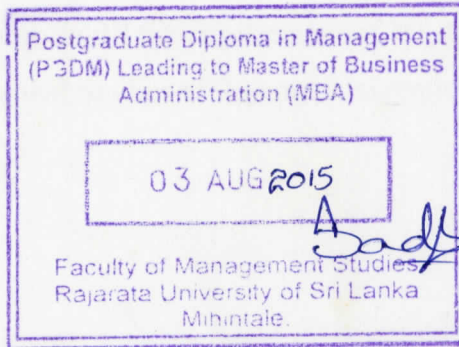


**Effect of Managerial Competencies on Performance of Hotels:
Reference to the Higher and Middle Level Managers of Star Class
Hotels in Sri Lanka**



By

**KTNP Abeywickrama
(RJT/MBA/2009/154)**



ACC NO.	29875
CALL NO.	658. ABE

**A dissertation submitted to Rajarata University of Sri Lanka in partial
fulfillment of the requirements for the degree of
Master of Business Administration**

**Faculty of Management Studies
Rajarata University of Sri Lanka
Mihintale**

ABSTRACT

Tourism has become a leading economic contributor to Sri Lanka in enormous ways. Sri Lankan accommodation sector, having to play in a more uncertain, unpredictable, rapidly changing environment amid ample opportunities of post war tourism; challenges Competencies of the managers as exceptional managers play an important role in such an environment. Therefore this study focused on finding the effect that the managerial competencies have on the performance of hotels.

The main objective of the research was to identify impact of management competencies which have on performance of Sri Lankan hotels. Hotel Performance was the dependent variable in this study while Conceptual/ Creative, Interpersonal, Leadership and Administrative Competencies find in Sandwith's Competency Domain model were considered as the independent variables. The research model is conceptualized in a way that there are positive relationships between independent and dependent variables.

A questionnaire survey was conducted among 164 top and middle level managers of 3 to 5 star class hotels in Sri Lanka to collect data on management competencies and business performance. Data were analyzed using software SPSS version 16.0. Descriptive statistic methods were employed in relation to identifying important and existent competencies. Thus, first vital manager competencies were identified in term of managers' perceived importance. Then the levels of existence of competencies were measured as perceived by managers. Performance indexes were computed to every respondent by multiplying their perceived level of satisfaction and rank order of the importance of identified business performance indicators. Pearson's Coefficient of correlations and Multiple Regression were used to determine the relationship between existent managerial competencies and hotel performance.

The findings on important competencies revealed that, different management levels prioritize different competencies. Conceptual/ Creative Competencies are very much important at top level while Leadership Competencies are very important at both levels. But, what top managers perceived 'extremely important leadership competencies' varies from that of middle managers'. Findings on existent competencies revealed that both managers show high competent levels in every competency aspect, other than Conceptual Creative Competencies of top managers, which is low compared to the high importance level given to them. The findings on relationship between managerial competencies and hotel performance indicate that Conceptual Creative Competencies of top managers are strongly positively relate to the performance of their hotels while middle managers' Conceptual/ Creative competencies do not show any significant relationship. There are significant positive relationships between Interpersonal Competencies, leadership competencies, administrative competencies of managers and performance of their hotels.

Overall, based on the results, the study concluded that, 'management competencies influence the performance of hotels to great extend'.

TABLE OF CONTENTS

Contents	Page No
Certification of the Supervisor	i
Declaration of Student	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
Table of Contents	vi
List of Tables	xiii
List of Figures	xv
CHAPTER 1: INTRODUCTION	1
1.1 Introduction	1
1.2 Background to the Research	1
1.3 Manifestations of the Problem and Problem Statement	3
1.4 Research Gap	4
1.5 Research Questions	5
1.6 Objectives of the Research	5
1.6.1 General Objective	5
1.6.2 Specific Objectives of the Study	5
1.7 Hypotheses	6
1.8 Significance of the Study	7
1.9 Type of the Research and Methodology	9
1.9.1 Research Type	9
1.9.2 Methodology	9

1.10	Scope of the Study	10
1.11	Limitations of the Study	12
1.12	Chapter Framework	13
1.13	Chapter Summary	13
CHAPTER 2 : REVIEW OF LITERATURE		14
2.1	Introduction	14
2.2	The Nature and Inference of Competencies	14
2.2.1	Competencies Defined	14
2.2.2	Facets of Competencies	16
2.2.3	Managerial Competencies Defined	18
2.3	Competency-based Management Systems	18
2.3.1	Competency-based Management Systems Defined	18
2.3.2	Applications of Competency-based Management Systems.	18
2.3.3	Core Components of a Competency-based Management System.	19
2.4	Assessment of Organizational Performance: Evaluate the Success of Managers' Effort	19
2.4.1	Organizational Performance Defined	20
2.4.2	Organizational Performance Determinants	20
2.5	Competency Models: Identification of the Competencies that Truly have an Impact on Results.	22
2.5.1	A competency is Model Defined	22
2.5.2	Role of a Competency Model	22
2.5.3	Managerial Competencies as a Key Resource that Drives Superior Business Performance	24
2.5.4	Different Competency Models	26
2.5.5	Sandwith's Competency Domain Model	31
2.5.5.1	The Conceptual-Creative Competency Domain	31

2.5.5.2	The Leadership Competency Domain	33
2.5.5.3	The Interpersonal Competency Domain	34
2.5.5.4	The Administrative competency domain	35
2.5.6	Competency Identification and Methodologies to Identify Competencies that Truly have an Impact on Results.	37
2.5.6.1	Competency Identification is Defined	37
2.5.6.2	Methodologies to Identify List of Competencies to Create Competency Models	38
2.5.7	Important Competencies that have Identified in Literature	42
2.6	Employee Competency Assessment	49
2.6.1	Employee Competency Assessment is Defined	49
2.6.2	The Use of Competency Assessment	49
2.6.3	Methodologies Used for Competency Assessment	49
2.7	Chapter Summary	50

