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DIFFERENCES IN PERCEPTIONS BETWEEN CONTROLLERS AND
MANAGERS IN THE LODGING SEGMENT OF THE HOSPITALITY
SERVICES INDUSTRY WHEN RATING THE IMPORTANCE OF
SELECTED MANAGERIAL ACCOUNTING SKILLS

presented by

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Major professor

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INDUSTRY WHEN RATING THE IMPORTANCE OF SELECTED
MANAGERIAL ACCOUNTING SKILLS

By

James W. Damitio

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ABSTRACT

DIFFERENCES IN PERCEPTIONS BETWEEN CONTROLLERS AND MANAGERS IN THE LODGING SEGMENT OF THE HOSPITALITY SERVICES INDUSTRY WHEN RATING THE IMPORTANCE OF SELECTED MANAGERIAL ACCOUNTING SKILLS

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James W. Damitio

This study was a descriptive investigation of the differences in lodging managers' and lodging controllers' perceptions of the importance of selected managerial accounting skills to managers. It was based on a survey of managers from the 1985-86 membership list of the American Hotel and Motel Association and controllers from the 1985-86 membership list of the International Association of Hospitality Accountants.

The purpose of this study was to determine whether or not there were significant differences in the perceptions of the importance of selected managerial accounting skills between managers and controllers.

Data for the study was gathered by means of a mailed questionnaire that was developed specifically for this study. A total of 400 surveys were sent to lodging managers employed by facilities of at least 250 rooms. A total of 400 surveys were also sent to lodging controllers. The findings reported in this study were based on the usable responses of 180 managers and 135 controllers.

The following conclusions were: Lodging managers perceive the 18 managerial accounting skills in this study to be very useful to them in their jobs as managers. None of the 18 skills in the study were rated "not important" by the managers as a group. Lodging controllers perceive these 18 managerial accounting skills to be very useful to the managers also, since none of the skills was rated "not important" by the controllers. There is fairly good agreement between managers and controllers when rating the importance of these managerial accounting skills since in only five of the 18 skills were significant differences in perceptions found between managers and controllers.

Certain demographic variables have an impact on managers' perceptions of the importance of certain skills. It appears that the more experience managers have, the more important they perceive cash budgeting and capital budgeting to be. It appears that the larger the size of lodging facility in number of rooms, the more important managers perceive capital budgeting and the income statement to be.

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To Diane, Michael, Amy, and Maria for their support and encouragement, to my father who provided the educational opportunities to his children that he never had, and in a special way to my mother who nurtured in me a love for books.

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CHAPTER I

THE PROBLEM

Introduction

The economy of the United States is increasingly becoming more service and less manufacturing oriented. Naisbitt (1984) states that more than 65 percent of American workers are employed in service jobs such as teaching, managing, and accounting. Kottler (1984) notes that service businesses now provide 73 percent of the payroll jobs in the non-manufacturing work force of the United States.

The hospitality services industry represents a large portion of this service sector. Stevens (1984) states that the hospitality industry is the third largest retail business in the United States with over \$160 billion in annual sales and over five million employees.

Brymer (1981) writes that the major segments of the hospitality industry include food service, lodging, travel, and recreation. One of these segments, the lodging segment, has been growing faster than the economy from 1965 to 1981.

Watkins (1987) notes that "the lodging industry as a percentage of Gross National Product has increased every year since 1970 with a total increase of 80 percent during that sixteen year period." This study has focused on the lodging portion of the hospitality industry because of its long term



growth pattern. This growth pattern should create an increasing need for properly trained managers.

This study attempted to determine the importance in terms of self perception of certain managerial accounting skills from both the managers' and controllers' perspectives.

Managers of lodging facilities perform the basic managerial tasks of planning, organizing, and controlling their organizations. This study dealt with the control aspect of their jobs. Control is, in part, accomplished through the use of managerial accounting tools.

Controllers, on the other hand, are heads of the accounting departments of the organizations. The controllers are in staff positions of their organizations, that is, they generally report to the managers.

Statement of Problem

As the United States economy becomes more service oriented, the management of service facilities such as lodging operations becomes more critical and complex.

Two groups of professionals that are key to the management of lodging operations are managers and controllers. The strategic use of certain managerial accounting skills by managers and controllers will be important to the future success of lodging operations.

The problem of this study is to investigate how the managerial accounting services of lodging operations could be provided more efficiently and effectively.

Need for the Study

A study which provides insight into the importance of certain managerial accounting skills considered important to managers in the lodging segment of the hospitality industry could be of considerable value. Tyler (1950) states that one of the main sources of input for curriculum development is the work place itself.

Since 1974 there have been numerous references in the literature to the need for managers in general to have better accounting skills in order to manage more effectively, Drucker (1974), Mahler (1976), Guglielmino (1979), Bula (1985). However, little has been done to identify which specific skills are perceived to be important to the managers in the performance of their jobs. Donnelly, Gibson, and Ivanevich (1978) state that the basic functions of managers are to plan, organize, and to control the organization. They go on to point out that the managers use certain managerial accounting skills in performing the control function.

The controllers, on the other hand, are the individuals in charge of the accounting department. Garrison (1982) states that the accounting department is a staff function of the firm that is expected to supply data and reports to managers to assist in decision-making. Managers must have expertise in the area of managerial accounting to use these reports effectively.

The area of managerial accounting is best understood in relation to the other types of accounting. The three broad areas of accounting are: (1) public accounting, (2) governmental accounting, and (3) private accounting.

The area of public accounting is the one that people are generally most familiar with. Certified Public Accountants (CPA) are independent professionals who offer accounting services to clients for a fee. CPA certificates are licenses to practice granted by the state on the basis of examinations and practical experience.

The work of these accountants is categorized into three main functions: (1) auditing, (2) income tax services, and (3) management advisory services. Of the three, auditing is usually the primary function of the CPA. In an audit, the CPA carefully studies the accounting system of the client, gathering evidence from both inside as well as outside sources. On the basis of the audit findings, the CPA expresses his or her opinion as to the fairness and reliability of the financial statements.

The second function of the CPA involves the whole area of income tax services. The CPA is frequently called in to prepare federal and state income tax returns. In addition to this, the CPA is often called in to do tax planning, which involves analysis of the tax consequences of various courses of action.

The third function of the CPA is generally referred to as Management Advisory Services (MAS) or Management Services (MS). This area is a growing one for CPA firms in recent



years. The function is usually performed by a separate department of the firm and covers a broad range of operating and administrative problems.

The second major area of accounting is governmental. The primary agencies involved in this area include the Internal Revenue Service (IRS) and the Securities and Exchange Commission (SEC). Hospitals, churches, universities, and other not-for-profit institutions follow accounting practices similar to governmental accounting.

The third major area of accounting is referred to as private accounting and is the area that impacts this study most directly. According to Meigs and Meigs (1983), the primary areas under private accounting include: (1) design of accounting systems, (2) cost accounting, (3) financial forecasting, (4) income tax accounting, (5) internal auditing, and (6) management accounting.

Management accounting or managerial accounting refers to the internal reporting function of a firm's accounting system. This specific area of private accounting is designed to help managers by providing information in order to define problems, identify alternative courses of action, and make choices among alternatives.

The distinction between public accounting and managerial accounting is usually the most difficult to make. Needles (1987) writes of the primary ways that managerial accounting differs from public accounting. The primary differences are that (1) managerial accounting information goes to people

inside the firm, (2) no guidelines such as Generally Accepted Accounting Principles (GAAP) need to be followed in managerial accounting, (3) reports are geared toward planning rather than being historical in nature, and (4) whereas financial reports are prepared on a periodic, regular basis, managerial accounting reports are prepared whenever they are needed.

Garrison (1985) points out that the area of managerial accounting is in its infancy and is still a distant second to most firms in importance relative to public accounting. He notes, however, that the events of the last thirty years have led to an increase in the use of managerial accounting.

Because of events such as increased business competition, severe cost-price squeezes, and rapidly developing technology there is a growing need for managers to have information beyond that provided by the traditional balance sheet and income statement.

According to Horngren (1984), one of the keys to the management process is the controlling function. He states that the controlling is done through feedback so that objectives of the organization are optimally attained. Since managers and controllers are strategic parts of this information loop, it would appear that the organization involved would be most effective if both managers and controllers had similar perceptions of the importance of managerial accounting skills since controllers generally report to managers. If these perceptions are significantly different, it would be beneficial to the respective organizations if

both managers and controllers were aware of the differences in each others' perceptions.

At a hospitality industry conference (1983) on "Proceedings of Financial Management in the 1980's" it was pointed out that the college education of hospitality managers is inadequate. Many speakers noted specifically that managerial accounting skills were needed by managers in all operating departments, not just in the accounting department.

The results of this study may be useful to hospitality educators by providing insights on the importance of certain managerial accounting skills as perceived by two groups of professionals, namely, managers and controllers. Efficiency of accounting operations might be improved by making the two groups, managers and controllers, aware of each others' rank ordering of these skills in terms of their importance. It would not make much sense, for example, for controllers to generate various reports on flexible budgeting if the managers felt that this particular tool was unimportant in their work.

The information in this study may have direct applications for companies in the hospitality industry as they seek to improve management training programs for employees. This might be accomplished by incorporating sessions on accounting skill improvement which managers and controllers have reported to be important to managers into future training programs.

Purpose of the Study

The purpose of this study was to determine whether or not there were significant differences in the perceptions of the importance of selected managerial accounting skills between managers and controllers. Although the textbooks used to teach hospitality industry managerial accounting and the syllabi of instructors teaching in the area of hospitality managerial accounting include the skills involved in this study, very little information has been gathered from professionals in the field as to their perceptions of the importance of these skills.

Several groups of professionals could provide input regarding the importance of the skills involved in this study such as personnel managers and corporate executives. This study gathered information from the workplace by starting with two groups of professionals, namely, managers and controllers.

In addition to gathering information on both the managers' and controllers' perceptions of the importance of certain managerial accounting skills, this study attempted to provide insight into whether there are significant differences between the perceptions of these two groups of professionals when rating these skills.

In addition, the study attempted to provide insight into whether there are significant differences in the perceptions of the importance of these skills between the managers and controllers based on the following demographic variables:

number of years as a manager or controller, number of years of formal education, size of lodging facility in annual sales dollars, size of lodging facility in number of rooms, and professional certifications of both the managers and the controllers.

Hypothesis of the Study

The following hypotheses will be tested in this study:

Hypothesis 1:

There are no significant differences between the perceptions of controllers and managers when rating the importance of certain managerial accounting skills.

Hypothesis 2:

There are no significant differences among the perceptions of controllers having 0-5, between 5 and 10, between 10 and 15, or more than 15 years of experience as a controller when rating the importance of certain managerial accounting skills.

Hypothesis 3:

There are no significant differences among the perceptions of managers having 0-5, between 5 and 10, between 10 and 15, or more than 15 years of experience as a manager when rating the importance of certain managerial accounting skills.

Hypothesis 4:

There are no significant differences among the perceptions of controllers having a high school education, 0-2 years of college education, between 2 and 4 years college education, or more than 4 years college education when rating the importance of certain managerial accounting skills.

Hypothesis 5:

There are no significant differences among the perceptions of managers having a high school education, 0-2 years college education, between 2 and 4 years college education, or more than 4 years college education when rating the importance of certain managerial accounting skills.

Hypothesis 6:

There are no significant differences among the perceptions of controllers in lodging facilities with different annual sales volumes when rating the importance of certain managerial accounting skills.

Hypothesis 7:

There are no significant differences among the perceptions of managers in lodging facilities with different annual sales volumes when rating the importance of certain managerial accounting skills.

Hypothesis 8:

There are no significant differences among the perceptions of controllers of lodging facilities with 0-250 rooms, 251-500 rooms, 501-1000, or over 1000 rooms when rating the importance of certain managerial accounting skills.

Hypothesis 9:

There are no significant differences among the perceptions of managers of lodging facilities with 0-250 rooms, 251-500 rooms, 501-1000, or over 1000 rooms when rating the importance of certain managerial accounting skills.

Hypothesis 10:

There are no significant differences among the perceptions of controllers having different certifications when rating the importance of certain managerial accounting skills.

Hypothesis 11:

There are no significant differences among the perceptions of managers having different certifications when rating the importance of certain managerial accounting skills.

Delimitations of the Study

The following were delimitations of this study:

1. The managerial accounting skills used in the questionnaires were those skills typically taught in hospitality management accounting courses based on an analysis of the syllabi of several hospitality accounting instructors. All of the possible accounting skills were not included.
2. The population from which the managers for the study were chosen was limited to a 1985-86 membership list of the American Hotel & Motel Association (AH&MA). This organization's membership list was chosen because it included representatives from all major lodging organizations. This list was assumed to adequately represent lodging managers in the hospitality industry.
3. A modified membership list of the AH&MA was chosen for use in the managers' portion of the study that included only managers employed by facilities with over 250 rooms. This was done because the other population (controllers) consisted of individuals who were employed by establishments that were generally greater than 250 rooms. This provided better comparability for the study.
4. The population from which the controllers for the study were chosen was limited to the 1985-86 membership list of the International Association of Hospitality

Accountants (IAHA). This organization also included members from all major lodging organizations.

5. The study was restricted to only the lodging segment of the hospitality service industry.

Limitations of the Study

1. The results of this study were based on the responses of managers and controllers in the lodging segment of the hospitality services industry; therefore, it was not possible to generalize the findings to other populations.
2. The perceptions of the respondents in this study were just that, perceptions. They may not represent an objective rating of the importance of the accounting skills included in the surveys.

Definitions of Terms

The following terms are defined as they apply to this study:

CONTROLLER - The individual in charge of the accounting department of a hotel. He or she is a member of the top management team and is an active participant in the planning, controlling, and decision-making process of the firm.

MANAGERIAL ACCOUNTING - This branch of accounting is concerned with providing information to managers, that is to those who are inside of the organization and are charged with directing its operations.

MANAGERS - Those individuals in the hospitality service industry who perform the basic functions of administering the business including the duties of planning, organizing, and controlling. In this study, the term non-accounting manager was used synonymously with the term manager, general manager, assistant manager, and department manager.

PERCEPTIONS - The understanding, including an assessment of significance, of an object or event which one acquires through observation, inquiry, or reading of the relevant literature.

Overview of the Study

The remainder of this study is organized as follows:

Chapter Two consists of a review of literature that consists of three sections:

1. a review of the procedures for college curriculum development,
2. a review of the management and accounting literature dealing with management accounting skills needed by managers; and,
3. a review of hospitality literature dealing with managerial accounting skills needed by hospitality managers.

In Chapter Three the research design is presented. The following items are discussed: the populations, the sample and sampling technique, procedures used to develop the



survey, the survey, the pilot study, the collection of data, and the statistical analysis of the data.

Chapter Four presents the findings of this study and Chapter Five presents the summary, conclusions, and recommendations of this study.

CHAPTER II

REVIEW OF LITERATURE

Introduction

Several approaches were used in the review of existing literature and research. Two computer searches were conducted using the Educational Resource Information Center (ERIC) and Dissertation Abstracts International. In addition, three computer searches were conducted, two using the American Business and Information (ABI/INFORM) database and one using the Managements Contents database.

