

# The Correlation Between the Business Profile and Skills of Managers/Owners of Hotels and Restaurants in Tuguegarao City, Philippines

EDLYN NARAG, LOURDES JUDY BUNAGAN LUYUN, MARK ANTHONY SORIANO

**Abstract:** The purpose of this study is to determine the relationship between the business profile of the owners/managers and their level of business skills making use of descriptive-correlational method. The respondents have a rating of highly on their level of business skills and shows significant relationship with their number of years in the industry and no relationship exists with their type of business at an alpha of 0.05. This study is limited to the business skills of 40 managers/owners of hotels/managers of hotels and restaurants in Tuguegarao City such as management skills, interpersonal skills, entrepreneurial skills, financial skills and sales and marketing skills.

**Index Terms** – Hotels and Restaurants, Management Skills, Interpersonal skills, Business owners, entrepreneurial skills, financial skills, sales and marketing

## 1 INTRODUCTION

Management is a complex process requiring a series of actions that lead to the attainment of established goals. A manager is a vital resource in the organization who needs to possess the necessary technical, human and conceptual skills in order to be efficient and effective [1]. Management is not a personal talent but a skill that can be taught and learned [2]. The development of business skills in general and strategic management of an organization's resources can have a ground-breaking impact on the society.

The business performance of hotels and restaurants is largely influenced by its superior human skills and capital resources by providing satisfactory services to its customers. Competent, trained and well-informed employees with the right attitude to offer prompt and reliable services with the help of modern equipment and information technology can be a source of competitive advantage and success to organizations [3].

*riano\_041791@yahoo.com*

It is interesting to note that over the years the number of accommodation and dining establishments have noticeably increased in the city of Tuguegarao. This phenomenon may be undoubtedly attributed to the fact that Tuguegarao City is the center of trade, commerce and education in Cagayan and the regional center of government agencies in Region 02. Many of the existing hotels and restaurants in the city have been around for decades now and many more new and innovative ones were built to meet the demand created by the city's changing demographics.

## 2 Literature Review

The human resource-related skills were the most emphasized competencies for hospitality managers [4, 5, 6], as agreed upon by industry professionals. However, the research conducted by [7] advocates that knowledge of finance, marketing, and information technology is becoming increasingly important due to the changes in the industry demands and characteristics

Revenue and asset management competencies have recently received considerable attention because hotels are attempting to use improved technique to maximize revenue, minimize cost and increase the return on their assets, thereby consequently optimizing their financial performance [8].

A skill is a learned capacity or talent to carry out predetermined results often with the minimum outlay of time, energy, or both. Skills can often be divided into domain-general and

- *Edlyn R. Narag is a Mathematics Professor at Cagayan State University, Andrews Campus, Philippines, E-Mail : [edlynnarag@gmail.com](mailto:edlynnarag@gmail.com)*
- *Lourdes Judy B. Luyun is the University Dean of Cagayan State University, College of Hospitality Management, Philippines, E-mail : [ljudyluyun@yahoo.com](mailto:ljudyluyun@yahoo.com)*
- *Mark Anthony Soriano is a mathematics instructor at Cagayan State University, Andrews Campus, Philippines, E-mail: [mso-riano\\_041791@yahoo.com](mailto:mso-riano_041791@yahoo.com)*

domain-specific skills. Studies reveal that business success is contributed to the management practices, entrepreneurial competencies and personal characteristics of business owners while the study of Parilla [9], emphasized the link of management practices, entrepreneurial competencies and business success. However, there is still a limited literature to prove on the comparison of management practices of microbusiness owners and small business owners.

Mia and Patiar [10] indicated that both hotel general management and department managers frequently use financial information to evaluate sales, promotion, product and service prices, and the profitability of operating departments. However, empirical evidence suggests that the training and competencies of these managers may not be adequate to effectively execute the increasingly complex financial activities [11].

