HOW HOTEL OWNER AND OPERATOR GOAL CONGRUENCY IMPACTS HOTEL GENERAL MANAGER AUTONOMY AND HOTEL PERFORMANCE

Project Summary
While the hotel management agreements (HMA) which structure the relationships between hotel owners and management companies ostensibly limit owners’ ability to influence the hotel general manager’s (GM) decisions, owners often seek such influence (Hodari and Sturman, 2015). This is explained by their efforts to minimize the potential agency problem (Jensen & Meckling, 1976) which can arise due to a relatively high degree of potential goal incongruence with their operators (deRoos, 2010). This goal incongruence may result in decreased GM decision autonomy since both owners and operators want to influence the GM to take decisions which can help them advance their own agendas. However, if owner and operator goals are aligned, they may have less need to influence the GM and thus to reduce his/her autonomy. Different degrees of congruence and GM autonomy may impact hotel performance because of clearer direction and implementation of operational choices.

This research study surveyed hotel owners and their management companies (or their proxies - asset managers and general managers) in order to gauge their goal alignment, the relationship with GM autonomy, and the impact these have on hotel performance. The results indicate that GM autonomy and Goal Congruency have significant relationships with performance, and that GM autonomy is positively associated with owner-operator goal congruency. However, the study did not find that GM autonomy mediates the relationship between owner-operator goal congruency and hotel performance, nor a moderating effect of GM autonomy on goal congruency. As such, firms and owners are encouraged to establish solid relationships between owners and operators as their goal congruence is a highly salient predictor of hotel performance.

Valorisation

Academic Articles:


- An article on GM autonomy and Hotel Performance is being prepared for publication by the Cornell Center for Hospitality Research. Expected Submission Date: June, 2016
Industry reports:

- Executive Management Reports are being produced in March/April 2016 for the Hospitality Asset Managers Association, the Master Innholders and the European Hotel Managers Association.
- Short practitioner-friendly summaries of key findings and implications are being written and will be published on: www.hospitalitynet.org, www.hotelsmagazine.com and/or www.hotelnewsnow.com

Conferences:

- The study’s topic, objectives and methodology were presented at the 2015 Master Innholders annual meeting in London, England. January, 2015
- The study’s initial results and data needs were discussed with hotel executives at the 2015 HOTCOP annual conference in Copenhagen, Denmark. June, 2015.

Industry Partnerships:

- Research partnerships were established with the Hospitality Asset Managers Association, the, the Master Innholders, and HOFTEL, while the existing research relationship was strengthened with the European Hotel Managers Association.

Academic Partnerships:

- A research partnership was established with Dr. Michael Turner of University of Queensland, and the existing research partnership with Professor Michael Sturman of Cornell University was strengthened.

Class Integration:

- The study’s results are already integrated into the new Strategic Investment Days course in the Ecole hôtelière de Lausanne’s Bachelor program and its Bachelor and EMBA Strategic Management courses