

HOTEL MANAGERS: AN EXAMINATION OF THEIR BUSINESS IDEOLOGY

Gerald Shortt*

Many eminent authorities have called our age the 'era of management' (Gasse 1982). Until recently, the entrepreneur was regarded as a remnant, a legendary figure from the age of aristocratic capitalism. The entrepreneur with his control over great enterprises was supposed to have been supplanted by professional managers and administrators using sophisticated management techniques and decision aids. Contrary to this, recent studies of the work of hotel managers have shown that the performance of entrepreneurial activities appears to be viewed by practitioners as contributing to managerial effectiveness.

Many recent writers are still struggling with the definition of entrepreneurship. Three recurring themes emerge from the various definitions — namely that entrepreneurship involves (a) uncertainty and risk, (b) complementary managerial competence, and (c) creative opportunities (Sexton and Smilor, 1986). The entrepreneur has been described as the individual whose function is to carry out "enterprise"; the innovator, concerned with doing new things or old things in a new way; a risk taker; an organisation builder, and a decision-maker. Definitions such as these appear to be rooted in the field of economics and are closely related to starting new organisations. Definitions have altered as business concepts have evolved and ownership forms have changed. It once appeared to be a requirement that a business must be owned to qualify as an entrepreneur. This is no longer the case. Many researchers believe it to be possible for entrepreneurs to exist as employees of large organisations (Sexton and Smilor, 1986).

Contemporary writers have coined the term 'intrapreneur' (corporate entrepreneur) to embrace those individuals in organisations who have

... guided autonomy ... working within recognised boundaries yet thriving on the flexibility and freedom provided by a receptive corporate structure (Ferguson, Berger, and Francese, 1987)."

*Lecturer in the Faculty of Business and Management, University of Ulster, Magee College, Derry. The author is indebted to Mr. James A. Flannery, Chief Executive of the Irish Hotels Federation, for his help in the distribution of the instruments used in the research reported in this paper.

Mintzberg (1973) takes this view of entrepreneurship, and defines it within the framework of his managerial role theory as a role managers may have to play. Mintzberg focusses on all managerial work associated with systematic change in ongoing (as well as new) organisations. "In the entrepreneur role", he writes

"the manager acts as initiator and designer of much of the controlled change in his organisation. The word 'controlled' implies that the manager makes changes of his own free will — exploiting opportunities, solving non-pressing problems."

Several writers have used Mintzberg's (1973) conception of entrepreneurial activities. In Ley (1978) and Arnaldo (1981) the entrepreneur role was seen to be very important. Shortt (1988), in a study of the work activities of hotel managers in Northern Ireland, reports a significant correlation between size of establishment and the importance managers attached to the performance of the entrepreneur role. This research would appear to suggest that, as the number of employees supervised rises, so does the importance of performing entrepreneurial activities. The majority of managers in this study rated the performance of the entrepreneur role as being very important to managerial effectiveness. Some support for these studies is also found in Law and Schruager (1982). None of these studies, however, attempted to draw a distinction between employed- and owner-managers. The words 'entrepreneur' and 'entrepreneurial' have been used extensively. But are there measureable differences in the way in which these two distinct types of manager will view their relationship with the organisation managed? This paper addresses the extent to which employed managers and owner managers are psychologically different in their beliefs about the management process.

The literature on entrepreneurship contains many cases and studies showing that organisational effectiveness is closely related to a particular type of business and managerial ideology. (Cole, 1959; McClelland, 1961; Sayigh, 1962; Lipman, 1969; Collins and Moore, 1970). These studies show a consistency regarding the beliefs claimed to be the most appropriate for business effectiveness. It is not one particular belief which is deemed important but the whole system of beliefs — the manager's business ideology.

It may be suggested that the management process is owner-managed hotels will be quite different compared to hotels which are managed by an employed manager. In fact, it may be hypothesised that the role of the owner- manager (hereinafter called the "entrepreneur"), may be quite different from the employed manager (hereinafter called the "administrator"). The term entrepreneur, that is, a person in effective

control of a business unit, underlines the adaptive nature of the managerial process in the owner-managed firm. It has connotations of enterprise, opportunism, individuality and intuition. It can be contrasted with the connotations of the term administrator, which may be associated with notions of organisation, planning, rationality and the predictive management processes. The argument that is being developed is one to preface the general hypotheses that the entrepreneur has both a different function from the administrator and a different set of attitudes and beliefs about the nature of the management process and business in general. This may be described as their cognitive orientation.