Researchers consider financial analysis as a predominant financial skill, as it allows practitioners to separate the management of monetary affairs of a business into parts for individual study [12]. According to Wikipedia, analytical skill is defined as the ability to visualize, articulate, and solve both complex and simple problems and concepts and make decisions that are sensible based on available information [13] posited that strategy, work design, measurement, statistics, finance, marketing, multicultural skills, information systems, decision making, and problem solving are the key analytical skills. Food and beverage managers need accounting skills because they have to make decisions about purchasing, receiving, issuing, storing, and pricing food and liquor [14].

In an attempt to find out why restaurants fail, discovered that most restaurateurs enter the restaurant business as entrepreneurs chasing the dream of owning their own business. Some of the motivating factors to enter the restaurant business are the attractiveness of low entry barriers; passion for the product; unique product attributes they have developed (secret recipes); experience in the field; an opportunity to purchase a business at an attractive price; (over) confidence in one's ability to perform better than the previous owners of the business; a good match between individual skills and business opportunity. Unfortunately, in most cases, an entrepreneur's passion exceeds one's competence. They may possess necessary technical skills that may only be good enough to open the business, but may not have the necessary business acumen to understand the intricacies of marketing, accounting, finance, legal matters and human resources. Most restaurateurs are excellent entrepreneurs but not necessarily have the skills to succeed as business managers. Entrepreneurs may not have the skill sets to transform themselves from entrepreneurs to professional business managers, which also often results in restaurant failures [15].

Entrepreneurs often have enthusiasm, optimism, and drive, but do not possess the business skills they need to make a venture successful. Management problems are also experienced with inventory control, facilities and equipment, human

resources, leadership, organization structure, and accounting systems. The selection and training of project managers and functional managers with respect to the attributes, skills and experiences they associate with successful management performance and careers could be conducted with greater reliability [16].

Size and age of enterprise dominate performance and these are more important than strategy and the entrepreneurial characteristics of the owner/manager of the business and having a business plan is also deemed important [17].

The key characteristics of the specific stakeholders for one type of middle manager, the hotel financial controller. Eleven semi-structured interviews among financial personnel showed that although some owners require on-going profits and have high expectations of middle managers, others may take a more long-term view and be less demanding. Head offices provide systems and services for the unit, but a lack of efficiency and strategic planning affects the ability of managers to do their job. The middle manager must take a proactive intrapreneurial approach in communicating and implementing corporate strategic decisions within the unit and in managing the multiple stakeholders, but in return requires more guidance, resources and support from senior management. The article of Burgess [18] is to investigate whether managers in hotels have sufficient financial skills to help them effectively manage their areas, within the context of a changing industry. He identified a strong need for managers to have financial skills, but there is little recent evidence as to whether they actually hold these skills. Hotels are changing fast with pressure to maintain profits resulting in new approaches to management, but there is concern that the development of systems has meant an over-reliance on these to control costs. Financial controllers consider that departmental and general managers do not have enough business skills and finance skills in particular to optimize costs and revenues and hence maintain profits.

The people who buy hotels in Blackpool are doing so for a cluster of lifestyle reasons. Few have classic entrepreneurial ambitions to make a lot of money and own a chain of hotels. Many have a lifelong ambition to own a hotel, or some business that gives them greater control of their lives, or because they think they will enjoy the life of hotel ownership. The vast majority of these interviewees had sold a domestic property to buy the hotel, and few had any work experience of hotel work, or even the hospitality sector. This lack of experience of the operational requirements of the business was further compounded by a lack of management skills, or small business experience. As a consequence, the professional skills of hotel management are often below par and hotel ownership changes hands at an unacceptable rate. This results in outright business failure, but more often, is the result of individuals feeling that the reality of hotel ownership has not matched their

dreams. The low skill base of the almost permanent cadre of new owners creates problems for tourism authorities keen to develop the quality profile of visitor experiences. There is limited development of the hotel stock as individual properties change hands on a regular basis and no one owner stays long enough to refurbish the property. The low skill base of owners can also limit the quality tourism experiences of services provided [19].