In addition to the computer searches, manual searches were completed in the curriculum, management, accounting, and hospitality areas. These searches were conducted by focusing on the following topical areas: the role of management accounting skills in the management process, the role of these skills in the management of hospitality organizations, and the techniques used in developing or revising collegiate-level business curricula. This chapter consists of three sections:

1. College of Business Curriculum Development
2. Management Accounting Skills for Managers in general
3. Management Accounting Skills for Hospitality Managers.

College of Business Curriculum Development

Historical Development of Curriculum

Since the current study was an attempt, in part to improve a portion of the college business curriculum, a review of literature relating to college curriculum development was undertaken. In order to better understand the current process of college curriculum development, it is helpful to briefly examine the historical development of college curricula.

The curricula of the colleges in the United States changed over the centuries as did the role of the colleges. During the seventeenth, eighteenth, and early nineteenth centuries, American colleges were "conceived and operated as pillars of the locally established church and political order." The American college at that time was more like the secondary schools of today than the existing colleges of today. Typically, a clergyman was chosen to be president who hired a few men to be teachers at the institution. There were only a few instructors who were specialists. Generally speaking, everyone at the college was taught a diverse range of subjects, usually at a very low level, (Jencks & Riseman, 1969).

The education that a student received was in the liberal arts area and was not geared to a specific future job. Politics, the law, medicine, finance, and administration would all be learned from practical experience (Stewart,

1962). Most professionals entered their fields through apprenticeships or professional schools (Rudolph, 1977).

The Land Grant Act of 1852 produced a change in higher education in America. The Act resulted from pressures on the Federal Government to provide for advanced instruction for farmers and the industrial classes (Stewart, 1962). This Act dramatically modified the traditional liberal arts curriculum to include professional training.

Eisner (1979) states that the curriculum of a school ought to be a series of planned events that are expected to have educational consequences for the learners. Job securement and job satisfaction are two of these.

Boyer and Kaplan (1979) discuss the argument that the collegiate tradition of formal education is degraded if it happens to lead directly to a job. They contend that "this argument distorts the present and denies the past." They argue that education can best be defended because of its practicality, that is, because of what it has prepared students to do in the job market.

By 1871 over 20 colleges and universities had begun teaching business courses. The Wharton School at the University of Pennsylvania became the model for other colleges and universities. It was founded in 1881 and attempted to combine liberal arts studies with practical business training.

Rudolf (1977) writes of colleges and universities that added schools of business in the first three decades of the

twentieth century including the University of Missouri, the Amos Tuck School of Administration and Finance at Dartmouth, and New York University's Undergraduate School of Commerce, Accounts and Finance.

Since the time of the Land Grant Act, there has been a process of balancing the curriculum between the liberal arts and professional training. In the 1975-76 annual report at Harvard University, this balance was addressed. Rosovsky (1976) listed a number of standards to be used in the development of the core curriculum. The standards reflected both the liberal arts area as well as the importance of achieving some level of depth in some specific field of knowledge.

The business courses in which students enroll are intended to provide that portion of their total education which deals primarily with their "specific field of knowledge." Boyer (1987) addresses this issue in writing about the undergraduate experience in America. In his research he found that most students feel that pursuing a specific field of study, that is, one that leads to a career, is the primary reason for going to and remaining in college.

In his research he found that over 33 percent of the undergraduates at public institutions and slightly less than a third of those at private ones stated that if college did not increase their chances of employment they would drop out.

He goes on to point out that for years "specialization" has been the key word for employers also. He notes that despite the rhetoric of corporate leaders, recruitment

statistics show that business and engineering majors are chosen first over liberal arts students.

There are different ways to determine what is to be taught in the courses which prepare students specifically for their future jobs. The Carnegie Foundation (1977) divides the forces that shape the college curriculum into two main categories--the internal forces and the external forces.

The internal forces on the curriculum include the academic departments of the college, the college or other academic divisions, the president and academic deans, the individual faculty members, the student, and the "extra-curriculum" which refers to such things as clubs, societies, sports activities, fraternities and sororities.

The Carnegie Foundation further states that the external influences on the curriculum are categorized into the following five areas: (1) intellectual and academic influences, which includes the areas of new knowledge, learned and professional societies, textbooks and foundations, (2) inputs, which refers to high school contributions, and the area of budgets, (3) regulation, which includes the areas of governments, accrediting agencies, courts and collective bargaining, (4) procedural influences, which refers to transfer students and competition among colleges, (5) general influences, referring to the public, communications media and churches, and (6) opportunities for graduates, which includes graduate and professional schools and the professions and occupations. This study is an attempt to gather input for

college curriculum development from this last source, namely, the professions and occupations.

Tyler (1950) lists the sources of input for curriculum development as (1) studies of the learners themselves, (2) suggestions from subject specialists, and (3) studies of contemporary life outside the school. This study would involve gathering of data from this third important source that Tyler lists.

Tyler further states that through a technique called job analysis one can examine the activities that a specific worker carries out; and on the basis of that, one is able to design a training curriculum that best serves those needs.

Impact of the Work Place on Curriculum

Studies have been done which illustrate the responsiveness of curriculum development to the work place. A study was done at Michigan State University (Thomas, 1978) which involved the curricular offerings of the College of Urban Development. The purpose of the study was to determine the relevance of curriculum in addressing critical societal problems.

In this study questions were asked regarding the focus, scope, and emphasis of the curricular offerings in order to determine the extent to which the factors of instruction, research, and service might be described as being relevant to critical social problems.

The author of this study reviewed the literature on societal problems, especially those identified as urban.

From this a list of seventeen problems was drawn which served as a screening device for examining the curricular offerings of the College of Urban Development. It was determined that the programs of the College were relevant to the critical societal problems. The author found that the ten most frequently mentioned areas cited by the authorities were in major agreement with the curricular offerings of the College. This study, albeit not in the business curriculum area, illustrates an attempt to gather data for curriculum development from sources outside of the school.

Stierwalt (1975) did an evaluation of the accounting curriculum at Northeastern Oklahoma State University that included suggestions for curriculum revision. The questions addressed in the study included (1) what constitutes a desirable accounting curriculum, (2) does the current curriculum provide the concepts and skills considered desirable in an accounting curriculum, and (3) what changes, if any, are needed in the present accounting curriculum?

In an attempt to answer these questions, surveys were mailed to 596 accounting majors who had graduated from 1965-1975 and were then in business. One hundred and thirty nine were returned usable.

Of the 46 skills addressed in the survey, there was a consensus on 26 of them that they were being handled sufficiently in the accounting program. There was no consensus on the balance of the skills.

One of the researcher's recommendations was that further research was needed on a comparison of employer/educator

responses to determine if sufficient differences of opinion exist to warrant the inclusion of employers in a curriculum revision project.

Hilgar (1974) examined the perceptions of businessmen and college professors as they look at the first year accounting course in terms of how well the course prepared students for careers in management. A checklist of accounting topics currently emphasized in three popular accounting principles texts was mailed to executives and executive trainees in America's largest corporations.

One of the findings was that executives and professors attach a somewhat higher degree of importance to the topics than do management trainees. An additional significant finding was that executives and trainees in America's largest industrial corporations are very reluctant to respond to studies of this type. One of the researcher's recommendations was that there is a need to collect and summarize opinions of responsible leaders in business other than those of large industrial corporations.

Strecker (1974) performed a study on curriculum design factors. Major categorical elements of the accounting curriculum such as general education, business core courses and required accounting courses were traced from 1948 to 1973.

Selected factors relating to the curriculum were analyzed such as the American Association of Collegiate Schools of Business (AACSB) standards, and committees of the American Accounting Association (AAA). These factors were

studied to confirm the belief that an understanding of these factors will facilitate the design of the accounting curriculum.

Based on the evidence of the study, the researcher concluded that the design of an accounting curriculum could be facilitated through a consideration of these "outside" factors. Strecker recommended that professionals in the field should be considered in future accounting curriculum design decisions.

Harriett McQueen (1980) in an article in Delta Pi Epsilon assessed the pre-employment training needed for middle management positions in industry. She notes that many business organizations believe that the greatest obstacle to their success is the lack of competent managers. She states that although there has been an obvious need for more and better managers, very little research has been done to determine the proper education needed by managers.

The purpose of her study was to determine the curricular areas needed to be studied by middle managers. In order to gather information, she developed a survey instrument containing thirty-five business related areas. Respondents were asked to rate these as either very important, moderately important, unimportant or "to be developed on the job only."

In two hundred and twenty-three responses from twenty industrial firms, over fifty percent stated that two management skills, budget preparation and cost control were very important, over eighty-nine percent rated accounting principles either moderately important or very important

while over eighty-five percent rated budget preparation either moderately important or very important.

The business work place is a rapidly changing area due to such factors as increased global competition and decreasing national growth rates. Grambsch (1981) states that the business firm is among the most dynamic of society's institutions. Because of this phenomenon of rapid change, gathering input from this "outside" source in the area of business curriculum may be more important than in other academic areas.

Management Accounting Skills in Management

The review of the management and accounting literature revealed no specific research done that was similar to this study. Some studies have been done on the importance of managerial skills or roles in general.

Review of Management Literature

Mintzberg (1980) talks of the different skills needed by managers as they move up in the organization. In describing managerial work, he concludes that the job of the manager can be described in terms of ten roles within three areas that are common to the work of all managers. The three areas are called interpersonal, informational, and decisional.

Mintzberg proposes that differences in the work of managers are based on the relative importance of the roles across hierarchical level and functional specialty. Chief executive officers, for example, deal mainly with external

roles such as liaison or spokesperson that connect the organization with its environment. He states that at the lower levels of the organization the external roles are less important and the internal roles such as negotiator and leader are more critical.

Katz (1974) discusses the relative importance of three broad managerial skills, (conceptual, technical, and human) and how the importance of these depend on the managerial rank in the organization. He states that although human skills are important at all managerial levels in the organization, conceptual skills are most important at top managerial levels whereas technical skills are most critical at lower management levels.

Pavett and Lau (1983) also examined the influence of hierarchical level and functional specialty on managerial roles and required skills. In their study, questionnaires were mailed to executives and managers in a wide variety of private service sector and manufacturing companies in Southern California.

As a result of their work, they hypothesized that there are significant differences among functional specialties on perceptions of role requirements. Significant differences were found between middle and lower level managers for six of the roles which they studied.

References to the importance to managers of accounting skills in general can also be found in the literature. In The Executive Course: What Every Manager Needs to Know About the Essentials of Business, Demski (1982) attempts to

illustrate the importance of the area of managerial accounting to the average manager.

He states that the organization's accounting system is an important source of managerial information and that this information cannot be used to the maximum unless managers have an understanding of the subtleties of cost and revenue measurement. He explains that many managerial tasks are performed in this accounting revenue and cost format. Examples include whether or not to entertain an additional customer, to launch a new product line or to lower a product price. He concludes the article by stating that based on the direction our economy is heading, the returns from understanding and exploiting the strengths of the firm's accounting system are likely to increase during the manager's professional career.

In a journal article, Hayes (1977) discusses the increasing need for the manager of the future to have courses both inside as well as outside of his or her specific area in order to succeed in this high technology age. It will be increasingly important for marketing managers, for instance, to develop skills outside of the area of marketing such as in accounting and finance in order to manage in this changing business world.

An article by Berger and Ferguson (1983) on teaching the decision makers cites the critical importance of the financial management curriculum as being key to a manager's success. They explain that to gain an understanding of

financial management, managers need to progress through several learning phases. They outline a five step procedure as follows:

1. Learning the specialized vocabulary of the discipline,
2. Introducing basic concepts and procedures such as preparing financial statements and calculating financial ratios,
3. Applying the concepts to a simplified business environment,
4. Adding uncertainty to the decision-making process, thereby necessitating the inclusion of probability estimates and analysis of risk, and
5. Employing the decision models to perform sensitivity analysis.

The authors mention specific accounting tools for management use, divided into four categories:

1. For analysis of past performance--variance analysis, ratio analysis, and segment reporting.
2. For projection of the future--budgeting.
3. For short-term operation--cost/volume/profit or "break-even analysis."
4. For long term operating decisions--the capital budgeting decision model.

Review of Accounting Literature

The importance of managerial accounting skills to the non-accounting manager can be found in the accounting literature. The Journal of Management Accounting included an

article in which Edwards (1985) discussed management's responsibility to set up an accounting system which all managers need to use for the firm's very survival.

He states that most managers currently do not use information correctly. He describes the flow of information as the lifeblood of the organization. Unfortunately, he notes, many deficiencies result from communication failures among accountants, operating management, and top management because each person does not understand what ought to be taking place.

In an article in the same journal Kokula (1986) illustrates the importance of financial knowledge for the non-financial manager. The increasing need for this type of training for the non-accounting manager was stressed.

He notes the inclusion of a course called "Finance for the Non-financial Manager" in the educational programs of public accounting firms and other organizations that specialize in professional seminar training. He believes that if individuals outside of the finance department were to be sent to only one seminar, it should be to one which dealt with an introduction to accounting and finance.

He states that the training should take the general accounting concepts and integrate them into the entire management information system. He specifically mentions the usefulness of ratio analysis tools such as return on assets, inventory turnover and accounts receivable turnover.

Horngren (1984) talks of the "pervasiveness" of

accounting in business and how an understanding of its usefulness is necessary for all managers. He states that company presidents, production managers, hospital administrators, and sales managers, for example, are better able to perform their duties when they have a better grasp of accounting data.

He notes the inescapable linkage of management and accounting, pointing out how management accounting will assist individuals whether they intend to become accountants or managers and regardless of whether they will work in manufacturing, retailing, health care or any other activity.

An application of manufacturing accounting to the hospitality industry is illustrated by Mullett (1978) in the Journal of Management Accounting. In that article the author discusses the usefulness of variance analysis as a management tool. The Standard Cost System (SCS) has been used in the manufacturing industry since the early 1950's. Through SCS, a manufacturing operation can be controlled by evaluating variations between actual and standard costs throughout the organization.

Mullett applies manufacturing concepts to the restaurant industry and illustrates how variance analysis can benefit the hospitality manager. He notes how important this tool will be for managers in the hospitality industry in determining their future success in this increasingly competitive industry.



Management Accounting Skills for Hospitality Managers
Importance of Accounting Skills in General

A review of the literature in the hospitality area revealed several references to the importance of accounting skills, in general, to the managers. Arnoldo (1981) did a profile of hotel general managers in which he asked the managers which topics of study were the most important for novice general managers.

He noted that very little research has been done on the central management role of the hotel general manager. His study attempted to provide a profile of the hotel general manager and to determine how the managers allocate their time and importance to ten managerial roles.

Questionnaires were sent to 270 general managers. One hundred and ninety-four were returned for a 71.9 percent response rate. The managers were asked to provide information such as their educational background, level of job satisfaction, age, sex, and their views about preparation for a career as a hotel general manager.