“Cognitive orientations make reference to the attitudes, beliefs and values of the (manager) toward various aspects of the business world deemed to be relevant in the dynamic functioning of (the) business enterprise (Gasse, 1983).”

It is the individual's cognitive orientation which determines the emphasis placed on various aspects of management, and their relative importance in improving the organisation's performance.

Hypotheses

The general hypothesis advanced earlier can be refined to the following null hypothesis: There will be no differences in cognitive orientation between owner-managers (entrepreneurs) and employed managers (administrators).

Research Procedure

The Business Ideology Scale

On the basis of previous research the following beliefs were singled out for investigation. These were incorporated into the Business Ideology Scale (BIS) (Gasse, 1977).

1) Belief about the firm and businessman

This identifies the subject's view of both the company and his role within the organisation.

2) Belief about risk-taking

The willingness to take calculated risks was identified as being important.

3) Belief about wealth and material gain

This area evaluates the manager's perception of profits; investments; interests; economic security.

4) Belief about subordinates

This assesses how well the manager trusts his subordinates.

5) *Belief about business growth*

This identifies how far the manager envisages his company growing.

6) *Belief about scientific methods and practices*

This section examines the manager's attitude towards the methodology developed for the analysis of various problems in the physical and social sciences as well as in the business world.

7) *Belief about competition*

This section is concerned with the manager's competitiveness and economic aggressiveness.

8) *Belief about uncertainty and change*

This evaluates the manager's openness to change.

9) *Belief about delegation of authority*

This examines the willingness of the manager to delegate authority.

10) *Belief about the control of fate in business*

This area examines the manager's perception of control/influence over the business, or how much he relies on chance and external forces.

The BIS is an index of the business ideology of the management practitioner. Scores on this instrument can vary from one pole of a continuum to the other. For purposes of identification one pole was characterised as entrepreneurial ideology and the other was called administrative ideology. Details concerning the validity and reliability of the BIS are contained in Gasse (1975).

Research sample

Five hundred managers who were members of the Irish Hotels Federation were sent an introductory letter by the Chief Executive of the Federation. This outlined the project and requested the participation of the manager in the research. The Business Ideology Scale, and an additional schedule requesting further information relating to the manager's position within the organisation, was sent one week later. Two weeks following this mailing a remainder and second copy of the BIS was sent to those managers who had not replied. This procedure closely followed that recommended by Blank (1984) to maximise questionnaire returns.

Of the five hundred instruments sent to managers, three hundred and seven usable responses were received. This represents a response rate of 61.4%, which is unusually high for survey research. It is probable that the involvement of the Irish Hotels Federation contributed significantly to this response rate.

Results

All questionnaires were scored for Business Ideology. Using data obtained from respondents about their position in the organisation, they were classified as either entrepreneur or administrator. This analysis showed that there were 163 individuals who could be classified as entrepreneurs and 144 who could be classified as administrators in the sample.

To test the null hypothesis that there would be no differences in the cognitive orientations of entrepreneurs and administrators the mean scores for each category of manager on the BIS were inspected. These are shown in Table 1.

Table 1: *Mean scores (BIS) for each category of respondent*

| Entrepreneurs (n = 163) | Administrators (n = 144) |
|----------------------------|-----------------------------|
| Mean = 84 | Mean = 101 |
| s.d. = 11.3 | s.d. = 15.7 |
| ‘U’ = 14.5 p ≤ .001 | |

In studying the means and standard deviations presented in Table 1, it becomes apparent that there is a considerable distance between the means of both groups. In light of this the scores were subjected to the Mann-Whitney ‘U’ test. Results of this analysis can be found in Table 1.

On the basis of these results the null hypotheses was rejected.

It should be borne in mind that the lower the score on the BIS the more entrepreneurial-oriented is the individual’s business ideology. In an effort to trace any further relationships between category of manager and business ideology held, a 2 × 2 contingency table was constructed. Respondents with scores below the mean for entrepreneurial ideology were classified as strongly entrepreneurial-oriented; those with scores above the mean as less entrepreneurial-oriented. Respondents whose scores were above the mean for administrative ideology were classified as strongly administrative-oriented and those with scores below the mean as less administrative-oriented. Table 2 shows the results of this analysis.

Table 2: *Contingency table for high/low entrepreneurial/administrative orientation*

| | High | Low |
|-----------------------------|------|-----|
| Entrepreneurial orientation | 135 | 28 |
| Administrative orientation | 98 | 46 |
| Chi-sq = 9.113 with 1 df | | |
| Significant at p < .01 | | |

This suggests support for the alternative hypothesis that there are differences in the business ideology of both categories of manager and the *a priori* classification of the respondents as having either entrepreneurial or administrative orientations.