**Research Objectives**

This study aims to assess the business skills of hotel and restaurant owners/managers in Tuguegarao City. Specifically, it seeks to answer the following questions:

1. What is the business profile of the managers/owners in terms of number of Years in the Industry and type of business?
2. What is the level of business skills of the managers/owners as assessed by themselves and their subordinates in terms of management skills, Interpersonal skills, Entrepreneurial skills, Financial skills, Sales and Marketing Skills

**Ho:** There is no significant relationship between the level of business skills of the owners/managers and their business profile.

**Methodology**

The research method is the descriptive correlational method. The chief purpose of the study is to assess the business skills of the owners of the different hotels and restaurants in Tuguegarao City in the operation of their business and correlated to their business profiles. The respondents involved in the study were the owners of 40 privately operated hotels and restaurants in Tuguegarao City. The instrument that was used in gathering pertinent data and information for the study was formulated on the basis of questionnaire, which consists of two parts: PART I Personal and business Profile of the Respondents; PART II Business Skills Checklist which was adopted and patterned from "Assessment of Business Skills Checklist" in Starting and Running a Business. Business Skills of the respondents in terms of their Management Skills, Interpersonal skills, Entrepreneurial skills, Financial skills and Sales and Marketing Skills

**Data Analysis**

The study made use of the following statistical tools, which were needed in the analysis of the data. Frequency counts and percentage were used to categorize the profile of the respondents. For the business skills of the respondents, a modified Likert Scale value was assigned to score the five categories.

Scale Value	Descriptive Scale
5 points	Highly Equipped
4 points	Very Equipped
3 points	Moderately Equipped
2 points	Fairly Equipped

1 point Poorly Equipped

To analyze the level of business skills of the managers/owners, the item mean was used and to know the significant relationship on the level of business skills of the managers/owners when grouped according to personal and business profile the CHI-SQUARE test and Spearman's Rho of correlation were used.

**3 Results and Discussions**

**TABLE 1  
BUSINESS PROFILE OF RESPONDENTS**

Number of Years in the Industry	Frequency	Percentage
12-17	5	12.50
18-23	5	12.50
24-29	8	20.00
30-35	16	40.00
36-41	6	15.00
Type of Business	Frequency	Percentage
Single	5	12.50
Partnership	10	25.00
Corporation	25	62.50
<b>Total</b>	<b>40</b>	<b>100.00</b>

**Table 2  
LEVEL OF BUSINESS SKILLS OF RESPONDENTS AS ASSESSED BY THEMSELVES AND SUBORDINATES**

	Mean	DS (Managers)	Mean	DS (Subordinates)
MS	4.52	Highly Equipped	4.22	Highly Equipped
IS	4.58	Highly Equipped	4.11	Very Equipped
ES	4.59	Highly Equipped	4.35	Highly Equipped
FS	4.75	Highly Equipped	4.24	Highly Equipped
SMS	4.79	Highly Equipped	4.44	Highly Equipped
Over-all Mean	4.65	Highly Equipped	4.27	Highly Equipped

Legend: MS= Management skills IS= Interpersonal skills  
ES= Entrepreneurial skills SMS= sales and marketing skill  
FS= Financial skills

The overall mean is 4.65 and 4.27 with a descriptive scale of "highly equipped". This shows that the respondents are highly equipped with the necessary skills like management, finan-

cial, entrepreneurial, interpersonal, marketing and sales skills which are needed in the operation of a hotel and restaurant..

