority of graduates did not stay with the company. Those that did have done extremely well. Globalhotel have started a limited graduate programme with six people, based on six months in London and 18 months in an international location. After that the graduates will be moved into a specific job. The human resource director commented that it was difficult to ensure that the graduates were given the right experience in the units and that it remained difficult to meet their career expectations. One of the managers commented that graduates 'have a far higher opinion of themselves, and a far higher expectation of the industry. They want to take 10 steps further than they are capable of in the first few months, and if they don't do that they are very keen to change industry – and they will do that without a thought, and probably do very well.' Individual hotels also recruit graduates, often through the links that they have with their old schools.

Graduates are recruited from hotel schools or hospitality departments from around the world. Hospitality graduates are preferred to general business graduates for their 'passion' about and commitment to the hotel industry, although it is recognized that many of the skills they require are generic business skills. Several respondents specifically mentioned the value of international experience during the placement period for those wishing to pursue an international career. One respondent felt that whilst hospitality programmes needed to ensure that techniques such as yield management, financial management and marketing are covered, more emphasis should be placed on interpersonal skills such as leadership, team management and getting the best out of an appraisal.

There were some interesting comments from one of the respondents, who had recent experience in the States, about the differences between US graduates and European ones. The US students, he argued, had more of a business background. 'They are very quick, very good at their numbers, and very good at the sales and marketing side as they will try outlandish things. They lack style and they lack quality.' He reported that two large American hotel companies had managed to recruit business graduates by guaranteeing all those who came into the industry at management or supervisory level a maximum 50-hour week.

Cityhotel

Cityhotel is a national hotel company with over 50 hotels. Its core product is a medium to large four star, full-service city hotel in a strong location. Many of the company's hotels are in London and the largest have about 800 rooms.

The company has been changing in the last two years, becoming more centralised and putting a stronger emphasis on the brand identity of the hotels. For example, food and beverage purchasing, conference and banqueting packages, financial systems and room design are now centralised. These changes in approach have been linked with a change in management personnel; many hotel general managers have changed in the last couple of years with new people being recruited from outside. Cityhotel now puts a much greater emphasis on its general managers' ability to sell and make revenue decisions and has introduced an incentive scheme to encourage that.

Within each hotel, the typical management team comprises a general manager, an operations manager, a human resources manager, a financial controller, a revenue manager, a food and beverage manager and a sales manager. The number of people with the title of manager has decreased: the hotels were full of 'trainee assistant junior managers who were typically school leavers who had been around for a couple of years and were paid horrendously badly.' Now those that do have a management title are paid better.

An interview was conducted with the human resource director. Careers interviews were all conducted with managers at the unit level: one general manager, one revenue manager, one operations manager (focused on food and beverage), one human resource manager and one sales manager. Two of the respondents were British (one from an ethnic minority background), one was Danish, one Dutch and one South African.

General management

The changes in the company have caused a change of expectations about the role of general manager. Where general managers were essentially required to play 'mine host', they are now seen as business managers who have to sell and make revenue decisions. The general manager interviewed remarked that his customer interface was probably less than at any time during his career and that his job had become that of an 'analyst'. The day-to-day management of the operations has switched to the operations manager and team.

Recently, general managers at Cityhotel have been largely recruited from outside the company, although the company is starting to promote internally. More than 20% of the general managers in the company are women. This is a relatively high proportion compared with other companies.

To be promoted to general manager, one would normally have been an operations manager but also have had some sales experience, although not necessarily as a full-time sales manager. Rooms experience is absolutely

essential, but food and beverage experience is also desirable as the company operates in the four star market. Having practical experience in the kitchens is less important than being able to recognise quality, knowing about how dishes should be presented, and understanding whether they will be suitable for the hotel's market. There is also a need to be aware of new food trends and dishes. Some general managers were felt to lack knowledge in this area.

There is also an increasing need for general managers to be up to date with new IT developments. The requirement is not to understand the systems in detail but to understand how to get the best out of the information they could provide. The age profile and educational background of general managers meant that they often lacked skills in this area.

The company has not yet profiled the skills used by high-performing general managers. The human resource director has demonstrated a correlation between employee satisfaction and customer satisfaction in the hotels and thus the general manager's leadership and people management skills are also important.

The unit management team

The changes of emphasis in the general manager's role are also reflected in the rest of the management team. An operations manager with a particular responsibility for food and beverage management described it thus: 'The emphasis has changed from making sure that everything is pretty and nice, to making sure that everything is pretty and nice but also profitable.'