Ninety-three percent of the general managers stated that their jobs were more complex than they were five years ago. They were asked to identify the four most important topics out of a choice of seven that should be covered in a course for a novice general manager. Forty-two percent listed personnel management as the most important.

This was followed by accounting and finance, with twenty-one percent of the general managers stating that it is the most important area of study.

Powers, Patterson, and Leenders (1966) discussed the topic of development of senior managers for the hospitality industry in a recent article. They noted the increased hospitality industry movement into multi-unit management of facilities. This movement is creating a need for different skills on the part of managers in the industry.

A newly launched program was instituted at the University of Guelph in Guelph, Ontario to address this need. The program called AMPHI (Advanced Management Program for the Hospitality Industry), included the following concepts: Marketing, Managing Human Resources, Management Control, Financial Management, and Operations Analysis and Strategy Development.

The topics covered under Financial Management include:

1. Financial Accounting
2. Working-Capital Management & Forecasting
3. Capital Budgeting & Analysis
4. Lease vs. Buy Decisions
5. Cost of Capital and Security Evaluation
6. Long-term Financing

These topics were chosen through a six month survey of Canada's hospitality industry leaders. Individuals surveyed were asked questions such as "what was the most important decision you faced last year", or "what key decision have you or your company faced in the last six months."

Lewis (1982) wrote of the "crossroads" position of hospitality education in a journal article. He states that the

courses taught today should not be the same as the ones in the curriculum of twenty years ago. He believes that more integration of related skills such as accounting into general management training is needed.

Swanljung (1981) examined the phenomenon of how hotel executives made the climb to the top of the corporate ladder. He was concerned with why some managers made it to the top while others inevitably fell short of that goal. To answer this question, he analyzed the career paths of a group of hotel executives in order to determine the factors that affected their careers.

Faculty members at Cornell University's School of Hotel Administration provided Swanljung with a list of hotel executives whom they considered to be successful. Fourteen from that list were chosen to be surveyed. These fourteen individuals held upper management positions such as chairman, president or executive vice-president. All individuals surveyed were involved in major North American and International hotel chains.

The data was gathered through personal interviews using a standard questionnaire. The researcher believed that the responses from the hotel executives adequately described the following career paths that they followed to the top:

1. Operations
2. Accounting and finance
3. Marketing
4. Food and beverage
5. A non-hospitality route

His research indicates that three of the fourteen had taken the accounting and finance route to the top which would indicate that it is at least as important as the other routes.

Importance of Specific Accounting Skills

In addition to the studies done on the general importance of accounting skills to the manager of today, many articles have been written which cite specific accounting skills as being important to the hospitality manager.

Insight into which specific skills are important to the hospitality manager can be gained from an article by Geller and Schmidgall (1984). These authors surveyed controllers in the hospitality industry as to what technical skills and knowledge were required by the controllers. Listed below are the items reported by the controllers and the percent of total respondents who reported the respective skill to be important:

Auditing and Internal Control	95%
Accounting Principles/FASB	90%
Cash Management	89%
Statistics	82%
Capital Budgeting	80%
Personnel Management	78%
EDP	70%
Taxes	60%

Another area of accounting which is commonly cited is budgeting. Zero-base budgeting is becoming a commonly used budgeting technique in the 1980's. Lee M. Kreul (1978)

describes a study done in the lodging industry that revealed that undistributed operating expenses per available room have risen 6.8 percent annually during the past twenty years.

These undistributed expenses are such things as administrative and general expenses, marketing, property operations and maintenance, and energy costs. Although there are numerous ways of controlling the direct costs of food, beverage and labor, the indirect or undistributed operating expenses are often unaffected by the cost-cutting efforts that rely on traditional budgeting techniques.

Kreul describes how zero-base budgeting has been a useful tool in controlling these indirect expenses. He notes that many corporations and government agencies have already successfully implemented this relatively new budgeting technique. In this article, the author illustrates some applications of zero-base budgeting to the hotel industry and shows the importance of this technique to managers in the industry.

The importance of capital budgeting techniques used by managers in the hospitality industry was discussed by Eyster and Geller (1981) in a journal article. In that article, the authors describe the purchase of long-lived assets as among the most important decisions made in any business. Their study attempted to determine how these decisions were made in the hospitality industry. Surveys of hospitality operations were conducted in 1975 and 1980 in order to gather data.

The surveys were sent to 1,071 individuals based on a systematic sample drawn from the Directory of Hotels and

Motels published by the American Hotel and Motel Association. The sample included individuals employed by chain operations, general hotel operations and restaurants.

The respondents were asked eight multiple-choice questions as well as open-ended questions such as whether there was a plan for evaluating capital-budgeting decisions, how often alternatives were evaluated, and the types of capital budgeting techniques that were used.

The results of the survey show that although the more sophisticated techniques were being used more widely in 1980 than in 1975, the hospitality industry still relies heavily on naive and often misleading capital budgeting techniques.

The authors caution industry managers that failure to adopt the more sophisticated techniques places the industry at a disadvantage in relation to other industries that have already adopted these techniques. The authors noted in the article that the general hotel sample reported using the least sophisticated techniques of the three samples surveyed.

The hospitality industry has witnessed an increased domination within it by multi-unit companies. This is particularly visible in the food service segment of the industry. Schmidgall and Ninemeier (1986) point to the growing need for managers to be familiar with the coordination of budgeting activities at different management levels in the food service area of the industry.

Two journal articles have been written on the importance of cost control to hospitality managers. Geller and

Schmidgall (1980) discuss the advantage which management decision-makers have as a result of making better use of information that they already have.

Financial decision-makers gather accounting information for the problem-solving process. An important source of information is the full cost of operating departments. Cost allocation is the process of spreading the "fair share" of general overhead costs to departments.

The authors review the process of cost allocation in the manufacturing sector over the years. They point out that this technique has not been implemented much in the hospitality industry to date. They describe the three basic methods of cost allocation that have been recommended by the Uniform System of Accounts for Hotels: the direct, step, and formula methods. These three methods are presented and examples given.

They then enumerate the advantages that would accrue to firms that would employ these techniques. They state that cost allocation would be beneficial in the areas of pricing, marketing, strategy, expansion and cutback, and staffing.

The authors caution that the more sophisticated cost allocation techniques should be subject to a cost-benefit analysis by the firm before implementation. They believe that these techniques can become an invaluable tool for general and department managers in the industry once the managers take the time to learn to use the techniques.

Selling and Ferguson (1983) explain the importance of cost control to managers in the hospitality industry in a

related article directed at the food and beverage cost area. In this article, the authors modify the technique of cost-variance analysis that was developed by manufacturing firms and apply it to the hospitality industry.

They provide a detailed framework for analysis for hospitality industry managers that when mastered, can provide information that was largely unavailable previously.

An increasingly popular format for the statement of changes in financial position is the statement of changes in cash. The manager who is knowledgeable in the use of this tool has a very valuable aid for managing his or her department or division. Geller and Heath (1981) review the history of the statement of "cash receipts and payments." They point out the increasing pressure from both the SEC and the FASB to require companies to include this statement along with the balance sheet and the income statement. They note that the uniqueness of the statement is that it reports cash-flow information.

The inclusion of this statement in the financial reports would result in better decision-making by providing users with more relevant and useful information. The authors also point out that the importance of this statement will increase as the growth of management contracts increases.

Summary

This review of literature outlines the procedures for college curriculum development. The research indicates that

input from the "workplace" is one valuable source of information for the development of that curriculum.

The review of literature also reveals that no apparent work has been done in which a selected group of managerial accounting skills has been presented to managers in either the hospitality or other industry wherein managers or controllers were asked to rate the importance of those skills to the manager's jobs.

However, the literature does note at least in piecemeal fashion, that certain managerial accounting skills are either (1) integrated into management development programs of non-accounting managers, or (2) are considered by managers to be important to the successful performance of their jobs.

CHAPTER III

RESEARCH PROCEDURES

Introduction

This chapter deals with the research design of the study. The items discussed include: the population, the sample and sampling technique, the procedures used to develop the research instrument, the survey, the pilot study, and the analysis of data.

Population

The population for this study consisted of two distinct groups, controllers and managers employed in the lodging segment of the hospitality services industry. The managers were selected from a current membership list of the American Hotel & Motel Association (AH&MA). The AH&MA membership list was chosen because it is a voluntary international organization that includes managers from all major lodging establishments. A modified membership list was used which included only managers who were employed by establishments with two-hundred and fifty rooms or more. This AH&MA membership list included 1,218 members.

Since the membership list of the second group, the controllers, tended to include individuals employed by large (over 250 rooms) establishments, it was felt that the data collected would be more comparable if only the managers of the large (over 250 room) establishments were surveyed.

The controllers were selected from the current membership list of the International Association of Hospitality Accountants (IAHA). This membership list included approximately 1,500 members.

Sample and Sampling Technique

The size of the sample was determined in consultation with professors of research and the Office of Research Consultation at Michigan State University. All believed that a sample of four hundred subjects from each population would be adequate for establishing a valid opinion consensus for a study of this type.

Based on an AH&MA membership list of 1,218 people, a sample of four hundred would represent about a third of the entire membership. Since the membership list of the IAHA included approximately 1500 members, a sample of four hundred would represent about twenty seven percent of the membership of that organization.

The size of the sample relative to the population for each of the two groups should also attest to the adequacy of the opinion consensus in this study. Systematic sampling was used to obtain random samples from the two populations. Babbie (1973) states that systematic sampling with a random start can be identical to a simple random sample.

The following sampling procedure was suggested by the Office of Research Consultation at Michigan State University. In selecting the sample from the AH&MA population, a number

was chosen from a table of random numbers. This number represented the starting page number for the managers' sample. Next, an additional number was selected from the table of random numbers in order to determine the pattern of sample selection. Since the number three was chosen, every third manager was drawn until a sample of 400 was compiled.

The same systematic sampling procedure was used to select the sample from the IAHA population. Once again, the first number chosen from the table of random numbers represented the starting page of the IAHA membership list to be used in the process. The next number chosen, six, meant that every sixth member of the population would be selected for the controllers' portion of the study.

The IAHA list included a number of individuals who resided in countries other than the United States. These individuals were not included as potential respondents. The list also included individuals who were not employed by lodging establishments such as accountants working for CPA firms in the lodging industry. Both of the above-mentioned types of individuals, if encountered in the sampling process, were not included in the sample; instead, the individual immediately following that individual was selected. This was done in order to attempt to gather data only from hotel controllers.

Procedures Used to Develop the Survey

The data was collected for this descriptive research study through two questionnaires. The questionnaires

consisted of two parts, the first asking respondents to provide information on numerous demographic items such as current position and size of lodging establishment. The second part of the questionnaires consisted of a list of managerial accounting skills. The skills included on the questionnaires were selected from the skills covered in text books typically used in teaching Financial Management of Hospitality Services at the college level. These included Hospitality Industry Managerial Accounting (Schmidgall, 1986), Hospitality Management Accounting (Coltman, 1978), and Managerial Accounting for the Hospitality Services (Fay, Rhoads & Rosenblatt, 1976).

The syllabi of several instructors who teach hospitality management accounting at various United States colleges were also examined in order to determine the appropriateness of this list. These colleges included the School of Hotel and Restaurant Management at the University of Denver; Purdue University's Department of Restaurant, Hotel and Institutional Management; the University of Hawaii; the College of Hotel Administration at the University of Nevada; the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston-University Park; the School of Hotel, Restaurant and Travel Administration at Georgia State University; the School of Hotel Restaurant and Institutional Management at Michigan State University; and the Marketing and Hospitality Services Administration department at Central Michigan University. All of the schools mentioned were among

the major hospitality schools in the nation. Six of the eight schools listed above were rated in the top eleven leading hospitality education programs in the 1987 national survey of hospitality educators done by the University of New Orleans.

The Survey

The questionnaires used in this study are included in Appendices A and B of this study. Both questionnaires consisted of two parts:

Part I: Demographic Data

In this part, respondents were asked to provide information in the following areas: current position, number of years in current position, education, size of lodging establishment in total annual sales dollars, size of lodging establishment in number of rooms, and professional certifications held.

Part II: Rating of Managerial Accounting Skills

In this part, respondents were asked to rate on a five-point Likert scale the importance of selected managerial accounting skills. The scale ranged from not important to extremely important. A five-point Likert scale was chosen because Tull and Hawkins (1976) state that at least five categories should be offered as choices. Adams and Schvaneveldt (1985) note that "the most commonly used number of categories is five, with the number three providing a

clear midpoint for the range."

Both groups were asked how important these skills were to managers in the performance of their jobs. A list of definitions was included with the questionnaire to assist the respondents. A copy of this definition sheet is included in Appendix C of this study.

Pilot Study

Before doing the study itself, a pilot study was conducted involving ten managers and ten controllers from various parts of the United States. The individuals used in the pilot study were selected at random from the AHAMA and IAHA membership lists. The ten managers were from nine different states and controllers happened to be from ten different states. The subjects were asked to complete the questionnaire and evaluate it with regard to its clarity, terms used, appropriateness of the accounting skills listed, and to make general observations that might improve its quality. A cover letter was included with each survey that briefly explained the nature of the study and its usefulness to the industry. A copy of the cover letter that accompanied this mailing is included in Appendix D of this study. The individuals surveyed were provided with an addressed, postage-paid return envelope.

Sixty percent of the managers (six out of ten) and forty percent (four out of ten) of the controllers responded. Only one suggestion was made by one of the managers in the pilot

study. It was suggested that in part I of the questionnaire items four and five be changed from "size of company" to "size of hotel." Items four and five were in fact changed to "size of lodging facility." A copy of the questionnaire used in the pilot study is included in Appendix E of this study.

Collection of Data

Following the pilot study, the revised questionnaire was mailed to the four hundred members of the two groups, controllers and managers. To encourage participation, an addressed, postage-paid, business reply envelope was included with the questionnaire. The definition sheet that was included in the pilot study mailing was also included in this mailing. The cover letter that accompanied this is included in Appendix F.

The questionnaires were prenumbered in the upper right hand corner so that nonrespondents could be identified for a follow-up mailing. Once a survey was returned and logged in, the corner of the survey containing the number was cut off in order to insure anonymity of responses.

The first group of 800 surveys was mailed on June 30, 1987, in Mt. Pleasant, Michigan. By July 25, 1987, 107 (27 percent) managers and 65 controllers (16 percent) had responded to the first mailing. In order to increase participation in the study, a second mailing was conducted. Nonrespondents from the first mailing were identified and an identical questionnaire to the first, as well as another definition sheet and business reply envelope were included in

this mailing.

A new cover letter was included that referred to the original mailing and expressed the importance to the study of increasing the response percentage. A copy of that cover letter is included in Appendix G of this study.

As in the first mailing, once a survey was returned and logged in, the upper right hand corner of the survey containing the number was removed. By August 25, 1987, 180 managers (46 percent) and 135 controllers (35 percent) had responded from the two mailings. According to Ferber (1974), there is no level of response that is automatically sufficient to insure that the sample would accurately represent the population from which it was drawn. He states, rather, that the response rate should be judged by the survey and the goals and standards set by the researcher.