Discussion

Previous research (reported *supra*) on managers' views about entrepreneurial activities has shown that managers *report* that they see this as being a very important part of their work. Shortt (1988) has pointed to a problem with this type of research. Social desirability may influence how a manager responds to questionnaire items. What may be reported is what the manager *thinks* is important and not what he actually does in practice. If this is the case, however, it has some implications regarding the conclusions that may be drawn from the present study. There appears to be a discrepancy between reported and actual entrepreneurial activity. The results of this study show that managers are spread out along a continuum, with high entrepreneurial orientation at one end, and high administrative orientation at the other. A significant number (98) have a high administrative orientation and a further 28 exhibit a low entrepreneurial orientation. This cognitive orientation, it will be recalled, is associated with connotations of organisation, planning, rationality and the predictive management process. This finding is in conflict with research, performed on the same population (Shortt, 1988), in which all managers rated the performance of entrepreneurial activities as being very important. The answer to this paradox may lie in the way in which managers are themselves 'managed'. Intrapreneurship, and the conditions for it, seems to be part of this answer.

Ferguson *et al* (1987) suggest ways in which organisations can be overhauled to provide the conditions for intrapreneurship. There are two crucial areas: the internal decision-making style and the company's organisation structure. Barriers to intrapreneurship include cumbersome hierarchies, excessive budgetary control, resistance to change, conservative approaches to risk taking, and reliance on normative decision-making, inflexible organisation structures and an unyielding hierarchy. The extent to which these organisational pathologies are present in the organisations of the managers studied is unknown and this is clearly an area for future research.

Conclusion

This study tried to demonstrate the differences in business ideology between employed managers and owner-managers in the hotel industry in Ireland. Business ideology does appear to have an influence on the individual's perception of the organisation and how it should be managed. Although environmental and individual influences are difficult to

separate, it may be hypothesised that organisational effectiveness is related to the manager's cognitive orientation and functioning. Inevitably, more research is needed to better explain and predict which ideology, entrepreneurial or administrative, is the contributor to organisational effectiveness.

REFERENCES

- Arnaldo, 1981, Hotel general managers: A profile. *Cornell HRA Quarterly*. November, 1981.
- Blank, S. C., 1984, *Practical Business Research Methods*. Westport, Conn., AVI Publishing.
- Cole, A. H., 1959, *Business Enterprise in its Social Setting*. Cambridge (Mass) Harvard University Press.
- Collins, O. and Morre, D. G., 1970, *The Organisation Makers*. New York, Meredith.
- Ferguson, D. H. Berger, F., and Francese, P., 1987, Intrapreneuring in hospitality organisations. *International Journal of Hospitality Management*. Vol. 6, 1, pp 23-31.
- Gasse, Y., 1975, 'L'idéologie d'affaires et les aptitudes cybernetiques des entrepreneurs Québécois: Considérations méthodologiques. *Annales de l'ACFAS*, 42, 2, pp 123-129.
- 1977, Entrepreneurial ideology, Dogmatism and effectiveness of small Canadian businessmen, *Paper presented at the CAAS Conference University of New Brunswick*.
- 1983, *Identification and Development of Potential Entrepreneurs, Proceedings of the 10th International Small Business Congress*. Ng Cheng Siong, (Ed), Singapore, pp 1-7.
- Law, G. and Schruger, J., 1982, Personality and the Hospitality Industry, *Journal of Hospitality education*. 7, 1, pp 57-64.
- Ley, D. A., 1978, The effective manager: leader or entrepreneur, *Cornell HRA Quarterly*, November, 1980.
- Lipman, A., 1969, *The Colombian Entrepreneur in Bogota*. Florida, University of Miami Press.
- McClelland, D., 1961, *The Achieving Society*. Princeton, Van Norstrand.
- Mintzberg, H., 1973, *The nature of Managerial Work*. New York, Harper and Row.
- Sayigh, Y. A., 1962, *Entrepreneurs of Lebanon*. Cambridge (Mass), Harvard University Press.
- Sexton, D. and Smilor, R., 1986, *The Art and Science of Entrepreneurship*. Cambridge, Ballinger Publishing.
- Shortt, G., 1988, Work activities of hotel managers in Northern Ireland: A Mintzbergian analysis. *International Journal of Hospitality Management*. In Press.
- 1988, Work activities of hotel managers in Ireland: A Mintzbergian analysis. Working paper no 88/3, Department of Hotel and Catering Management, University of Ulster.