**TABLE 3**  
**TEST OF SIGNIFICANT RELATIONSHIP BETWEEN LEVEL OF BUSINESS SKILLS OF THE OWNERS/MANAGERS AND TYPE OF BUSINESS**

Business Skills	Chi-Square	Df	Asymp. Sig
MS	2.89	2	0.24
IS	0.92	2	0.63
ES	0.18	2	0.91
FS	1.00	2	0.61
SMS	0.00	2	1.00
Over all	1.604	2	0.45

The p-value of 0.45 is greater than the alpha of 0.05. Hence the null hypothesis stated earlier is accepted. This implies that there is no significant relationship between the level of business skills and type of business. The business skills of the owners/managers of the different hotels and restaurants in Tuguegarao City are not affected by the type of business whether the hotel or restaurants is managed by a single proprietorship and, the partnership of a corporation.

**TABLE 4**  
**TEST OF SIGNIFICANT RELATIONSHIP BETWEEN LEVEL OF BUSINESS SKILLS OF THE OWNERS/MANAGERS AND THEIR YEARS IN THE INDUSTRY**

Business Skills	Correlation Coefficient	Sig (2-tailed)	N
MS	-0.10	0.73	40
IS	0.32	0.25	40
ES	0.44	0.12	40
FS	0.21	0.47	40
SMS	0.22	0.48	40
Over all	0.03	0.03	40

The Spearman's Rho Correlation on financial, interpersonal and entrepreneurial skills obtained a positive, slight and negligible correlation while management has a negative, slight and negligible correlation and sales and marketing skills cannot be determined. Furthermore, as to the test of how significant the correlation is, the computed p-value shows that the business skills of the owners/managers are significantly related to their number of years in the industry. This further shows that the longer they have spent in managing their business, the higher is their level of business skills.

#### 4 Conclusion

The hospitality business contributes greatly to the economy of a place. It has the capacity for growth potentials of a major industry like the tourism industry by promoting tourist visits, increasing healthy business competition, and providing employment to local residents.

As such, hotel and restaurant owners/operators must possess the proper skills in running a successful business. Specific skills such as management, financial, entrepreneurial, interpersonal and sales and marketing skills enable owners/managers to effectively dispose of their duties and responsibilities in the operation of their business.

Based on the findings of the study conducted, it can be concluded that the level of business skills of the owners/managers of the 40 privately owned hotels and restaurants in Tuguegarao City is very high. As to the relationship between the level of business skills of these owners/managers and their business profile variables (number of years in the industry, and type of business) particularly on number of years in the industry affect their business skills.

#### PRACTICAL IMPLEMENTATION

The city government of Tuguegarao together with the Department of Trade and Industry should provide technical support for privately owned hospitality enterprises by sponsoring seminars and trainings related to their business.

The Cagayan State University as an academic institution, can help in the improvement of these privately owned hotels and restaurants by offering extension services in the form of trainings through the College of Hospitality Industry Management.

A similar research should be undertaken to determine what specific assistance and support these privately owned hotels and restaurants need most and on the impact of these assistance programs.

**Originality/Value-** The hospitality business contributes greatly to the economy of a place. It has the capacity for growth potentials of a major industry like the tourism industry by promoting tourist visits, increasing healthy business competition, and providing employment to local residents. As such, hotel and restaurant owners/operators must possess the proper skills in running a successful business. Specific skills such as management, financial, entrepreneurial, interpersonal and sales and marketing skills enable owners/managers to effectively dispose of their duties and responsibilities in the operation of their business. Food chain restaurant conglomerates pose a threat in the sustainability of small and privately owned hotel and restaurant enterprises which should encourage these hotel and restaurant owners to engage in capacity building activities to strengthen their competitive edge.

#### ACKNOWLEDGEMENT

The authors are deeply grateful to the ever supportive President of Cagayan State University, Dr. Urduhaj Tejada, the equally supportive research coordinator of the campus, Dr. Joanna Calubaquib, the mother and Dean of the College of Hospitality Management, Dr. Liianne T. Abuan, the different hotels and restaurants in Tuguegarao City who provided us the data and our colleagues in the university thank you very much.