In terms of the structure of the unit management team, the role of revenue manager has been introduced as a key role looking after both reservations and the administration of conference and banqueting. The revenue manager interviewed had developed her career so far within rooms and reservations, moving from a regional revenue management role with another company in the States to the unit-based role.

The tendency to specialise in a particular functional area can also be seen in the other unit management team members interviewed. The operations manager/food and beverage manager interviewed had developed his career in that area. However, he argued that it was his people management and financial management skills that were most important in his current role. As the food and beverage area has become more centralised, so specialist skills such as knowledge of wine and menu design have become less important. However the ability to cost, price and present a menu remain important. His recent experience of having reorganised his department had made him aware of the importance of change-management skills.

Both sales and human resource management are seen as specialist careers. The human resource director regarded it as possible to recruit business and management graduates within these areas, although both the managers interviewed in these functions had a hotel school background.

People progression and development

The company has a developed training programme at the basic skills levels. There are training programmes, or training is sponsored, at the management level particularly in functional areas, for example sales training. One manager felt that there was a lack of development available at the management level, but others felt that they had access to all the training that they needed (predominantly short courses, although one manager had recently completed the Institute of Personnel Development diploma).

Most managers in the hotels have some type of hospitality qualification, although little distinction seemed to be made between different levels of qualification from further education through to higher diploma or degree. A graduate recruitment scheme is being developed and is targeted at the hotel schools in the Hague and Lausanne as well as selected British schools. Managers spoke highly of their experience of Hague hotel students who had 'an excellent knowledge of the industry, no attitude problems and spoke two or three languages.' It is interesting that the recruitment from the Hague was focused on middle level qualification rather than on the higher level qualification students, and therefore not on students who are technically at a level equivalent to a British degree.

Two managers were interviewed who had respectively a Swiss and a Dutch hotel school qualification. The Dutch manager felt that the main advantages of his education were that the total focus on hotel management in his school made it easier to concentrate, and the work experience had started his career. The manager who had trained at a Swiss school felt that the discipline of her training and the attitudes towards work that it inculcated had been the most valuable element. She had not made use of the theoretical elements.

The sales manager had a UK hotel management degree (first class). He had found the management accounting and marketing elements of this programme the most helpful. He argued that one of the most difficult factors for graduates was coping with the low pay of the first few years after graduation, when many of his fellow students had become demotivated and left the industry. After that the rewards were there. The difficulty of meeting graduate expectations in the first few years was mentioned in several of the interviews and people with slightly lower qualifications (for example, higher diploma) were sometimes favoured because of their more 'realistic' expectations. With more emphasis being placed on delivering results, it was felt to be even more difficult to take a risk and place a graduate without a track record in too demanding a job. The work experience that graduates brought with them was therefore crucial.

Although the interviews focused on managers within units, career opportunities were perceived as being available at the multi-unit, regional and head office level. Two of the respondents had already moved between the regional/head office and unit levels. Whilst the revenue manager and the food and beverage manager saw progression to general manager as a possible career path, both the human resource manager and the sales manager expected to develop their careers in their functional areas, probably outside the units eventually.

The managers interviewed, when asked about their own jobs, emphasised the generic management and business skills they used: finance, IT, management and leadership, human resource management and strategic management. But a knowledge of and, more especially, a commitment to the industry were also crucial and this is where hospitality management graduates were seen to have the edge. Within this career market, UK hospitality graduates were competing with hospitality graduates and diplomates from other parts of the world.

Nationalhotel

This company owns and manages over 40 hotels in the UK in the three and four star market, largely in edge-of-town locations. Although the company also controls hotels in other European countries, this research is focused on the UK hotels that are managed separately.

In the early 1990s, the company owned a very disparate group of hotels including everything from city hotels to pubs with rooms. Since then the management team has been building a core brand. Now all the hotels in the group have a 'family feel', for example, meeting rooms in all the hotels will look similar. However, there are some variations as to the market in which each hotel operates, so the general manager has some freedom to vary the 'offer': he may, for example, have a nightclub or a fine dining restaurant or a health and leisure club.

There is a standard management structure within the units, with some variation according to whether the hotel is more food and beverage or rooms focused. A typical structure comprises a general manager and an operations manager as number two. All the department managers, that is, restaurant manager, bar manager, chef and reception, report to the operations manager whose function is to manage day-to-day operations. The revenue manager, financial controller and human resource manager report directly to the general manager.