Analysis of Data

Data received from the respondents was analyzed using the Statistical Package for the Social Sciences (SPSS) and the Central Michigan University Control Data Corporation Cyber Academic Computer in Mt. Pleasant, Michigan.

Research professors and the Office of Research Consultation believed that the data should be analyzed using the following SPSS programs: FREQUENCIES with STATISTICS, T-TEST, and ANALYSIS of VARIANCE. Hays (1981) states that the values of .05 or .01 are ordinarily chosen for testing hypotheses. Borg and Gall (1984) note that educational

researchers will generally reject the null hypothesis if it is significant at the .05 level. Research personnel at Michigan State University also believed that a .05 level of significance was considered appropriate for this study.

Next, the issue of nonresponse bias was addressed. Babbie (1979, p. 155) states that although there are rough guidelines for adequate return rates, these guidelines have no statistical basis. He goes on to point out that a demonstrated lack of response bias is far more important than a high response rate.

Babbie (1979, p. 165) states that questionnaires that are returned because of a bad address and the like should be deducted from the original sample when calculating response rate. Based on this technique, the 315 respondents represent a 41% response rate.

Oppenheimer (1966) suggests that there are two approaches for determining whether a nonresponse bias exists. First, one could compare respondents with nonrespondents in terms of geographic location, date of birth, qualifications etc. Secondly, one could compare the responses of early respondents with those of late respondents. Oppenheimer indicates that respondents who submit questionnaires very late roughly approximate nonrespondents.

If it can be shown that responses from late respondents do not differ from those of early respondents, then one can assume that nonresponse bias is not present. Since data was not available to test for nonresponse bias based on the first approach, the second approach was used.

To test for nonresponse bias, t-tests were conducted between the early and late respondents. The questionnaires were divided in half chronologically for both groups and the null hypothesis of no differences was tested at the .05 alpha level. In general, early and late respondents did not appear to differ in their responses. Therefore, the assumption was reached that the results of the study are adequately generalizable to the population from which the samples were drawn. Studies have been done (Olivo, 1982, Utecht, 1985) that have had response rates similar to this study and have been considered adequate.

CHAPTER IV

FINDINGS

Introduction

This chapter presents the findings which resulted from the responses of the managers and controllers who participated in the study. Of the 800 questionnaires mailed, 339 (42.4 percent) were returned. Of those returned, eleven came back because of an incorrect address, five were received too late to be included in the study, five responded that they did not want to participate in the study, two stated that they didn't respond because of company policy, and one was returned because the individual was a consultant and didn't feel he fit either the manager or the controller category.

The findings reported in this chapter were based on a response of 315 which included 180 managers and 135 controllers for a total usable response rate of 41 percent. The results of the demographic items from Part I of the questionnaire are presented first. Managers and controllers were asked to provide information on the following six items:

1. Current Position of Managers and Controllers
2. Number of Years in Current Position
3. Level of Education
4. Size of Lodging Facility in Annual Sales Dollars
5. Size of Lodging Facility in Number of Rooms
6. Certifications Held

The results of the demographic items are followed by the results of Part II of the questionnaire, that is, the ratings of the managerial accounting skills.

Manager, Controller, and Company Demographics

Current Position of Managers. Most of the managers who participated in the study were general managers of lodging facilities. One hundred and fifty six of the managers (86.6 percent) who responded were general managers, 10 (5.6 percent) were department managers, 2 (1.1 percent) were assistant managers, and 12 (6.7 percent) held other positions such as owner, vice-president or president but were functioning as managers. This is shown in Table 1 below.

TABLE 1
CURRENT POSITION OF LODGING MANAGERS
(n=180)

<u>Current Position</u>	<u>Responses</u>	<u>Percent of Responses</u>
General Manager	156	86.6
Department Manager	10	5.6
Assistant Manager	2	1.1
Other	<u>12</u>	<u>6.7</u>
Total	180	100.0

Number of years as a manager. Table 2 below shows how the responses to this item on the survey were distributed among the four categories offered as choices. The responses to this item indicate that 57.8 percent of the managers who participated in this study had over 10 years of experience as managers.

TABLE 2
YEARS OF EXPERIENCE AS A MANAGER
(n=180)

<u>Years of Experience</u>	<u>Responses</u>	<u>Percent of Responses</u>
0 - 5	28	15.6
Between 5 and 10	48	26.7
Between 10 and 15	49	27.2
More than 15	<u>55</u>	<u>30.6</u>
Total	180	100.0

Years of education of managers. As indicated in Table 3, 83.9 percent of the managers who participated in this study had at least two years of college education. All but eleven of the participants had some college education. Eighty-three (46.1 percent) of the managers had between two and four years of college while sixty-eight (37.8 percent) had more than four years of college.

TABLE 3
YEARS OF EDUCATION OF MANAGERS
(n=180)

<u>Years of Education</u>	<u>Responses</u>	<u>Percent of Responses</u>
High School	11	6.1
0 - 2 Years of College	17	9.4
Between 2 and 4 Years	83	46.1
More than 4 Years	68	37.8
Missing	<u>1</u>	<u>.6</u>
Total	180	100.0

Size of manager's lodging facility in total annual sales dollars. The managers were not given categories to check for this item on the questionnaire. Rather, they were asked to write in the space provided the dollar amount of their establishment's total annual sales volume. The dollar figures that they reported were then rounded to the nearest million and grouped into three categories. The first category covered annual sales of from one to eight million, the second category covered sales of from nine to sixteen million, and the third category covered sales over seventeen million.

The actual dollar sales reported by the managers are included in Appendix H of this paper. Table 4 summarizes the responses of the managers to this item on the survey.

TABLE 4

SIZE OF MANAGER'S LODGING FACILITY
IN MILLIONS OF DOLLARS OF ANNUAL SALES

(n=180)

<u>Annual Sales in Millions of Dollars</u>	<u>Responses</u>	<u>Percent of Responses</u>
1 - 8	62	34.4
9 - 16	53	29.4
Over 17	<u>65</u>	<u>36.2</u>
Total	180	100.0

Size of manager's lodging facility in numbers of rooms.

As revealed in Table 5, the responses of managers who participated in this study were unevenly distributed over the choices on the questionnaire. The membership list used to select the managers for this study was supposed to include only individuals who worked for establishments of over 250 rooms. Eight (4.4 percent) of the managers responding indicated they worked for establishments under 250 rooms. Apparently these eight managers were erroneously included on the list or worked for establishments that reduced their number of rooms available subsequent to the compilation of the membership list. Most of the managers worked for establishments with from 251-500 rooms. Almost 90 percent of the managers worked for establishments with from 251-1000 rooms.

TABLE 5
SIZE OF MANAGER'S LODGING FACILITY
IN NUMBER OF ROOMS

(n=180)

<u>Number of Rooms</u>	<u>Responses</u>	<u>Percent of Responses</u>
0 - 250	8	4.4
251 - 500	121	67.2
501 - 1000	39	21.7
Over 1000	11	6.1
Missing	<u>1</u>	<u>.6</u>
Total	180	100.0

Certification of managers. As revealed in Table 6, most of the managers in this study held no certifications. Slightly over twenty-four percent of the managers reported to be Certified Hotel Administrators. Four of the managers reported certifications other than the Certified Hotel Administrator such as Certified Real Estate Broker or Certified Food and Beverage Executive.

TABLE 6
CERTIFICATION OF MANAGERS
(n=180)

<u>Certification</u>	<u>Responses</u>	<u>Percent of Responses</u>
Certified Hotel Administrator	62	34.4
Other	4	2.2
None	<u>114</u>	<u>63.2</u>
Total	180	100.0

Demographics relating to the controllers' survey

Current position of controllers. One hundred and two (75.6 percent) of the respondents from the controller's sample in this study held the title of controller. The rest of the respondents held a variety of positions but functioned as controllers. These other positions included treasurer, vice-president of finance, or financial planning director. Table 7 summarizes this data.

TABLE 7
CURRENT POSITION OF CONTROLLERS
(n=135)

<u>Current Position</u>	<u>Responses</u>	<u>Percent of Responses</u>
Controller	102	75.6
Assistant Controller	15	11.1
Other	<u>18</u>	<u>13.3</u>
Total	135	100.0

Number of years as a lodging controller. Table 8 denotes that 40.7 percent of the controllers that responded to the survey had between 0 - 5 years of experience as controllers. Almost 30 percent of the controllers who responded had over 10 years of experience as controllers. Table 8 below summarizes the experience levels of the controllers who participated in the study.

TABLE 8
YEARS OF EXPERIENCE AS A CONTROLLER
(n=135)

<u>Years of Experience</u>	<u>Responses</u>	<u>Percent of Responses</u>
0 - 5	55	40.7
Between 5 and 10	38	28.1
Between 10 and 15	21	15.6
More than 15	19	14.1
Missing	<u>2</u>	<u>1.5</u>
Total	135	100.0

Years of education of controllers. Table 9 illustrates the educational level of the controllers who participated in this study. All but one of the 135 responding had at least some college education. Most respondents reported having between 2 and 4 years of college education. This group included 63 controllers which was 46.7 percent of the total. Over 88 percent of the controllers had at least two to four years of college education. Table 9 below summarizes the experience levels of the controllers involved in the study.

TABLE 9
YEARS OF EDUCATION OF CONTROLLERS
(n=135)

<u>Years of Education</u>	<u>Responses</u>	<u>Percent of Responses</u>
High School	1	.7
0 - 2 Years of College	15	11.1
Between 2 and 4 Years	63	46.7
More than 4 Years	<u>56</u>	<u>41.5</u>
Total	135	100.0

Size of controller's lodging facility in total annual sales dollars. As in the case of the managers, the controllers were not given categories to check for this item on the questionnaire. Rather, they were asked to write in the space provided the dollar amount of their facility's total annual sales volume. The dollar figures that they reported were then rounded to the nearest million and grouped into three categories. The first category covered annual sales of from 1 - 12 million, the second from 13 - 24 million, and the third covered sales over 25 million. Table 10 below summarizes the responses of the controllers to this item on the questionnaire. The actual dollar sales reported by the controllers are included in Appendix I.

TABLE 10

SIZE OF CONTROLLER'S LODGING FACILITY IN
MILLIONS OF DOLLARS OF ANNUAL SALES

(n=135)

<u>Annual Sales in Millions of Dollars</u>	<u>Responses</u>	<u>Percent of Responses</u>
1 to 12	47	34.8
13 to 24	35	25.9
Over 25	<u>53</u>	<u>39.2</u>
Total	135	100.0

Size of controller's lodging facility in number of rooms. As revealed by Table 11, the largest number of controllers in this study were employed by facilities with from 251 to 500 rooms (61 out of 135 or 45.9 percent). Fewer than 10 percent of the controllers were employed by small establishments, that is, 0 - 250 rooms (13 out of 135 or 9.8 percent) and a small number worked for very large operations with over 1000 rooms (20 out of 135 or only 15 percent). Table 11 below summarizes the rest of the data from this item on the questionnaire.

TABLE 11
SIZE OF CONTROLLER'S LODGING FACILITY
IN NUMBER OF ROOMS

(n=135)

<u>Number of Rooms</u>	<u>Responses</u>	<u>Percent of Responses</u>
0 - 250	13	9.8
251 - 500	61	45.9
501 - 1000	38	28.6
Over 1000	20	15.0
Missing	<u>3</u>	<u>.8</u>
Total	135	100.0

Certifications of controllers. The most common certification found among the controllers who responded to this study was Certified Public Accountant (20.7 percent) with Certified Hotel Accountant Executive the second most common (13.3 percent). The majority of the controllers (63 percent) held no certification. Table 12 below summarizes the data from this item on the questionnaire.

TABLE 12
CERTIFICATIONS OF CONTROLLERS
(n=135)

<u>Certification</u>	<u>Responses</u>	<u>Percent of Responses</u>
Certified Public Accountant	28	20.7
Certified Management Accountant	2	1.5
Certified Internal Auditor	0	0.0
Certified Hotel Accountant Executive	18	13.3
Other	2	1.5
None	<u>85</u>	<u>63.0</u>
Total	135	100.0

Presentation of Ratings of Skills by Controllers and Managers

Table 13 presents the ratings of the managerial accounting skills by the managers who participated in the study. These tables indicate that a facility with operating budgets is rated very high in importance by the managers. None of the 180 managers rated this skill as not important while 61.7 percent rated this skill extremely important and 90.6 percent rated it either extremely important or very important.

None of the managers indicated that use of the analysis of variance skill (a report illustrating deviations from budgets or standards) was not important while 83.3 percent rated it either extremely important or very important. None indicated that skill involving the income statement was not important while 81.7 percent rated it either extremely important or very important.

None of the managers reported that financial forecasting skill was not important while 82.8 percent rated it either extremely important or very important. None of the managers indicated that inventory management was not important.

Table 14 presents the ratings of the managerial accounting skills by the controllers who responded to the survey. This table shows that none of the controllers reported that facility with operating budgets was not important while 85.2 percent stated that they were either extremely important or very important. None of the controllers in the study indicated that pricing was not important.

Table 15 presents the ratings of the managerial accounting skills for both the managers and controllers combined. These tables indicate that none of the 315 individuals surveyed in the study reported that the operating budget skill was not important while 88.2 percent reported that they were either extremely important or very important. None of the 315 respondents in the study stated that the income statement skill was not important while 84.4 percent of the total respondents indicated that it was either extremely important or very important.