## REFERENCES

- [1] Boone, L., & Kurtz, D. (1995) Contemporary Business, (9th ed.)The Dryden Press, Harcourt Brace College Publishers.
- [2] Daft, D. L (1994) Management (3rd ed.) Forth worth, TX. The Dryden Press
- [3] Arthur, T., Strickland, A. & Gamble, J. (2008). Cracking and Operating Strategy. The Quest for Competitive Advantage Concepts and Cases (14thed.).New Delhi, McGraw Hill.
- [4] Birdir, K., & Pearson, T. E. (2000). Research Chef's Competencies: A Delphi Approach. *International Journal of Contemporary Hospitality Management*, 12(3), 205-209.
- [5] Spencer, L. M. & Spencer, P. S.M. (1993). *Competence at work: model for superior performance*. New York: Wiley and Sons.
- [6] Tas, R. E., LaBrecque, S. V., & Clayton, H. R. (1996). Property-management competencies for management trainees. *The Cornell Hotel and Restaurant Administration Quarterly*, 37(4), 90-96.
- [7] Kay, C., & Moncarz, I. (2004) Knowledge, skills, and abilities for lodging management success. *Cornell Hotel and Restaurant Administration Quarterly*, 45(3), 285-298. Retrieved September 2004 from Pro Quest database.
- [8] Gursoy, D., Raham, L., & Swanger, N. (2012). Industry's expectation from hospitality school: What has changed? *Journal of Hospitality & Tourism Education*, 24(4), 32-42.
- [9] Parilla, Eric (2009). "Level of Management Practices of Micro and Small Businesses in Ilocos Norte". *International Journal of Academic Research in Business and Social Sciences* July 2013, Vol. 3, No. 7 ISSN: 2222-6990. <http://dx.doi.org/10.6007/IJARBS/v3-i7/67>.
- [10] Mia, L., & Patiar, A. (2001). The use of management accounting systems in hotels: an exploratory study. *International Journal of Hospitality Management*, 20(2), 111-128.
- [11] Burgess, C. (2007a). Do Hotel Managers have sufficient financial skills to help them manage their areas? *International Journal of Contemporary Hospitality Management*, 19(3), 188-200.
- [12] Hales, J.A. (2011). *Accounting and Financial Analysis in the Hospitality Industry*. New Jersey: Pearson.
- [13] Heneman, R.L. (1999). Emphasizing Analytical Skills in HR Graduate Education: The Ohio State University MLHR Program. *Human Resource Management*, 38 (2), 131-134.
- [14] Riley, M. (2005). Viewpoint: food and beverage management: a review of change. *International Journal of Contemporary Hospitality Management*, 17(1), 88-93.
- [15] Parsa, H.G., Gregory, A., & Terry, M. (). "Why Do Restaurants Fail? Part III: An Analysis of Macro and Micro Factors". The Dick Pope Sr. Institute for Tourism Studies. [www.hospitality.ucf.edu/dick\\_pope.htm](http://www.hospitality.ucf.edu/dick_pope.htm)
- [16] El-Sabaa, S. (2001). The skills and career path of an effective project manager. *International Journal of Project Management*, 19(1), 1-7. JErkko Autio, 2007 *Global Report on High-Growth Entrepreneurship*, p.10.
- [17] Blackburn, R. A., Hart, M., & Wainwright, T. (2013). Small Business Performance: Business, Strategy and Owner-Manager Characteristics. *Journal of Small Business and Enterprise Development*, 20(1), 8-27.
- [18] Burgess, C. (2012). Multiple stakeholders and middle managers: the role of the hotel financial controller. *The Service Industries Journal*, 32(1), 151-169.
- [19] Lashley, C., & Rowson, B. (2007). Trials and tribulations of hotel ownership in Blackpool: Highlighting the skills gaps of owner-managers. *Tourism and Hospitality Research*, 7(2), 122-130.