An interview was conducted with the human resource director and a senior member of the head office human resource management team. Careers interviews were conducted with two general managers, a revenue manager, two human resource managers and an accommodation sales manager. As well as being supported by the head office human resource function, unit human resource managers are supported by a regional HR team, comprising a recruitment manager, a training manager and an HR manager.

General management

The general manager is expected to focus on being a revenue manager, looking at where the business is coming from today, next week and next year, and leaving the day-to-day operations of the business to the operations manager. The company has undertaken considerable work on the competences required of its managers: general managers need 'obvious things like leadership, initiative, a sales focus.' They need to have an aptitude for developing people. They also need a real eye for detail and to care about standards. They need to be the public face of the hotel, seeing major customers. Finally they need to be able to cope with bureaucratic demands: 'the organisational clutter.'

Both of the general managers interviewed commented on the changes in the role of the GM. They confirmed that their focus was on long-term strategy, revenue and finance. One commented on the way the relationship with customers had changed: 'Ten years ago, one spent a lot more time on the floor, serving customers; now we spend time with customers, but we try and

focus our attention on visiting customers in a sales role rather than serving customers.’ The other commented that the relationship with staff had also changed: ‘We are a lot less formal than we used to be. That’s allowed us to break a lot of barriers with our teams. Gone are the days when there was a hush when the manager came into the room and that’s allowed us to get closer to our teams.’

The cadre of general managers is made up of people who were general managers in other hotel companies, and general managers promoted from within the company. There is a fairly sophisticated system for identifying and developing those operations managers ready to progress to general manager, using assessment centres. However, only two or three managers are promoted a year from an A-list of about 12 operations managers. All current general managers have a hotel industry background. Whilst the central HR team feel they may be missing potential talent from outside the industry, they have not yet found a way of orienting people into the industry. ‘We have always been tempted by the idea of bringing people in from retail. However, they don’t have environmental health issues. And with retail you design the content and people walk in, where we actively sell and manage the yield of the property.’ Outsiders also had problems with the irregular hours required in the hotel industry, and with the problem of operating a product consistently when there is high staff turnover.

Of the two general managers interviewed, one had the equivalent of an HND from a French hotel school, although he was British himself. The other had chosen to do a business and marketing degree, even though he had worked in hotels since 13 or 14 and loved the business. He had done his placement year in a hotel. He felt the marketing and financial skills he had learned on his degree course had been extremely helpful in his career and that he had learned enough hotel-specific skills during his work experience. Indeed, his first job after graduation was as a food and beverage manager. For him the hotel industry was a ‘business same as any other.’

The unit management team

The revenue management role was seen as being ‘probably the most influential role to be developed in our business over the last five years.’ Nationalhotel was one of the first hotel companies in the UK to introduce this role, and salary comparisons suggested that they typically paid more than their competitors for this role. Both general managers interviewed saw the revenue manager as an invaluable asset that had helped them increase their yield, especially because of the focus that person can give on sales and yield in conference and banqueting. Revenue managers require front office, conference and banqueting, and sales experience. This is currently quite an unusual combination and one of the hotels was having difficulty filling this post.

As this role was quite new, the company was still working on career paths not just into the role but also beyond it. The company wanted to encourage revenue managers to move into operations roles, and even operations managers to move into revenue roles. (Indeed, the revenue role seems in

some ways to offer a more logical progression into the general manager role, as currently defined, than the operations management role.) However, no one has yet made this progression. One of the general managers commented that the revenue manager is currently largely a female role and for family reasons many women managers are not looking for further promotion. 'There will be far more male revenue managers when it becomes more of a priority and it is understood a bit more.' The revenue manager interviewed had currently put her career on hold because of uncertainty about her partner's career.

Of the two human resource managers interviewed, one was clearly committed to a specialist career in HR. She had a first degree in psychology and was a relatively recent graduate who might have been regarded as a 'risky' appointment, given that she did not have the amount of work experience the job would normally require. She said she was used as an example of someone recruited for her attitude. Her part-time work experience in operative hotel jobs had also told in her favour. The other HR manager had 15 years' experience of management jobs in the hotel industry and had recently taken a step down to HR from conference co-ordinator because, with a young child, she was unable to cope with the hours required in the latter role.

People progression and development.

The company operates a formalised system of career development with regular career appraisals. Management jobs are banded, so, for example, an operations manager in a low-banded hotel would be encouraged to progress to an operations manager role in a hotel one or two bands higher. Assessment centre sessions were held for potential operations managers and potential GMs. Certainly, all the managers interviewed felt that the company would help them to progress in whatever direction they wanted. One of the human resource managers spoke about a regional HR manager who had started as a room maid, then become a supervisor and then a housekeeper. In that role she had become interested in training and had moved to unit HR and finally to region. She was held up as a fine example of someone who had worked her way up.