TABLE 13
RATING OF MANAGERIAL ACCOUNTING SKILLS BY MANAGERS

MANAGERIAL ACCOUNTING SKILL																					
	N	NI	\$	N	SI	\$	N	I	\$	N	VI	\$	N	EI	\$	N	M	\$	N	T	\$
Break Even Analysis	7	3.9	19	19	10.6	45	25.0	45	25.0	51	28.3	13	7.2	180	100.0	180	100.0	180	100.0	180	100.0
Capital Budgeting	3	1.7	9	9	5.0	33	18.3	72	40.0	62	34.4	1	.6	180	100.0	180	100.0	180	100.0	180	100.0
Cash Budgeting	3	1.7	8	8	4.4	36	20.0	71	39.4	61	33.9	1	.6	180	100.0	180	100.0	180	100.0	180	100.0
Flexible Budgeting	3	1.7	27	15.0	54	30.0	63	35.0	26	14.4	7	3.9	180	100.0	180	100.0	180	100.0	180	100.0	
Operating Budgets	0	0.0	2	1.1	15	8.3	52	28.5	111	61.7	0	0.0	180	100.0	180	100.0	180	100.0	180	100.0	
Analysis of Variance	0	0.0	1	.6	27	15.0	63	35.0	87	48.3	2	1.1	180	100.0	180	100.0	180	100.0	180	100.0	
Balance Sheet	7	3.9	32	17.8	45	25.0	56	31.1	39	21.7	1	.6	180	100.0	180	100.0	180	100.0	180	100.0	
Income Statement	0	0.0	4	2.2	28	15.6	57	31.7	90	50.0	1	.6	180	100.0	180	100.0	180	100.0	180	100.0	
Sources & Uses of Funds	4	2.2	19	10.6	56	31.1	54	30.0	45	25.0	2	1.1	180	100.0	180	100.0	180	100.0	180	100.0	
Financial Forecasting	0	0.0	2	1.1	28	15.6	63	35.0	86	47.8	1	.6	180	100.0	180	100.0	180	100.0	180	100.0	
Internal Auditing	1	.6	13	7.2	65	36.1	66	36.7	35	19.4	0	0.0	180	100.0	180	100.0	180	100.0	180	100.0	
Inventory Management	0	0.0	9	5.0	57	31.7	85	47.2	29	16.1	0	0.0	180	100.0	180	100.0	180	100.0	180	100.0	
Payroll Accounting	6	3.3	19	10.6	53	29.4	55	30.6	47	26.1	0	0.0	180	100.0	180	100.0	180	100.0	180	100.0	
Pricing	1	.6	4	2.2	35	19.4	65	36.1	75	41.7	0	0.0	180	100.0	180	100.0	180	100.0	180	100.0	
Ratio Analysis	2	1.1	27	15.0	70	38.9	59	32.8	20	11.1	2	1.1	180	100.0	180	100.0	180	100.0	180	100.0	
Federal Tax	15	8.3	50	27.8	69	38.3	20	11.1	20	11.1	6	3.3	180	100.0	180	100.0	180	100.0	180	100.0	
Payroll Tax	14	7.8	46	25.6	71	39.4	20	11.1	23	12.8	6	3.3	180	100.0	180	100.0	180	100.0	180	100.0	
Property Tax	14	7.8	49	27.2	68	37.8	21	11.7	22	12.2	6	3.3	180	100.0	180	100.0	180	100.0	180	100.0	

NI=Not Important, SI=Somewhat Important, I=Important, VI=Very Important, EI=Extremely Important, M=Missing, T=Totals, N=Number

TABLE 14

RATING OF MANAGERIAL ACCOUNTING SKILLS BY CONTROLLERS

MANAGERIAL ACCOUNTING SKILL	NI	N	SI	N	I	N	VI	N	EI	N	M	N	T
Break Even Analysis	5	3.7	24	17.8	53	39.3	33	24.4	16	11.9	4	3.0	135
Capital Budgeting	1	.7	8	5.9	23	17.0	62	45.9	37	27.4	4	3.0	135
Cash Budgeting	1	.7	10	7.4	24	17.8	39	28.9	59	43.7	2	1.5	135
Flexible Budgeting	9	6.7	18	13.3	49	36.3	26	19.3	22	16.3	11	8.1	135
Operating Budgets	0	0.0	4	3.0	14	10.4	52	38.5	63	46.7	2	1.5	135
Analysis of Variance	3	2.2	5	3.7	23	17.0	41	30.4	59	43.7	4	3.0	135
Balance Sheet	6	4.4	22	16.3	28	20.7	34	25.2	42	31.1	3	2.2	135
Income Statement	0	0.0	4	3.0	10	7.4	45	33.3	75	55.6	1	.7	135
Sources & Uses of Funds	9	6.7	19	14.1	31	23.0	39	28.9	34	25.2	3	2.2	135
Financial Forecasting	2	1.5	5	3.7	26	19.3	46	34.1	52	38.5	4	3.0	135
Internal Auditing	7	5.2	10	7.4	46	34.1	42	31.1	29	21.5	1	.7	135
Inventory Management	1	.7	13	9.6	44	32.6	49	36.3	26	19.3	2	1.5	135
Payroll Accounting	5	3.7	12	8.9	43	31.9	38	28.1	35	25.9	2	1.5	135
Pricing	0	0.0	9	6.7	42	31.1	48	35.6	32	23.7	4	3.0	135
Ratio Analysis	9	6.7	29	21.5	57	42.2	25	18.5	12	8.9	3	2.2	135
Federal Tax	21	15.6	29	21.5	35	25.9	25	18.5	19	14.1	6	4.4	135
Payroll Tax	15	11.1	24	17.8	40	29.6	28	20.7	22	16.3	6	4.4	135
Property Tax	15	11.1	29	21.5	33	24.4	31	23.0	23	17.0	4	3.0	135

NI=Not Important, SI=Somewhat Important, I=Important, VI=Very Important, EI=Extremely Important, M=Missing, T=Totals, N=Number

TABLE 15

RATING OF MANAGERIAL ACCOUNTING SKILLS BY MANAGERS AND CONTROLLERS

MANAGERIAL ACCOUNTING SKILL																					
	N	NI	%	N	SI	%	N	I	%	N	VI	%	N	EI	%	N	M	%	N	T	%
Break Even Analysis	12	3.8	43	13.7	98	31.1	78	24.8	67	21.3	17	5.4	315	100.0							
Capital Budgeting	4	1.3	17	5.4	56	17.8	134	42.5	99	31.4	5	1.6	315	100.0							
Cash Budgeting	4	1.3	18	5.7	60	19.0	110	34.9	120	38.1	3	1.0	315	100.0							
Flexible Budgeting	12	3.8	45	14.3	103	32.7	89	28.3	48	15.2	18	5.7	315	100.0							
Operating Budgets	0	0.0	6	1.9	29	9.2	104	33.0	172	55.2	2	.6	315	100.0							
Analysis of Variance	3	1.0	6	1.9	50	15.9	104	33.0	146	46.3	6	1.9	315	100.0							
Balance Sheet	13	4.1	54	17.1	73	23.2	90	28.6	81	25.7	4	1.3	315	100.0							
Income Statement	0	0.0	8	2.5	38	12.1	102	32.4	165	52.4	2	.6	315	100.0							
Sources & Uses of Funds	13	4.1	38	12.1	87	27.6	93	29.5	79	25.1	5	1.6	315	100.0							
Financial Forecasting	2	.6	7	2.2	54	17.1	109	34.6	138	43.8	5	1.6	315	100.0							
Internal Auditing	8	2.5	23	7.3	111	35.2	108	34.3	64	20.3	1	.3	315	100.0							
Inventory Management	1	.3	22	7.0	101	32.1	134	42.5	55	17.5	2	.6	315	100.0							
Payroll Accounting	11	3.5	31	9.8	96	30.5	93	24.5	82	26.0	2	.6	315	100.0							
Pricing	1	.3	13	4.1	77	24.4	113	35.9	107	34.0	4	1.3	315	100.0							
Ratio Analysis	11	3.5	56	17.8	127	40.3	84	26.7	32	10.2	5	1.6	315	100.0							
Federal Tax	36	11.4	79	25.1	104	33.0	45	14.3	39	12.4	12	3.8	315	100.0							
Payroll Tax	29	9.2	70	22.2	111	35.2	48	15.2	45	14.3	12	3.8	315	100.0							
Property Tax	29	9.2	78	24.8	101	32.1	53	16.5	45	14.3	10	3.2	315	100.0							

NI=Not Important, SI=Somewhat Important, I=Important, VI=Very Important, EI=Extremely Important, M=Missing, T=Totals, N=Number

Ranking of Skills by Controllers and Managers

The mean values of the skills were determined by applying the following weights to the categories in Part II of the questionnaire:

Not Important	= 1
Somewhat Important	= 2
Important	= 3
Very Important	= 4
Extremely Important	= 5

The following three tables (Tables 16, 17, and 18) provide a ranking of these managerial accounting skills for the controllers and managers combined, managers, and controllers respectively. These tables indicate that both groups place operating budgets, income statement, and analysis of variance (a report illustrating deviations from budget or standards) as the top three skills. Controllers chose the income statement as number one, operating budgets as number two and analysis of variance as number three. Managers, on the other hand, chose operating budgets first, followed in order by analysis of variance and the income statement. When looking at the six top ranked skills, five of the six were the same for both groups. Both managers and controllers included along with the top three skills, financial forecasting and capital budgeting. The two groups differed in that the managers included pricing in the top six skills while controllers included cash budgeting.

Both managers and controllers ranked the following skills in the bottom four: ratio analysis, payroll tax, property tax, and federal income tax.

The managerial accounting skills chosen for this study are evidently skills that are perceived to be very useful to the lodging managers. Neither the managers nor the controllers as a group rated any of the skills as being in the last two categories, namely, somewhat important or not important.

All of the skills listed on the questionnaire, therefore, were rated by both groups as being either important or very important to managers in the lodging segment of the hospitality industry. These tables indicate that the range of mean values for these skills is from 2.885 to 4.511 for the managers, from 2.938 to 4.425 for the controllers.

TABLE 16
RANKING OF SKILLS BY MEAN VALUE - MANAGERS
AND CONTROLLERS COMBINED

<u>Rank</u>	<u>Skill</u>	<u>Mean Value</u>
1.	Operating Budgets	4.425
2.	Income Statement	4.355
3.	Analysis of Variance	4.243
4.	Financial Forecasting	4.206
5.	Cash Budgeting	4.038
6.	Pricing	4.003
7.	Capital Budgeting	3.999
8.	Inventory Management	3.703
9.	Payroll Accounting	3.652
10.	Internal Auditing	3.627
11.	Sources and Uses of Funds	3.603
12.	Balance Sheet	3.553
13.	Break Even Analysis	3.487
14.	Flexible Budgets	3.391
15.	Ratio Analysis	3.226
16.	Payroll Tax	3.033
17.	Property Tax	3.020
18.	Federal Income Tax	2.908

TABLE 17
RANKING OF SKILLS BY MEAN VALUE - MANAGERS

<u>Rank</u>	<u>Skill</u>	<u>Mean Value</u>
1.	Operating Budgets	4.511
2.	Analysis of Variance	4.326
3.	Income Statement	4.302
4.	Financial Forecasting	4.302
5.	Pricing	4.161
6.	Capital Budgeting	4.011
7.	Cash Budgeting	4.000
8.	Inventory Management	3.744
9.	Break Even Analysis	3.683
10.	Internal Auditing	3.672
11.	Payroll Accounting	3.656
12.	Sources and Uses of Funds	3.656
13.	Balance Sheet	3.492
14.	Flexible Budgets	3.474
15.	Ratio Analysis	3.382
16.	Payroll Tax	2.954
17.	Property Tax	2.931
18.	Federal Income Tax	2.885

TABLE 18

RANKING OF SKILLS BY MEAN VALUE - CONTROLLERS

<u>Number</u>	<u>Skill</u>	<u>Mean Value</u>
1.	Income Statements	4.425
2.	Operating Budgets	4.308
3.	Analysis of Variance	4.130
4.	Cash Budgeting	4.090
5.	Financial Forecasting	4.076
6.	Capital Budgeting	3.962
7.	Pricing	3.786
8.	Payroll Accounting	3.647
9.	Balance Sheet	3.636
10.	Inventory Management	3.647
11.	Internal Auditing	3.567
12.	Sources and Uses of Funds	3.530
13.	Flexible Budgets	3.274
14.	Break Even Analysis	3.237
15.	Payroll Tax	3.140
16.	Property Tax	3.140
17.	Ratio Analysis	3.015
18.	Federal Income Tax	2.938

Hypothesis Testing

Hypothesis 1: There are no significant differences between the perceptions of managers and controllers when rating the importance of managerial accounting skills.

This hypothesis was tested by means of the T-test. Each of the 18 managerial accounting skills was tested based on the managers' versus controllers' responses. The means for the skills based on the managers' responses were compared to the means for the skills based on the controllers responses using .05 as the level of significance. Table 19 below indicates that null hypothesis number one is rejected in five of the eighteen skills. Significant differences between the two groups were found in break-even analysis, pricing, ratio analysis, operating budgets and financial forecasting. In all five, the managers rated the skills higher than the controllers. Null hypothesis number one cannot be rejected for the other thirteen skills.

TABLE 19

T-TEST RESULTS ON DIFFERENCES IN PERCEPTIONS BETWEEN
MANAGERS AND CONTROLLERS WHEN RATING THE IMPORTANCE
OF MANAGERIAL ACCOUNTING SKILLS

<u>Skill</u>	Mean Value <u>For Managers</u>	Mean Value <u>For Controllers</u>	2-Tail <u>Prob.</u>
Break Even Analysis	3.683	3.236	.000*
Capital Budgeting	4.011	3.961	.637
Cash Budgeting	4.000	4.090	.418
Flexible Budgeting	3.474	3.274	.116
Operating Budgets	4.511	4.308	.018*
Analysis of Variance	4.325	4.129	.058
Balance Sheet	3.492	4.636	.287
Income Statement	4.302	4.425	.268
Sources of Funds	3.657	3.530	.334
Financial Forecasting	4.302	4.076	.026*
Internal Auditing	3.672	3.567	.357
Inventory Management	3.744	3.647	.327
Payroll Accounting	3.656	3.647	.942
Pricing	4.161	3.786	.000*
Ratio Analysis	3.382	3.015	.001*
Federal Tax	2.885	2.938	.707
Payroll Tax	2.954	3.140	.180
Property Tax	2.931	3.137	.139

*Alpha less than .05

Hypothesis 2: There are no significant differences among the perceptions of controllers having 0-5, between 5 and 10, between 10 and 15, or more than 15 years of experience when rating the importance of certain managerial accounting skills.

Null hypothesis number two cannot be rejected for 17 of the 18 skills tested. However, for the pricing skill, null hypothesis number two is rejected. The number of respondents and the corresponding means for the four groups of controllers are presented in Table 20. The mean value increases from the first to the fourth category indicating that as a controller gains more experience, he or she believes that pricing is more important to managers.

TABLE 20
MEAN VALUE FOR CONTROLLERS' RESPONSES
BY YEARS OF EXPERIENCE
WHEN RATING PRICING

(n=129)

<u>Years of Experience</u>	<u>Number in Group</u>	<u>Mean</u>
0-5 Years	52	3.5769
Between 5 and 10 Years	38	3.8185
Between 10 and 15 Years	20	3.8500
More than 15 years	<u>19</u>	4.3684
Total	129	

Table 21 reveals the results of the analysis of variance test for hypothesis number two.

TABLE 21

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
YEARS OF CONTROLLERS' EXPERIENCE TO MANAGERIAL
ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	1.0660	.3661
2.	Capital Budgeting	1.6190	.1881
3.	Cash Budgeting	2.0850	.1055
4.	Flexible Budgeting	.2420	.8669
5.	Operating Budgets	.1961	.8989
6.	Analysis of Variance	.1812	.9090
7.	Balance Sheet	1.7903	.1524
8.	Income Statement	.7757	.5096
9.	Sources of Funds	1.2240	.3038
10.	Financial Forecasting	.5592	.6430
11.	Internal Auditing	1.4237	.2389
12.	Inventory Management	1.4492	.2317
13.	Payroll Accounting	1.6824	.1741
14.	Pricing	4.0042	.0092*
15.	Ratio Analysis	2.6457	.0520
16.	Federal Tax	.4038	.7505
17.	Payroll Tax	.9328	.4271
18.	Property Tax	.8382	.4754

*Alpha less than .05

Hypothesis 3: There are no significant differences among the perceptions of managers having 0-5, between 5 and 10, between 10 and 15, or more than 15 years of experience as a manager when rating the importance of certain managerial accounting skills.