The managers interviewed had a variety of qualifications, some hospitality-related and some not. Most took the view that attitude and experience were more important than qualifications and that most jobs-related skills were trainable. Nevertheless the company has just reformulated its graduate entry programme. Applicants are put through an assessment centre. Those selected spend four months in a hotel doing food and beverage-oriented training, four months in a different hotel doing rooms-related training and four months in the central sales team. After that they are offered to the hotels and will be fast-tracked. Most of the graduates on the programme are hospitality management graduates, but one last year was an economics graduate who was 'probably the brightest of the lot.' Other graduates may be recruited directly into hotels. Individual hotels also make arrangements for placement students, including a number from European hotel schools, and the head office HR specialists admitted that they were 'probably guilty of not taking placement students seriously – we don't know they're there.'

The company takes equal opportunities seriously, but recognised there were still too few female general managers and none from ethnic minority backgrounds. As far as women were concerned, the experience was that many female operations managers did not want to be general managers whilst all the male ones did. There was also an issue that many female department heads did not want to move further because of family commitments. It is interesting that of the four female managers interviewed, three were currently limiting their career ambitions because their family circumstances meant they would only consider jobs with regular hours or within that locality.

As regards ethnic representation, it was felt that the workforce tended to reflect the ethnic mix in the locality and most of the company's hotels were not in areas with large ethnic minority populations. There was a black operations manager in London, but workers in Birmingham had commented on the lack of black managers.

Regionhotel

Regionhotel is a privately owned chain of hotels operating in the South of England. The hotels are small to medium-sized and operate in the three to four star market.

The group has become more branded in the last 18 months. The general managers have a wide responsibility for budgets. Central office (it is called this: not head office) acts as a support, for example through central purchasing, sales and marketing support, and centralised training. However, the trend is for directors to exercise more control on the units.

Within the hotels, a traditional management structure operates with a general manager, deputy general manager, senior assistant manager, food and beverage manager, assistant manager responsible for front of house, and departments under this. This tall structure operates even in the smaller hotels as it provides people with the opportunity for progression. From assistant manager, development can take place between hotels.

An interview was conducted with the group training manager. Careers interviews were conducted with three general managers, a food and beverage manager and an assistant manager. The assistant manager graduated with a hotel and catering management degree from a British university three years ago.

General management

The role of the general manager within Regionhotel is fairly traditional. General managers are expected to have financial awareness, communication skills, enthusiasm, to be good motivators and have a good knowledge of the hotel. They are seen as operations people who are expected to be hands-on.

General managers are recruited from the ranks of the senior operational managers in Regionhotel or sometimes from other hotel companies. To be manager of a large hotel, one would have been a general manager of a small hotel first. Managers are moved between the three and four star units in the company. General managers range in age from their late 20s to middle 40s.

All of the general managers interviewed had entered the industry with craft-level qualifications and experience in food and beverage, and had worked their way up. They all emphasised the people skills required in their role to manage both guests and staff. One of the biggest problems they face is in balancing staffing levels and in retaining staff. There was less explicit mention of other general business skills (for example, IT skills, finance, marketing) although one manager felt that he lacked experience with management accounts.

The unit management team.

The group training manager argued that more junior managers needed 'a head on their shoulders', self-confidence and a knowledge of the industry, but that other skills could be developed internally. They could be trained in people-management skills and IT skills which were predominantly about using e-mail and spreadsheets.

The two more junior managers interviewed both had British higher education qualifications in hospitality management: one an HND and the other a degree. Both felt that the key skills that they needed were customer service and care skills and staff management skills. Neither felt that many of the skills they had learned at university or college were of use to them in the early stages of their careers, although both felt that they would be of use as they progressed. The graduate remarked that she did not consider herself 'terribly academic', and although it is good to further oneself, 'in real life you can rise to the top without any qualifications.'

Both the junior managers were committed to Regionhotel, which they considered to be a company that would invest in them and help them develop if they were considered to be the right people for the company.

People progression and development

Regionhotel had a graduate training scheme taking six to eight 'graduates' a year (– the scheme included HNDs as well as degree students). Graduates were moved between different hotels and functions for six months and indeed were regarded as useful for 'filling gaps'. Although most graduates completed this period, many left the industry after that. Progression beyond that was within operational management roles within the units and it was possible to progress quite fast. Both food and beverage and rooms management experience was important for progression.

Budgethotel

Budgethotel is part of the hotel division of a major leisure company. Its hotel division comprises Budgethotel and a full-service brand, Deluxehotel. Budgethotel is one of the major budget hotel brands in the UK. This research focuses on the managed hotels within this brand. These hotels are typically rather larger than the franchised hotels in the chain, which tend to be 40 to 80-bedroom 'lodges'. The largest managed hotel has over 300 rooms. Most are situated in city or airport locations. All have a restaurant in the building, opening for breakfast and dinner, and a bar that is open all day, closing at one o'clock at night.

The product is highly branded, especially on the accommodation side, with standard rooms and a standard check-in procedure. All Budgethotels offer a brand standard breakfast. The restaurants vary according to the market, but are branded offerings drawn from the company's restaurant portfolio. The product and service offering are intentionally kept simple. There is an emphasis on informality and friendliness as the company's market research suggests that this is what their customers prefer. They want to arrive at the hotel and be able to unwind, and not feel as if they have to behave in a special way as they might in a four or five star hotel. The brand is extremely successful and runs with exceptionally high occupancy levels (87% across the company as a whole and 90-95% in London).

Within each of the hotels, management structures are relatively simple. In the larger hotels, there is a general manager, a deputy manager and three assistant managers. Smaller hotels have fewer assistant managers and the smallest no deputy manager. The managed units are supported by a central operations team, comprising a director of operations, two regional managers, a food and beverage manager, an HR manager, a finance manager and a loss prevention and security manager. Above this team sits a brand leadership team responsible for the management and development of the brand overall. The company was in the process of reviewing its management structure.

An interview was conducted with the human resource manager for the managed units. Career history interviews were conducted with three general managers and two deputy general managers (one currently acting as general manager). Three of these managers had hospitality degrees (two UK and one Australian). One had no formal qualifications.

There is an HR manager for the managed units and an HR manager for the brand as a whole. Within the units there are no designated specialist HR managers. The management team at the unit level are expected to manage their own recruitment, selection, training and other HR functions.

General management

The general manager of a Budgethotel has overall responsibility for the operation in terms of putting together and managing the budget, accountability, responsibility for customer satisfaction, and recruitment and training in the unit. The general manager's role is to be a business manager. However, the nature of the role to some extent depends on the size of the hotel and the way the manager wishes to define his or her own role. One of the general managers in a large city hotel described his role as to take care of the longer-term strategy and development of the unit, whilst his deputy focused on the short-term management of the operation. 'Our big role as general managers is to be proactive – not reactive – as the other managers will tend to be reactive.' However, a general manager who had recently moved from a smaller to a larger unit argued that, whereas now he was more focused on strategy, sales and marketing, in his previous unit he was 'very hands-on, pulling pints, etc.' Particularly in the larger units, general managers were able to work relatively normal hours (one said he commonly worked from about 7 or 8 in the morning till 6 or 6.30 at night, Monday to Friday). However, they were often contacted by mobile at weekends or in the evening.

Within a branded operation, general managers obviously were not able to make changes to brand systems. However, they felt that they could make a substantial difference in terms of the attitudes and motivation of their staff team. Managers commented on the informal and friendly work culture within Budgethotel, and indeed this was very apparent to the interviewers. Managers, even the general manager, dressed casually and everyone was on first name terms. Managers also felt empowered to influence the development of the brand and were sometimes involved in brand projects and initiatives. One commented that they were encouraged to think of the hotel as *their* hotel rather than as a Budgethotel hotel.

About 60% of general managers were promoted internally and 40% recruited externally. There was considerable movement across from other parts of the company (including from Deluxehotel, but also from the restaurant or pub chains). Outside the company, managers might be drawn from other hotel companies, particularly the three star sector, or from popular branded restaurants such as McDonalds or Burger King. Budgethotel is a young company and most general managers were aged between 25 and 35. The youngest GM (of a 60-bed property) was aged 24 and had achieved this position within two years of graduation. It was fairly common to become a GM within three to four years of graduation. The general manager of a large city hotel would earn about £40,000. Ex-general managers had moved to regional manager roles or to senior roles within Deluxehotel.

About 25% of the general managers were female: a relatively high proportion within the hotel sector. One of the two regional managers was female. Whilst it would be difficult to combine work and family at the assistant manager level, since general managers had more regular hours it was more feasible and at least one of the female general managers had children.