Null hypothesis number three cannot be rejected for 16 of the 18 skills tested. For the skills, capital budgeting and cash budgeting, null hypothesis number three is rejected. The number of managers at each of the four levels of experience and the corresponding means for the capital budgeting skill are presented in Table 22. The mean values increase from level one to level four indicating that as managers gain more experience, they believe that capital budgeting is more important to the managers.

TABLE 22
MEAN VALUE FOR MANAGERS' RESPONSES
BY YEARS OF EXPERIENCE WHEN
RATING CAPITAL BUDGETING

(n=179)

<u>Years of Experience</u>	<u>Number in Group</u>	<u>Mean</u>
0-5 Years	28	3.7143
Between 5 and 10 Years	48	3.9167
Between 10 and 15 Years	48	3.9167
More than 15 years	<u>55</u>	4.3273
Total	179	

The number of managers at each of the four levels of experience and the corresponding means for the cash budgeting skill are presented in Table 23. This table indicates that the more experience the manager has, the more highly he or she rates cash budgeting.

TABLE 23
MEAN VALUE FOR MANAGERS' RESPONSES
BY EXPERIENCE GROUP WHEN RATING
CASH BUDGETING

(n=179)

<u>Years of Experience</u>	<u>Number in Group</u>	<u>Mean</u>
0-5 Years	28	3.6429
Between 5 and 10 Years	48	3.9375
Between 10 and 15 Years	49	4.0000
More than 15 years	<u>54</u>	4.2407
Total	179	

Table 24 reveals the results of the analysis of variance test for hypothesis number three.

TABLE 24

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
YEARS OF MANAGERS' EXPERIENCE TO MANAGERIAL
ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	2.1831	.0920
2.	Capital Budgeting	3.4498	.0179*
3.	Cash Budgeting	2.6948	.0476*
4.	Flexible Budgeting	.7214	.5405
5.	Operating Budgets	.1734	.9142
6.	Analysis of Variance	.9003	.4423
7.	Balance Sheet	.5226	.6673
8.	Income Statement	1.5646	.1997
9.	Sources of Funds	.7033	.5512
10.	Financial Forecasting	2.3448	.0746
11.	Internal Auditing	2.3221	.0768
12.	Inventory Management	2.5543	.0570
13.	Payroll Accounting	.7469	.5255
14.	Pricing	1.1137	.3450
15.	Ratio Analysis	.7027	.5516
16.	Federal Tax	.8295	.4793
17.	Payroll Tax	1.5280	.2091
18.	Property Tax	1.0584	.3683

*Alpha less than .05

Hypothesis 4: There are no significant differences among the perceptions of controllers having a high school education, 0-2 years of college education, between 2 and 4 years college education, or more than 4 years college education when rating the importance of certain managerial accounting skills.

As shown in Table 25, null hypothesis number four cannot be rejected for any of the 18 managerial accounting skills tested under this hypothesis. There is no indication that years of education have a significant effect on controllers' perceptions of the importance of these skills.

TABLE 25

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
LEVEL OF CONTROLLERS' EDUCATION TO MANAGERIAL
ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	.1734	.9142
2.	Capital Budgeting	.7056	.5504
3.	Cash Budgeting	.6368	.5927
4.	Flexible Budgeting	.7037	.5516
5.	Operating Budgets	.4087	.7470
6.	Analysis of Variance	1.1538	.3302
7.	Balance Sheet	.8126	.4891
8.	Income Statement	.9664	.4108
9.	Sources of Funds	.1285	.9430
10.	Financial Forecasting	1.2934	.2796
11.	Internal Auditing	1.6390	.1835
12.	Inventory Management	.1665	.9188
13.	Payroll Accounting	.7719	.5117
14.	Pricing	.3195	.8113
15.	Ratio Analysis	.7823	.5059
16.	Federal Tax	1.1331	.3384
17.	Payroll Tax	.7417	.5291
18.	Property Tax	1.4575	.2293

Hypothesis 5: There are no significant differences among the perceptions of managers having a high school education, 0-2 years college education, between 2 and 4 years college education, or more than 4 years college education when rating the importance of certain managerial accounting skills.

Table 26 reveals that null hypothesis number five cannot be rejected for any of the 18 skills. There is no indication that years of education have a significant effect on managers' perceptions of the importance of these skills.

Hypothesis 6: There are no significant differences among the perceptions of controllers in lodging facilities with different annual sales volumes when rating the importance of certain managerial accounting skills.

Null hypothesis number six is rejected for the skills ratio analysis and sources of funds. Table 27 presents the number of respondents in each group and the respective means for their rating of the sources of funds skill. This table indicates that the controllers of the medium size firms (those with annual sales volume of 13-24 million) rate this skill lower than the controllers of the large firms (annual sales over 25 million) and small firms (annual sales between 1 and 12 million).

TABLE 26

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
LEVEL OF MANAGERS' EDUCATION TO MANAGERIAL
ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	.4269	.7340
2.	Capital Budgeting	2.0085	.1145
3.	Cash Budgeting	1.2332	.2992
4.	Flexible Budgeting	1.0167	.3868
5.	Operating Budgets	.5775	.6305
6.	Analysis of Variance	.0243	.9949
7.	Balance Sheet	.2002	.8962
8.	Income Statement	1.2864	.2806
9.	Sources of Funds	.3782	.7688
10.	Financial Forecasting	1.1339	.3369
11.	Internal Auditing	.4306	.7313
12.	Inventory Management	1.3350	.2646
13.	Payroll Accounting	1.2226	.3030
14.	Pricing	.5516	.6477
15.	Ratio Analysis	.4292	.7324
16.	Federal Tax	1.5851	.1948
17.	Payroll Tax	1.7703	.1548
18.	Property Tax	1.4673	.2253

TABLE 27

MEAN VALUE FOR CONTROLLERS' RESPONSES BY ANNUAL DOLLAR
SALES VOLUME WHEN RATING SOURCES OF FUNDS

(n=120)

<u>Annual Sales Volume</u> <u>In Millions of Dollars</u>	<u>Number in Group</u>	<u>Mean</u>
1-12	46	3.7174
13-24	34	3.0000
Over 25	<u>40</u>	3.7500
Total	120	

Table 28 presents the number of respondents in each group of controllers and their means when rating the ratio analysis skill. As in the case of the skill, sources of funds, the controllers of large and small firms rate this skill higher than the controllers of the medium size firms.

TABLE 28

MEAN VALUE FOR CONTROLLERS' RESPONSES BY ANNUAL DOLLAR SALES
WHEN RATING RATIO ANALYSIS

(n=120)

<u>Annual Sales Volume</u> <u>In Millions of Dollars</u>	<u>Number in Group</u>	<u>Mean</u>
1-12	47	3.2340
13-24	34	2.6471
Over 25	<u>9</u>	3.1282
Total	120	

Table 29 reveals the results of the analysis of variance
test for hypothesis number six.

TABLE 29

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
ANNUAL LODGING FACILITY SALES IN DOLLARS TO
MANAGERIAL ACCOUNTING SKILLS-CONTROLLERS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	.6572	.5202
2.	Capital Budgeting	.1924	.8252
3.	Cash Budgeting	1.9291	.1498
4.	Flexible Budgeting	.3976	.6729
5.	Operating Budgets	.8556	.4276
6.	Analysis of Variance	.3446	.7092
7.	Balance Sheet	.5181	.5970
8.	Income Statement	.6926	.5545
9.	Sources of Funds	4.6491	.0114*
10.	Financial Forecasting	.6583	.5196
11.	Internal Auditing	.7720	.4644
12.	Inventory Management	.3251	.7231
13.	Payroll Accounting	1.7936	.1709
14.	Pricing	1.9869	.1418
15.	Ratio Analysis	3.4370	.0354*
16.	Federal Tax	.2426	.7850
17.	Payroll Tax	.5764	.5635
18.	Property Tax	.6194	.5401

*Alpha less than .05

Hypothesis 7: There are no significant differences among the perceptions of managers in lodging facilities with different annual sales volumes when rating the importance of certain managerial accounting skills.

For 17 of the 18 managerial accounting skills, null hypothesis number seven cannot be rejected. As table 30 indicates null hypothesis number seven is rejected for the skill, capital budgeting. Table 31 reports the number of managers in each of the groups and the corresponding means. This table indicates that the larger the dollar volume of sales group that the manager is in, the more highly this skill is rated.

TABLE 30

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
ANNUAL LODGING FACILITY SALES IN DOLLARS TO
MANAGERIAL ACCOUNTING SKILLS - MANAGERS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	.0455	.9555
2.	Capital Budgeting	16.4941	.0000*
3.	Cash Budgeting	2.2100	.1131
4.	Flexible Budgeting	.4905	.6133
5.	Operating Budgets	.4068	.6665
6.	Analysis of Variance	.7708	.4644
7.	Balance Sheet	.3477	.7069
8.	Income Statement	.0467	.9544
9.	Sources of Funds	.6301	.5339
10.	Financial Forecasting	2.4490	.0896
11.	Internal Auditing	1.0285	.3599
12.	Inventory Management	.1393	.8701
13.	Payroll Accounting	.1227	.8846
14.	Pricing	.2136	.8079
15.	Ratio Analysis	.7026	.4968
16.	Federal Tax	.5136	.5993
17.	Payroll Tax	.7976	.4523
18.	Property Tax	1.8569	.1596

*Alpha less than .05

TABLE 31
MEAN VALUE FOR MANAGERS' RESPONSES BY ANNUAL DOLLAR
SALES VOLUME WHEN RATING CAPITAL BUDGETING

(n=162)

<u>Annual Sales Volume</u> <u>In Millions of Dollars</u>	<u>Number in Group</u>	<u>Mean</u>
1-8	62	3.5161
9-16	52	4.0769
Over 17	<u>48</u>	4.4375
Total	162	

Hypothesis 8: There are no significant differences among the perceptions of controllers of lodging facilities with 250 rooms, 251-500 rooms, 501-1000 rooms, or over 1000 rooms when rating the importance of managerial accounting skills.

Null hypothesis number eight cannot be rejected for any of the skills as illustrated in Table 32. Based on the responses in this study, there are no significant differences among controllers of different size facilities when rating the importance of certain managerial accounting skills.

TABLE 32

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF SIZE
OF CONTROLLERS' LODGING FACILITY IN NUMBER OF
ROOMS TO MANAGERIAL ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	1.8921	.1344
2.	Capital Budgeting	.7940	.4995
3.	Cash Budgeting	1.6420	.1830
4.	Flexible Budgeting	1.4830	.2228
5.	Operating Budgets	.3124	.8164
6.	Analysis of Variance	1.3300	.2677
7.	Balance Sheet	.8026	.4947
8.	Income Statement	.1500	.9295
9.	Sources of Funds	.3787	.7686
10.	Financial Forecasting	.4606	.7103
11.	Internal Auditing	.3141	.8152
12.	Inventory Management	.6714	.5711
13.	Payroll Accounting	.8711	.4549
14.	Pricing	1.0236	.3846
15.	Ratio Analysis	.4696	.7040
16.	Federal Tax	.6920	.5587
17.	Payroll Tax	.7924	.5004
18.	Property Tax	.8732	.4570

Hypothesis 9: There are no significant differences among the perceptions of managers of lodging facilities with 0-250 rooms, 251-1000 rooms, 501-1000, or over 1000 rooms when rating the importance of certain managerial accounting skills.

Null hypothesis number nine is rejected for the skills, capital budgeting and income statement. Table 33 shows that for capital budgeting, the larger the lodging facility in number of rooms, the higher the skill is rated by managers.

TABLE 33
MEAN VALUES FOR MANAGERS' RESPONSES BY NUMBER OF ROOMS
WHEN RATING CAPITAL BUDGETING

(n=178)

<u>Number of Rooms</u>	<u>Number in Group</u>	<u>Mean</u>
0-250	8	3.6250
251-500	120	3.9167
501-1000	39	4.3077
Over 1000	<u>11</u>	4.3636
Total	178	

Table 34 indicates that the larger the lodging facility in number of rooms, the higher the income statement skill is rated by managers.

TABLE 34
MEAN VALUE FOR MANAGERS' RESPONSES BY NUMBER OF ROOMS
WHEN RATING INCOME STATEMENT

(n=178)

<u>Number of Rooms</u>	<u>Number in Group</u>	<u>Mean</u>
0-250	8	4.3750
251-500	120	4.3833
501-1000	39	4.0000
Over 1000	<u>11</u>	4.6364
Total	178	

Table 35 reveals the results of the analysis of variance test for hypothesis number nine.

TABLE 35

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
 SIZE OF MANAGERS' LODGING FACILITY IN NUMBER OF
 ROOMS TO MANAGERIAL ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	.6052	.6125
2.	Capital Budgeting	2.7297	.0455*
3.	Cash Budgeting	.7291	.5359
4.	Flexible Budgeting	.5889	.6231
5.	Operating Budgets	.2881	.8339
6.	Analysis of Variance	1.3518	.2593
7.	Balance Sheet	.5029	.6808
8.	Income Statement	3.0388	.0305*
9.	Sources of Funds	.3356	.7996
10.	Financial Forecasting	.7779	.5078
11.	Internal Auditing	1.3318	.2656
12.	Inventory Management	.5441	.6527
13.	Payroll Accounting	.5526	.6471
14.	Pricing	.9897	.3990
15.	Ratio Analysis	1.4085	.2420
16.	Federal Tax	.4506	.7102
17.	Payroll Tax	.6358	.5929
18.	Property Tax	1.2223	.3033

*Alpha less than .05

Hypothesis 10: There are no significant differences among the perceptions of controllers having different certifications when rating the importance of certain managerial accounting skills.

Table 36 reveals that null hypothesis number ten cannot be rejected for 17 of the 18 skills tested. However, for the sources of funds skill, null hypothesis number ten is rejected. However, as Table 12 revealed earlier, there are not enough individuals in three of the five groups for the rejection of the hypothesis to have any practical significance.

TABLE 36

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
CONTROLLERS' CERTIFICATIONS TO MANAGERIAL
ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	.4743	.4969
2.	Capital Budgeting	1.7773	.1932
3.	Cash Budgeting	2.6846	.1125
4.	Flexible Budgeting	.5929	.4482
5.	Operating Budgets	2.8648	.1016
6.	Analysis of Variance	1.4977	.2320
7.	Balance Sheet	3.8676	.0592
8.	Income Statement	1.9468	.1739
9.	Sources of Funds	5.8579	.0222*
10.	Financial Forecasting	1.9134	.1775
11.	Internal Auditing	2.9037	.0995
12.	Inventory Management	2.8094	.1048
13.	Payroll Accounting	1.4508	.2385
14.	Pricing	1.1447	.2941
15.	Ratio Analysis	.4585	.5039
16.	Federal Tax	2.9433	.0973
17.	Payroll Tax	2.0619	.1621
18.	Property Tax	2.4624	.1278

*Alpha less than .05

Hypothesis 11: There are no significant differences among the perceptions of managers having different certifications when rating the importance of certain managerial accounting skills.