Two of the general managers interviewed provide a good contrast in career routes. One had a hospitality degree and had previously worked in banqueting in four and five star hotels. He had been successful in this, but had been put off by the hours and commitment required and by the management culture. This required that he was called 'Mr' by his staff, and could not socialise with them outside work. He would have left the hospitality industry if he had not been convinced that Budgethotel would be a fun place to work – which it has been. The second GM had no formal qualifications and had started his career within licensed retail, working his way up from barman to running his own pub, and then running a theme restaurant which had a hotel attached. For him, Budgethotel was relatively staid compared with the more extroverted atmosphere in a theme restaurant.

The unit management team

The size and composition of the unit management team varies according to the size of unit. Within a large unit, the general manager would have a deputy manager and three assistant managers, usually specialising in rooms, reception and food and beverage respectively. In the hotel of one of the managers interviewed, one of the assistant managers took the role of brand delivery manager, concerned with monitoring service standards and the service guarantee.

All the management positions are fairly hands-on, fairly broad, and involve shift work. One of the differences between the traditional hotel management structures and that operated in Budgethotel is that there are no functional management roles at the unit level such as human resource manager or financial controller. In its review of the management structures, the company is considering introducing a management role with responsibility for revenue and commercial decisions at the unit level. Although rooms are sold on a fixed-price basis, decisions can still be made about which business to accept in order to maximise yield, especially given the high occupancy rates.

People development and progression

The company has a developed competency model defining the skills required for various levels of personnel. Managers are reviewed regularly, coached and mentored to develop their skills. Managers can attain quite senior roles very young and therefore movement can be quite fast, with relatively short periods in assistant management and deputy management roles. Career progress often involves a willingness to be geographically mobile, but because the managers are so young, many do not yet have any family responsibilities and have no problems moving.

No formal qualifications are required to progress within Budgethotel and several examples were quoted of managers who have worked their way up from the bottom without any qualifications. Nevertheless some managers now felt that it was becoming a hindrance not to have an HND or a degree.

The company operates a graduate recruitment scheme and aimed to recruit about eight to ten people a year on to this. They looked for people with either an HND or degree and six months' experience in the industry. (Unlike Deluxehotel, they did not specifically target the top graduates). Most of those on the scheme had a hospitality degree, although they also took people with other degrees if they also had relevant experience. The scheme had been instituted partly because of the difficulty the company had experienced recruiting assistant managers, especially in smaller properties. It involved a twelve month flexible programme after which the trainee would move into an assistant manager role. The salary for a graduate trainee was about £12,500 outside London and £14,000 in London. Assistant management salaries started at about £14,000 and deputies might earn between £26,000 and £30,000.

One criticism that the human resource manager had of hospitality management degrees was the lack of attention that was paid to the budget hotel sector. He felt that some academics specifically attempted to put students off this sector. However, there was some evidence of a change in the last year or two in certain universities and colleges, and some students had applied to Budgethotel after having done a case study assignment based on the company.

The managers with degrees valued the general transferable skills their degrees had provided. One commented that the accounting he had studied was very traditional and that it would have been helpful to have focused more on financial controlling: 'managing costs, doing the job smarter, more efficiently, energy efficiency – there are so many clever things on the market that can help save on fuel or light.' The human resource manager commented that their structural review had identified that managers often lacked commercial awareness, an understanding of finance and sales. Most managers had good operational and people management: this was what attracted them to this industry. However, in assessment centres they were often let down by their lack of ability to interpret data. It was not that they had not been exposed to these issues during their academic studies but they had not been 'turned on by them'.

Main findings

General management

- This study certainly confirms the conclusions of the BHA report (1999) and the research by Gilbert and Guerrier (1997). The new breed of hotel general manager is required to be revenue and cost focused: the emphasis is on being a business manager, on developing the long-term strategy for the unit, and on maximising yield. The human resource director at Nationalhotel was most explicit about this change in focus. He said, 'The role of general managers (GMs) is as revenue managers. Their role is where the business is coming from today, next week and next year. What markets are we going to try and develop? Which areas are we losing money in?' Commonly, the deputy manager is the person responsible for the day-to-day operations of the hotel. The only exceptions to this pattern were found in smaller units within Regionhotel and Budgethotel where the GM role remains hands-on.
- Hotel managers within the large companies increasingly work within branded operations. On the one hand, branding has simplified their work. They can no longer redesign their restaurant menus at a whim. However, they are now frequently required to focus on the bottom line and not just on the gross operating profit: as one GM expressed it, they need to 'think about the return on the painting behind the front desk.' Their knowledge of the operation remains important but their commercial awareness has become crucial, as has their ability to make commercial decisions within the constraints of the brand values.
- There was evidence from this study that the typical style of management used by hotel GMs is changing. The emphasis is on a participative approach and GMs are much less formal than they used to be. As one manager at Nationalhotel put it: 'Gone are the days when there was a hush when the manager came into the room, and that's allowed us to get closer to our teams.' Of the companies in this study, Budgethotel had gone furthest in developing a very informal and friendly work culture which matches the style of service offered to their customers.
- The route to becoming a hotel general manager is through more junior operational roles within hotels. Few companies seem to have had much success in recruiting managers at this level from other industries, or even other sectors of the hospitality industry. An exception is Budgethotel where some managers have transferred from branded restaurant or pub operations. For most companies, previous rooms division and sales experience is essential, but it is interesting that food and beverage experience is no longer universally required. Most large companies have developed competence models for the general manager role, which typically emphasise generic management and personal skills. Increasingly, assessment centres are used to select those ready to progress to this level.

It is interesting to note that Budgethotel found that managers typically 'fell down' on their commercial skills.

- The speed with which a manager can progress depends on the size and complexity of the operation. Within Budgethotel, it is possible to progress to being a general manager by the mid to late 20s. Within Globalhotel, it would be unusual to achieve this position before one's 40s. Progression does not currently depend on qualifications. Nevertheless, many managers feel that the general manager role is becoming a role for a graduate. There is no evidence from this research of managers taking, or even considering, further academic qualifications (for example, MBAs) although they do make extensive use of in-company training and development programmes.
- The general manager role remains a predominantly male role. Cityhotel and Budgethotel were most successful in developing female GMs, but even in these companies less than one in four GMs were women. All the companies were anxious to increase the number of women at this level and pointed to the greater proportion of women managers below this level. It is certainly the case that the typical career progression to GM level poses problems for women (and potentially men) who have family responsibilities, given that it usually requires geographical mobility and a willingness to work unsocial hours. Within Budgethotel, it was possible to progress so young that managers of both sexes were more likely to be unattached and mobile. Cityhotel has a high concentration of units in London which allow progression without moving home. Within Globalhotel, there were felt to be barriers to posting women managers to hotels in certain parts of the developing world.

The unit management team

There is considerable variation in the way in which different companies define the roles of the unit management team. Even within the same chain, the general manager is often given some flexibility to shape his or her own team. However, some trends emerge from this study.

Delaying

Most companies have moved towards much flatter and simpler unit management structures. An exception is Regionhotel, which still operates a traditional tall hierarchy which is seen as giving people the opportunity to progress.

The revenue management role This relatively new role, which focuses on yield maximisation, was described as being 'probably the most influential role to be developed in our business over the last five years.' Globalhotel, Cityhotel and Nationalhotel had all introduced this role. Budgethotel had an area revenue manager and were considering introducing a management role with revenue and commercial responsibility into the units (despite their simple pricing structure and lack of conference and banqueting provision). All the managers who had experience of this role recognised its value in terms of yield. However,

as this is a relatively new role, there was a feeling that it was not yet fully defined and career routes into it and from it were not fully developed. With the new emphasis on yield management in the GM's role, it might appear that experience as a revenue manager should be essential for prospective GMs, but this is not currently the case.

Food and beverage management Although all the hotels run by the companies in this study had food and beverage operations, not all ran traditional hotel restaurants. Food and beverage offerings tend to be less tightly branded than accommodation offerings, but many companies are increasingly centralising decision-making about food and beverage, and using standard menus, concepts and purchasing. In this context, many of the specialist skills that a food and beverage manager might have needed in the past, such as a knowledge of wines and of menu design, are of less importance.

Nonetheless, there was general agreement that food and beverage is the most complex operation to manage in a hotel. Further, there is now more pressure to ensure that the hotel restaurant is more than an amenity for guests but is also profitable. Food and beverage managers need skills in staff, financial and quality management. A knowledge of current food concepts and of how these might meet market needs is also important.

Traditionally, assistant managers were rotated between rooms management and food and beverage positions as part of their development. This was still the case within the traditional management structure of Regionhotel, but interestingly, also within Budgethotel. In other hotels, whilst food and beverage experience remained desirable for all managers, there was some evidence that it was becoming a specialist career route.