Table 37 reveals that null hypothesis number eleven is rejected for one of the 18 skills, however, there were only four individuals in one of the groups as shown earlier in Table 6, therefore, the rejection of this hypothesis has little practical significance.

TABLE 37

ANALYSIS OF VARIANCE RESULTS ON THE IMPORTANCE OF
MANAGERS' CERTIFICATIONS TO MANAGERIAL
ACCOUNTING SKILLS

<u>Number</u>	<u>Skill</u>	<u>F-Ratio</u>	<u>F-Prob</u>
1.	Break Even Analysis	3.2893	.0747
2.	Capital Budgeting	.1763	.6760
3.	Cash Budgeting	.0787	.7799
4.	Flexible Budgeting	2.1054	.1517
5.	Operating Budgets	.0487	.8260
6.	Analysis of Variance	.0037	.9514
7.	Balance Sheet	.2233	.6382
8.	Income Statement	.1281	.7216
9.	Sources of Funds	4.5227	.0374*
10.	Financial Forecasting	.7688	.3839
11.	Internal Auditing	.0003	.9863
12.	Inventory Management	.2966	.5879
13.	Payroll Accounting	.2325	.6313
14.	Pricing	.8279	.3663
15.	Ratio Analysis	2.3663	.1290
16.	Federal Tax	1.2219	.2734
17.	Payroll Tax	1.2219	.2734
18.	Property Tax	.4713	.4950

*Alpha less than .05

Chapter V
Summary, Conclusions, And
Recommendations

Summary

This study was an investigation involving certain managerial accounting skills used by managers in the lodging segment of the hospitality industry. The study was designed to survey both managers and controllers in the industry who possess a knowledge of the skills important to the hospitality managers.

The purpose of this study was to generate new knowledge for the hospitality industry in the area of managerial accounting. This was accomplished by comparing and contrasting the perceptions of managers and controllers as to the importance of certain managerial accounting skills to the managers' jobs.

Data for the study was gathered by means of a mailed questionnaire that was specifically designed for this study. A total of 400 questionnaires was sent to a random sample of lodging managers who were employed by establishments with over 250 rooms. An additional 400 questionnaires were sent to a random sample of controllers who were employed by lodging facilities. The findings reported in this study were based on the responses of 315 (41 percent) individuals who responded.

Analysis of the data collected from the questionnaires revealed the following:

Manager's Questionnaire

1. One hundred fifty six (86.6 percent) of the managers who responded were general managers, 10 (5.6 percent) were department managers, 2 (1.1 percent) were assistant managers, and 12 (6.7 percent) held other positions such as vice-president but functioned as managers.
2. The managers responding to the survey had varying degrees of experience as managers. Twenty eight (15.6 percent) had between 0 and 5 years of experience, 48 (26.7 percent) had between 5 and 10 years of experience, 49 (27.2 percent) had between 10 and 15 years of experience, and 55 (30.6 percent) had more than 15 years of experience.
3. Most of the managers who responded had more than two years of college. Eleven (6.1 percent) had only a high school education, 17 (9.4 percent) had between 0 and 2 years of college, 83 (46.1 percent) had between 2 and 4 years of college, and 68 (37.8 percent) had more than 4 years of college.
4. Sixty-two (34.4 percent) of the managers responding were employed by firms with annual dollar sales of from 1 to 8 million, 53 (29.4 percent) were employed by firms with annual sales of from 9 to 16 million, and 65 (36.2

percent) were employed by firms with annual sales over 17 million.

5. Only 8 (4.4 percent) of the managers who responded worked for establishments of from 0 - 250 rooms. One hundred twenty-one (67.2 percent) worked for establishments of from 251-500 rooms, 39 (21.7 percent) for establishments of from 501-1000 rooms, and 11 (6.1 percent) for establishments over 1000 rooms.
6. Sixty-two (34.4 percent) of the managers in the study held the Certified Hotel Administration certification, 114 (63.2 percent) held no certification.

Controller's Questionnaire

1. One hundred and two (75.6 percent) of the controllers in this study actually held the title of controller, 15 (11.1 percent) were assistant controllers, while 18 (13.3 percent) held other titles such as vice-president of finance but functioned as controllers.
2. Fifty-five (40.7 percent) of the controllers who responded had between 0-5 years of experience as a controller, 38 (28.1 percent) had between 5 and 10 years of experience, 21 (15.6 percent) had between 10 and 15 years of experience, while 19 (14.1 percent) had more than 15 years of experience.
3. Only 1 (.7 percent) of the controllers in this study had only a high school education, 15 (11.1 percent) had

between 0 and 2 years of college, 63 (46.7 percent) had between 2 and 4 years of college, and 56 (41.5 percent) had more than 4 years of college.

4. Forty-seven (34.8 percent) of the controllers in this study were employed by firms with from 1 to 12 million dollars of annual sales, 35 (25.9 percent) were employed by firms with 13 to 24 million dollars of annual sales, while 53 (39.2 percent) worked for firms with over 25 million in annual sales dollars.
5. Only 13 (9.8 percent) of the controllers worked for firms with 0-250 rooms, 61 (45.9 percent) for firms with 251-500 rooms, 38 (28.6 percent) for firms with 501-1000 rooms, while 20 (15.0 percent) worked for firms with over 1000 rooms.
6. Most of the controllers in this study held no certification--85 (62.9 percent). Twenty-eight (20.74 percent) of the controllers who responded held the CPA certification, while 18 (13.33 percent) held the Certified hotel Accountant Executive certification.

Summary of Hypothesis Testing

Hypothesis 1: There are no significant differences between the perceptions of controllers and managers when rating the importance of certain managerial accounting skills.

- A. The analysis of variance test indicated that for 13 of the 18 skills there were no significant dif-

ferences between the two groups. For these 13 skills, controllers and managers did not respond differently with regard to the importance of these skills.

- B. Significant differences were found between the two groups for the skills, break-even analysis, pricing, ratio analysis, operating budgets, and financial forecasting.
- C. For the five skills in which differences were found, the managers rated the skills higher than the controllers.

Hypothesis 2: There are no significant differences among the perceptions of controllers having 0-5, between 5 and 10, between 10 and 15, or more than 15 years of experience as a controller when rating the importance of certain managerial accounting skills.

- A. The analysis of variance test indicated that for 17 of the 18 skills there were no significant differences among the four categories of controllers. For these 17 skills, controllers having differing amounts of experience did not respond differently with regard to the importance of these skills.
- B. Significant differences were found among the different categories of controllers in the skill pricing. The means for the different categories of

controllers indicate that as controllers gain more experience they believe that the pricing skill is more important to the managers.

Hypothesis 3: There are no significant differences among the perceptions of managers having 0-5, between 5 and 10, between 10 and 15, or more than 15 years of experience as a manager when rating the importance of certain managerial accounting skills.

- A. The analysis of variance test indicated that for 16 of the 18 skills there were no significant differences among the four categories of managers. For these 16 skills, managers having differing amounts of experience did not respond differently with regard to the importance of these skills.
- B. Significant differences were found among the different categories of managers for the skills, capital budgeting and cash budgeting. The means for the different categories of managers indicate that capital budgeting and cash budgeting are perceived to be more important to managers as they gain more experience.

Hypothesis 4: There are no significant differences among the perceptions of controllers having a high school education, 0-2 years of college education, between 2 and 4 years college

education, or more than 4 years college education when rating the importance of certain managerial accounting skills.

Hypothesis four cannot be rejected. The analysis of variance test did not reveal that years of education have any significant effect on controllers' perceptions of the importance of these managerial accounting skills.

Hypothesis 5: There are no significant differences among the perceptions of managers having a high school education, 0-2 years college education, between 2 and 4 years college education, or more than 4 years college education when rating the importance of certain managerial accounting skills.

Hypothesis five cannot be rejected. As in the case of the controllers, the analysis of variance test did not reveal that years of education have any significant effect on managers' perceptions of the importance of these managerial accounting skills.

Hypothesis 6: There are no significant differences among the perceptions of controllers in lodging facilities with different annual sales volumes when rating the importance of certain managerial accounting skills.

- A. The analysis of variance test indicated that for 16 of the 18 managerial accounting skills there were no significant differences among the categories of controllers. For these 16 skills, controllers working for facilities with different annual sales

volume did not respond differently with regard to the importance of these skills.

- B. Significant differences were found among the different categories of controllers for the skills, sources of funds, and ratio analysis. The means for the different categories of controllers indicate that controllers working for medium-sized facilities (13-24 million in annual dollar sales volume) rate this skill more highly than the controllers of the larger (over 25 million) and smaller (1-12 million) lodging facilities.

Hypothesis 7: There are no significant differences among the perceptions of managers in lodging facilities with different annual sales volumes when rating the importance of certain managerial accounting skills.

- A. The analysis of variance test indicated that for 17 of the 18 managerial accounting skills there were no significant differences among the categories of managers. For these 17 skills, managers working for facilities with different annual sales volume did not respond differently with regard to the importance of these skills.
- B. Significant differences were found among the different categories of managers for the capital budgeting skill. The data reveals that the larger the size of the lodging facility in annual sales

volume, the more important managers perceive capital budgeting to be.

Hypothesis 8: There are no significant differences among the perceptions of controllers of lodging facilities with 0-250 rooms, 251-500 rooms, 501-1000, or over 1000 rooms when rating the importance of certain managerial accounting skills.

Hypothesis eight cannot be rejected. The analysis of variance test did not reveal that size of lodging facility in number of rooms has any significant effect on controllers' perceptions of the importance of managerial accounting skills.

Hypothesis 9: There are no significant differences among the perceptions of managers of lodging facilities with 0-250 rooms, 251-500 rooms, 501-1000, or over 1000 rooms when rating the importance of certain managerial accounting skills.

- A. The analysis of variance test indicated that for 16 of the 18 managerial accounting skills there were no significant differences among the four categories of managers. For these 16 skills, managers working for different size establishments did not respond differently with regard to the importance of these skills.
- B. Significant differences were found among the managers of different size lodging facilities with regard to

the importance of the skills, capital budgeting and the income statement. Generally, the larger the size of the facility, the more highly the skills are rated.

Hypothesis 10: There are no significant differences among the perceptions of controllers having different certifications when rating the importance of certain managerial accounting skills.

The analysis of variance test revealed significant differences only in the case of the sources of funds skill. Since three of the six categories of controllers had two or fewer responses, no practical significance was attached to this finding.

Hypothesis 11: There are no significant differences among the perceptions of managers having different certifications when rating the importance of certain managerial accounting skills.

The test for analysis of variance revealed significant differences only for the skill, sources of funds. Since one of the three categories had only four responses, no practical significance was attached to this finding.

Conclusions

Based on the findings of this study, the following conclusions were drawn:

1. Since none of the eighteen managerial accounting skills in this study were consistently rated "not important" by the managers as a group, it can be concluded that managers in the lodging segment of the hospitality industry perceive managerial accounting skills to be very useful to them in their jobs as managers.
2. Since none of the eighteen managerial accounting skills in this study were consistently rated "not important" by the controllers as a group, it can be concluded that controllers, those individuals in charge of the accounting departments of the firms, in the lodging segment of the hospitality services industry perceive managerial accounting skills to be useful to the managers in their jobs.
3. Since in only five of the eighteen skills were significant differences found between managers and controllers as to the importance of these skills, it can be concluded that there is some agreement between managers and controllers in the lodging segment of this industry in terms of the rankings of these managerial accounting skills in importance to managers.

4. Since there are some differences in perceptions between managers and controllers as to the importance of certain managerial accounting skills, it can be concluded that lodging facilities could be more efficient if these differences were investigated and addressed.
5. Since none was rated "not important" by either managers or controllers as a group, it can be concluded that all of the eighteen managerial accounting skills in this study are important enough to be included in hospitality accounting courses.
6. Since not all skills were perceived to be equally important, it can be concluded that some skills ought to be emphasized over others in hospitality accounting courses and management training programs.
7. Since the findings illustrate that the more experience managers have, the more important they perceive cash budgeting and capital budgeting to be, it appears that the perceptions of the importance of certain managerial accounting skills change as managers gain more experience in the industry.
8. Since the mean values for the ratings of the skills, capital budgeting, and income statement increase as the number of rooms in a facility increases, it appears that these two skills become more important to managers as they move up to larger facilities.



Recommendations

The following recommendations are made:

1. All of the 18 managerial accounting skills used in this study should be included in hospitality accounting courses.
2. The managerial accounting skills rated most highly by both groups should be emphasized in hospitality accounting courses. The most highly rated skills are operating budget, analysis of variances, and income statement.
3. The skills rated most highly by both groups should be highlighted in corporate management development training programs in the lodging industry.
4. Further research should be carried out on subcategories within the categories of the managerial accounting skills involved in this study. For example, the ratio analysis skill was not ranked very highly (15 out of 18 by managers as a group, and 17 out of 18 by controllers as a group) in this study. If, however, ratio analysis was broken down into subcategories such as debt, profitability, activity, liquidity and occupancy, more useful information might be revealed.
5. Research of the type used in this study should be conducted involving both managers and controllers in

other segments of the hospitality industry such as the restaurant segment since the typical hospitality accounting course is geared toward all segments of the hospitality industry, not just the lodging segment.

6. Further research should be carried out to find out why the managers have generally rated the managerial accounting skills more highly in importance than have the controllers.
7. Additional research should be conducted in order to determine why there are significant differences between the ratings of certain skills for the managers and controllers in order to improve the efficiency of lodging facilities.
8. Further research should be conducted to determine why certain skills such as capital budgeting appear to be important to managers based on years of experience or company size, yet these demographics don't appear to be important to the controllers' ratings.
9. Further research should be conducted to determine the ratings of the managerial accounting skills by those individuals hiring controllers and or managers.

APPENDICES

APPENDIX A

ACCOUNTING SKILLS
QUESTIONNAIRE - MANAGERS

ACCOUNTING SKILLS QUESTIONNAIRE

This survey is being distributed to managers in the lodging segment of the Hospitality Industry. Please do not sign your name to this instrument. All responses will be kept confidential.

Please place a check (✓) or an appropriate answer in the space provided for each question.

PART I

PLEASE COMPLETE THE FOLLOWING:

1. CURRENT POSITION:

General Manager _____
Department Manager _____
Assistant Manager _____
Other (Please Specify) _____

2. NUMBER OF YEARS AS A MANAGER:

0 to 5 _____ Between 10 and 15 _____
Between 5 and 10 _____ More than 15 _____

3. EDUCATION:

High School _____
0 to 2 years of college _____
Between 2 and 4 years of college _____
More than 4 years of college _____

4. SIZE OF LODGING FACILITY:

(IN ANNUAL TOTAL SALES DOLLARS) _____

5. SIZE OF LODGING FACILITY:

(NUMBER OF ROOMS)

0 - 250 _____ 501 - 1000 _____
251 - 500 _____ Over 1000 _____

6. CERTIFICATIONS:

Certified Hotel Administrator _____

Other (Please Specify) _____

ACCOUNTING SKILLS QUESTIONNAIRE

PART II

DIRECTIONS: Please indicate the importance of each of the following managerial accounting skills for Managers in the Lodging segment of the Hospitality Services Industry by placing a check (✓) in the appropriate column.