Functional management roles

A number of the interviewees were not interested in becoming general managers, but saw themselves following specialist careers in such areas as human resource management or sales. Such careers often involved moves between unit, regional and head office posts. Although many in these types of role had a hospitality management background, the roles were also open to those with other qualifications or who had moved into hospitality from different industries. They seemed particularly attractive to graduates. These specialist career routes were less apparent in the more traditional Regionhotel. Similarly, in Budgethotel it was not possible to specialise early in one's career: managers were developed through general operations first.

People development and progression

- The companies in this study were increasingly using sophisticated human resource management tools to manage the progression and development of managers. Most had competency models and used assessment centres to measure whether managers were ready for progression. There was considerable emphasis placed on skills development, usually facilitated through coaching, mentoring, job rotation and short in-company courses.

Less emphasis was placed on the acquisition of extra formal qualifications except in specialist areas (for example, human resource specialists would be expected to qualify for the Institute of Personnel Directors). The culture across the hotel sector remains that attitude and experience are more important than formal qualifications, and several stories were told of managers who had worked their way up from the bottom.

- Nevertheless, several managers expressed the view that degrees or diplomas were becoming more necessary in order to progress. All the companies in the study had graduate programmes, usually for relatively small numbers of graduates (eight to ten) a year. Most of the graduates taken were hospitality graduates. No distinction was made between those with degrees and those with higher diplomas. Some companies targeted specific universities or colleges; others considered whoever applied. In the deluxe and (to a lesser extent) the middle market hotels, European hotel school graduates competed with UK graduates.
- As the human resource manager from Budgethotel pointed out, the market for the first or second job out of university is a competitive one which favours the job-seeker. There was a recognition that, as one of the Globalhotel respondents said, graduates 'have a far higher opinion of themselves, and a far higher expectation of the industry. They want to take ten steps further than they are capable of in the first few months, and if they don't do that they are very keen to change industry – and they will do that without a thought, and probably do very well.' Graduates might expect to progress more slowly in the deluxe hotels than in the budget sector, where a good graduate could make GM within two to four years. Managers in all sectors who 'stuck with' the industry for the first few years after graduation were reasonably happy with their rewards.
- Generally, hospitality graduates seemed to be favoured for their commitment to and knowledge of the industry, rather than for any particular skills they possessed. Several respondents, from the four and five star hotels particularly, spoke highly of European hotel school students: they were seen as more prepared for the realities of work in the industry, and more enthusiastic about it than many UK graduates. However, there were no complaints that UK graduates lacked any specific skills. Especially in the middle and budget market hotels, it was acknowledged that graduates from other disciplines would also be good recruits providing they had relevant work experience. The respondents from Budgethotel felt that many hospitality students knew little about this sector and thought that some academics specifically discouraged students from considering it.
- The hospitality graduates themselves had differing views of the usefulness of their degrees. They valued the general transferable skills which doing a degree had provided, and specifically mentioned the work placement experience. Many also valued the management units: human resource management, marketing and accounting. Where degrees were criticised, it was for being out of touch with current industry practice, especially in use of technology.

Gender and ethnicity issues.

- As discussed above, hotel general manager remains a predominantly white male occupation, although most companies are attempting to redress the balance. Below GM, the split between male and female managers seems much more equal. Careers within the hotel sector often require working unsocial hours and being geographically mobile, which still seems to disadvantage women with family responsibilities more than men.
- Hotel management is an international profession and the management teams, especially in deluxe hotels, are drawn from all round the world. However, there does seem to be relatively poor representation from British ethnic minorities at more senior levels. Nevertheless, two of the British hospitality graduates interviewed happened to be from ethnic minority communities.
- A couple of respondents commented that the sector tended to be ageist, favouring the young and discriminating against older employees.

Conclusions

This study supports the contention that hotel management is becoming more professional. There is more emphasis now on the business skills of the hotel manager and his or her ability to maximise yield. Increasingly, hotels are branded and targeted at a particular segment of the market. Whilst all hotels share the common purpose of providing accommodation and food and beverage to guests, there are differences in the style and skills needed to manage a deluxe hotel compared with a budget property.

The hotel sector has traditionally recruited from hospitality courses and the companies in this study continue to do so. However, often little distinction is made between the levels of courses: higher diplomas are regarded as positively as degrees, and sometimes little distinction is made between further and higher education. Within the deluxe market, UK graduates are perceived as competing with students from European hotel schools who are highly regarded. Within the middle and budget market, and in specialist functions such as HRM, graduates from general business or other disciplines are also recruited, particularly if they have relevant work experience.

The hotel sector has not traditionally placed a high emphasis on academic qualifications and it remains possible to progress with few or no formal qualifications. But a degree is increasingly perceived as desirable for more senior management roles.

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