	Not Important	Somewhat Important	Important	Very Important	Extremely Important
Break Even Analysis	_____	_____	_____	_____	_____
Budgeting:					
Capital Budgeting	_____	_____	_____	_____	_____
Cash Budgeting	_____	_____	_____	_____	_____
Flexible Budgets	_____	_____	_____	_____	_____
Operating Budgets	_____	_____	_____	_____	_____
Analysis of Variances	_____	_____	_____	_____	_____
Financial Statement					
Analysis:					
Balance Sheet	_____	_____	_____	_____	_____
Income Statement	_____	_____	_____	_____	_____
Sources/Uses of Funds	_____	_____	_____	_____	_____
Financial Forecasting	_____	_____	_____	_____	_____
Internal Auditing	_____	_____	_____	_____	_____
Inventory Management	_____	_____	_____	_____	_____
Payroll Accounting	_____	_____	_____	_____	_____
Pricing	_____	_____	_____	_____	_____
Ratio Analysis	_____	_____	_____	_____	_____
Taxes:					
Federal Income Tax	_____	_____	_____	_____	_____
Payroll Tax	_____	_____	_____	_____	_____
Property Tax	_____	_____	_____	_____	_____

Thank you very much for your assistance. Please return the completed questionnaire in the self-addressed postage paid envelope.

APPENDIX B

ACCOUNTING SKILLS
QUESTIONNAIRE - CONTROLLERS

ACCOUNTING SKILLS QUESTIONNAIRE

This survey is being distributed to controllers in the lodging segment of the Hospitality Industry. Please do not sign your name to this instrument. All responses will be kept confidential.

Please place a check (✓) or an appropriate answer in the space provided for each question.

PART I

PLEASE COMPLETE THE FOLLOWING:

1. CURRENT POSITION:

Controller _____

Assistant Controller _____

Other (Please Specify) _____

2. NUMBER OF YEARS AS A CONTROLLER:

0 to 5 _____ Between 10 and 15 _____

Between 5 and 10 _____ More than 15 _____

3. EDUCATION:

High School _____

0 to 2 years of college _____

Between 2 and 4 years of college _____

More than 4 years of college _____

4. SIZE OF LODGING FACILITY:

(IN ANNUAL TOTAL SALES DOLLARS) _____

5. SIZE OF LODGING FACILITY:

(NUMBER OF ROOMS)

0 - 250 _____ 501 - 1000 _____

251 - 500 _____ Over 1000 _____

6. CERTIFICATIONS:

Certified Public Accountant _____

Certified Management Accountant _____

Certified Internal Auditor _____

Certified Hotel Accountant Executive _____

Other (Please Specify) _____

ACCOUNTING SKILLS QUESTIONNAIRE

PART II

DIRECTIONS: Please indicate the importance of each of the following managerial accounting skills for Managers in the Lodging segment of the Hospitality Services Industry by placing a check (✓) in the appropriate column.

	Not Important	Somewhat Important	Important	Very Important	Extremely Important
Break Even Analysis	_____	_____	_____	_____	_____
Budgeting:					
Capital Budgeting	_____	_____	_____	_____	_____
Cash Budgeting	_____	_____	_____	_____	_____
Flexible Budgets	_____	_____	_____	_____	_____
Operating Budgets	_____	_____	_____	_____	_____
Analysis of Variances	_____	_____	_____	_____	_____
Financial Statement					
Analysis:					
Balance Sheet	_____	_____	_____	_____	_____
Income Statement	_____	_____	_____	_____	_____
Sources/Uses of Funds	_____	_____	_____	_____	_____
Financial Forecasting	_____	_____	_____	_____	_____
Internal Auditing	_____	_____	_____	_____	_____
Inventory Management	_____	_____	_____	_____	_____
Payroll Accounting	_____	_____	_____	_____	_____
Pricing	_____	_____	_____	_____	_____
Ratio Analysis	_____	_____	_____	_____	_____
Taxes:					
Federal Income Tax	_____	_____	_____	_____	_____
Payroll Tax	_____	_____	_____	_____	_____
Property Tax	_____	_____	_____	_____	_____

Thank you very much for your assistance. Please return the completed questionnaire in the self-addressed postage paid envelope.

APPENDIX C
DEFINITION SHEET

DEFINITIONS OF TERMS USED ON THE ENCLOSED QUESTIONNAIRE:

Break Even Analysis - Relationship among revenues, fixed costs, variable costs and volume.

Sources and Uses of Funds - Financial statement that shows the changes in working capital or cash from one fiscal period to the next.

Analysis of Variance - Report illustrating deviations from budget or standards.

Capital Budgeting - The process of planning expenditures, the returns from which are expected to extend beyond one year, such as land, building or equipment.

Flexible Budgets - Budgets which are geared toward a range of activity rather than only one level of activity.

Operating Budget - A fixed budget set to cover a one year period for an organization.

Ratio Analysis - A type of analysis which relates balance sheet and income statement items in order to evaluate the organization's present position.

APPENDIX D
COVER LETTER
USED IN PILOT STUDY

May 12, 1987

Dear

I am currently working on a doctoral dissertation which I believe will be useful to the hospitality service industry.

In the study I am examining the importance of selected managerial accounting skills for managers in the lodging segment of the hospitality services industry. In addition, I am trying to determine if managers and controllers have differing perceptions of the importance of these skills.

Before collecting all of the necessary data for the study, I am sending the enclosed questionnaire to ten controllers and ten managers in order to evaluate it as a research instrument.

I would appreciate any comments about its clarity, terms used, appropriateness of the accounting skills listed, or anything else that you feel would improve its quality.

Please return the completed questionnaire in the enclosed envelope as soon as possible. Feel free to call me collect, if necessary, at my office (517) 774-3936, or at my home (517) 644-3372.

Thank you very much for your assistance.

Yours very truly,

James W. Damitio

JD/mi
Enclosures

APPENDIX E

ACCOUNTING SKILLS QUESTIONNAIRE
USED IN PILOT STUDY - CONTROLLERS

ACCOUNTING SKILLS QUESTIONNAIRE

This survey is being distributed to controllers in the lodging segment of the Hospitality Industry. Please do not sign your name to this instrument. All responses will be kept confidential.

Please place a check (✓) or an appropriate answer in the space provided for each question.

PART I

PLEASE COMPLETE THE FOLLOWING:

1. CURRENT POSITION:

Controller _____

Assistant Controller _____

Other (Please Specify) _____

2. NUMBER OF YEARS AS A CONTROLLER:

0 to 5 _____ Between 10 and 15 _____

Between 5 and 10 _____ More than 15 _____

3. EDUCATION:

High School _____

0 to 2 years of college _____

Between 2 and 4 years of college _____

More than 4 years of college _____

4. SIZE OF COMPANY: (IN ANNUAL SALES DOLLARS) _____

5. SIZE OF COMPANY: (NUMBER OF ROOMS)

0 - 250 _____ 501 - 1000 _____

251 - 500 _____ Over 1000 _____

6. CERTIFICATIONS:

Certified Public Accountant _____

Certified Management Accountant _____

Certified Internal Auditor _____

Certified Hotel Accountant Executive _____

Other (Please Specify) _____

ACCOUNTING SKILLS QUESTIONNAIRE

PART II

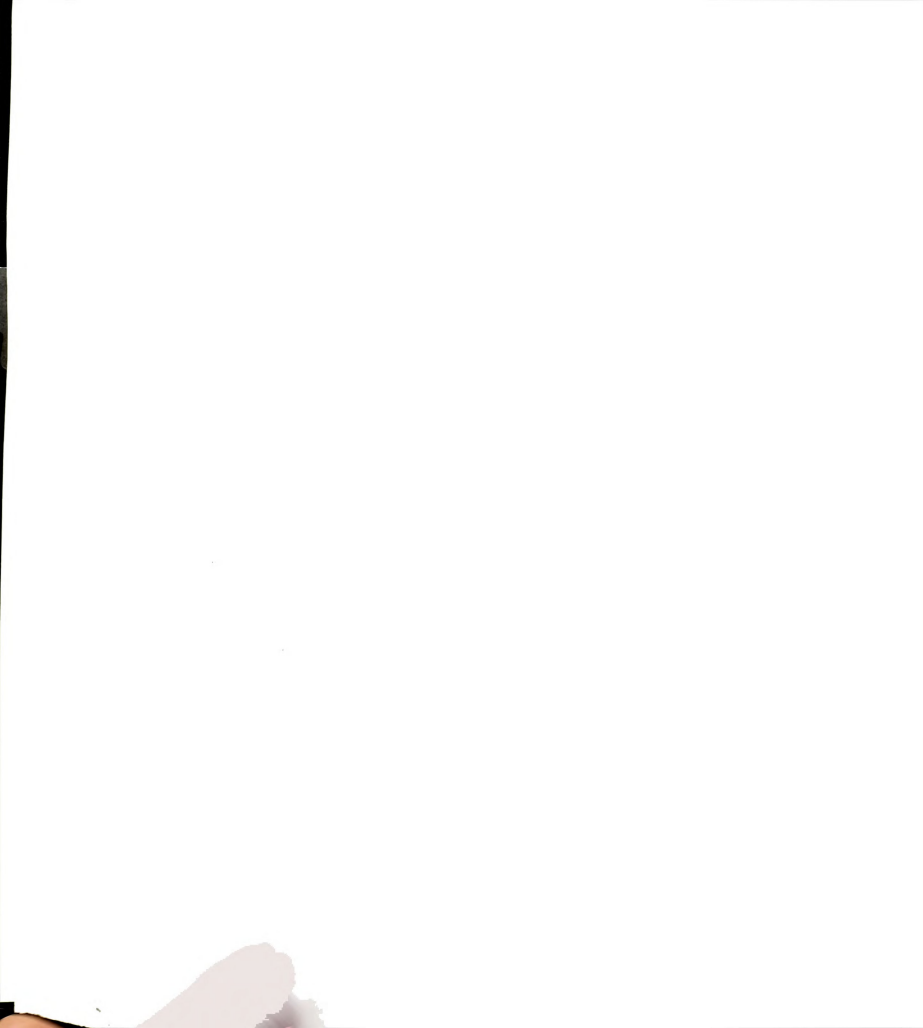
DIRECTIONS: Please indicate the importance of each of the following managerial accounting skills for Managers in the Lodging segment of the Hospitality Services Industry by placing a check (✓) in the appropriate column.

	Not Important	Somewhat Important	Important	Very Important	Extremely Important
Break Even Analysis	_____	_____	_____	_____	_____
Budgeting:					
Capital Budgeting	_____	_____	_____	_____	_____
Cash Budgeting	_____	_____	_____	_____	_____
Flexible Budgets	_____	_____	_____	_____	_____
Operating Budgets	_____	_____	_____	_____	_____
Analysis of Variances	_____	_____	_____	_____	_____
Financial Statement					
Analysis:					
Balance Sheet	_____	_____	_____	_____	_____
Income Statement	_____	_____	_____	_____	_____
Sources/Uses of Funds	_____	_____	_____	_____	_____
Financial Forecasting	_____	_____	_____	_____	_____
Internal Auditing	_____	_____	_____	_____	_____
Inventory Management	_____	_____	_____	_____	_____
Payroll Accounting	_____	_____	_____	_____	_____
Pricing	_____	_____	_____	_____	_____
Ratio Analysis	_____	_____	_____	_____	_____
Taxes:					
Federal Income Tax	_____	_____	_____	_____	_____
Payroll Tax	_____	_____	_____	_____	_____
Property Tax	_____	_____	_____	_____	_____

Thank you very much for your assistance. Please return the completed questionnaire in the self-addressed postage paid envelope.

APPENDIX F

COVER LETTER
USED IN FIRST MAILING



June 30, 1987

Dear

I am currently working on a doctoral dissertation that I believe will be useful to the hospitality service industry. In the study, I am examining the importance of selected managerial accounting skills for managers in the lodging segment of the hospitality service industry. In addition, I am trying to determine if managers and controllers have different perceptions of the importance of these skills.

If you are the controller in charge of more than one lodging unit, please respond to items 4 and 5 in Part I in reference to one lodging facility.

I would greatly appreciate your voluntary participation in this study. All results will be treated with strict confidence and subjects will remain anonymous.

Please return the completed questionnaire in the enclosed postage-paid envelope as soon as possible. The return of the completed questionnaire constitutes your voluntary consent to participate.

Thank you very much for your assistance.

Yours truly,

James W. Damitio

Encl.



APPENDIX G

COVER LETTER
USED IN FOLLOW - UP MAILING

July 29, 1987

Dear

A short time ago you should have received a questionnaire concerning the importance of selected managerial accounting skills for managers in the lodging segment of the hospitality services industry. This questionnaire will provide information for both my doctoral dissertation and the hospitality services industry.

In order to make the results of this study of maximum value, it is important that I receive responses from each person surveyed. To date, I have not received a response from you.

I would greatly appreciate your voluntary participation in this study. All results will be treated with strict confidence and subjects will remain anonymous.

If you are the controller in charge of more than one lodging unit, please respond to items 4 and 5 in part I in reference to one lodging facility.

For your convenience, another copy of the questionnaire and pre-addressed envelope have been enclosed with this letter.

Please return the completed questionnaire in the enclosed postage-paid envelope as soon as possible. The return of the completed questionnaire constitutes your voluntary consent to participate.

Thank you very much for your assistance.

Yours truly,

James W. Damitio

Enclosures

If you have already mailed your questionnaire, please disregard this letter.



APPENDIX H

SIZE OF MANAGER'S LODGING FACILITY
IN MILLIONS OF DOLLARS OF ANNUAL SALES

APPENDIX H

SIZE OF MANAGER'S LODGING FACILITY IN MILLIONS OF DOLLARS
OF ANNUAL SALES

(n=180)

Annual Sales in
Millions of DollarsResponses

1	2
2	3
3	7
4	7
5	7
6	11
7	14
8	11
9	5
10	11
11	6
12	12
13	3
14	3
15	7
16	6
17	3
18	5
19	3
20	8
21	3
22	3
24	1
25	1
29	1
30	3
32	2
33	1
36	2
40	4
42	1
48	1
49	1
60	2
65	1
99	1
Over 99	<u>17</u>
	Total 180



APPENDIX I

SIZE OF CONTROLLER'S LODGING FACILITY
IN MILLIONS OF DOLLARS OF ANNUAL SALES

APPENDIX I

SIZE OF CONTROLLER'S LODGING FACILITY IN MILLIONS OF DOLLARS OF ANNUAL SALES

(n=135)

Annual Sales in
Millions of Dollars

Responses

22	1
27	1
41	1
44	1
45	2
46	2
48	2
50	1
52	1
54	4
55	6
56	4
57	4
58	5
59	1
60	2
61	3
62	3
63	4
64	3
65	5
66	6
67	6
68	6
69	2
70	1
71	3
72	4
73	4
74	3
75	4
76	2
77	2
78	1
79	1
81	1
82	2
83	1
84	2
85	1
86	1
87	1
88	1
90	2
Over 90	22
Total	135

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