CHAPTER 3 : CONCEPTUALIZATION, OPERATIONALIZATION AND METHODOLOGY 50

3.1	Introduction.	51
3.2	Research Objectives	51
3.2.1	General objective	51
3.2.2	Specific objectives	51
3.3	Conceptual Framework of the Study and Hypotheses	51
3.3.1	Conceptual Framework	51
3.3.2	The Development of the Hypotheses of the Study	52
3.3.2.1	Relationship between Conceptual-Creative Competencies and Business Performance of Hotels	53
3.3.2.2	Relationship between Interpersonal Competencies and Business Performance	54
3.3.2.3	Relationship between Leadership Competency and Business Performance	54

3.3.2.4	Relationship between Administrative Competencies and Business Performance	55
3.4	Conceptualization	56
3.4.1	Conceptualizing Competencies and Related Concepts	56
3.4.1.1	Competencies	56
3.4.1.2	Managerial Competencies	56
3.4.1.3	Competency Model	57
3.4.1.4	A Competency Domain and a Cluster of Competencies	58
3.4.1.5	The Conceptual-Creative Competency Domain	59
3.4.1.6	The Leadership Competency Domain	59
3.4.1.7	The Interpersonal Competency Domain	59
3.4.1.8	The Administrative competency domain	59
3.4.2	Conceptualizing the Term Performance	60
3.5	Operationalization	61
3.5.1	Operationalization of the Variable 'Competencies'	61
3.5.2	Operationalization of Business Performance	67
3.6	Research Methodology	69
3.6.1	Research Type	69
3.6.2	Population and Sample Selection	70
3.6.3	Data Collection Protocol	72
3.6.3.1	Instrumentation	72
3.6.3.2	Methods of Measuring Variables	73
3.6.3.2.1	Methods of Measuring Independent Variable: competencies	73
3.6.3.2.2	Measuring the Dependent Variable Business Performance	81
3.6.3.3	Validity and Reliability of the Instrument	83

3.6.3.3.1	Content and Face Validity of the Adopted Instrument	83
3.6.3.3.2	Reliability of the Instrument Adopted	84
3.6.3.4	Administration of the Data Collection Instrument	85
3.6.4	Method of Data Analysis and Interpretation	86
3.7	Chapter Summary	87
CHAPTER 4 : DATA PRESENTATION AND ANALYSIS		88
4.1	Introduction	88
4.2	Response Rate	88
4.3	Reliability and validity of the Instrument.	89
4.4	Respondents' Profile	89
4.5	Descriptive Statistic Analysis for Selected Dependent and Independent Variables.	92
4.5.1	Importance Ratings of the Competencies	92
4.5.1.1	Top Manager Importance Ratings of the Competencies	92
4.5.1.2	Middle Manager Importance Ratings of the Competencies	94
4.5.1.3	Difference of Perceived Importance based on Management Level	95
4.5.2	Existence Ratings of the Competencies	97
4.5.2.1	Mostly Existent Management Competencies	97
4.5.2.2	Gap between Importance Ratings and Proficiency Ratings of Extremely Important Competencies	101
4.5.2.3	Overall Gap between Importance Existence Ratings	104
4.6	Nature of the Relationships between Managerial Competencies and Hotel performance	105
4.6.1	The Relationship Exists between Conceptual/Creative Competencies and Hotel Performance	105
4.6.2	The Relationship Exists between Interpersonal Competencies and Hotel Performance.	106
4.6.3	The Relationship Exists between Leadership Competencies and Hotel Performance	107

4.6.4	The Relationship Exists between Administrative Competencies and Hotel Performance	107
4.7	Test of Multicollinearity	108
4.8	Strength of the Impact of Competencies on Performance	109
4.9	Test of Hypotheses	111
4.9.1	Testing Hypothesis 1	111
4.9.2	Testing Hypothesis 2	113
4.9.3	Testing Hypothesis 3	114
4.9.4	Testing Hypothesis 4	115
4.10	Chapter Summary	117
CHAPTER 5 : RESULTS AND DISCUSSION		118
5.1	Introduction	118
5.2	Findings Associated with Objective One	118
5.2.1	Identified Extremely Important Competency Statements	118
5.2.2	Different Perspective on Importance of Conceptual/Creative Competencies	120
5.2.3	Concurrence on Importance of Leadership Competencies	120
5.2.4	Required Leadership Competencies Varies among Two Managerial Groups	121
5.2.5	Agreement on Importance of Interpersonal Competencies	122
5.2.6	Administrative Competencies being Least Important among Others	122
5.3	Findings Associated with Objective Two	123
5.3.1	Highly Existent Competencies within Managers of Sri Lankan Hotels.	123
5.3.2	Lack Conceptual/ Creative Competencies Compared to the Importance Given	124
5.4	Findings Associated with Objective Three	125
5.4.1	The discussion on Relationship between Conceptual/ Creative Competencies and Hotel Performance	125

5.4.2	The discussion on Relationship between Interpersonal Competencies and Hotel Performance	127
5.4.3	The discussion on Relationship between Leadership Competencies and Hotel Performance	127
5.4.4	The discussion on Relationship between Administrative Competencies and Hotel Performance	128
5.5	Chapter Summary	129
CHAPTER 6 : CONCLUSION AND RECOMMENDATIONS		130
6.1	Introduction	130
6.2	Conclusion	130
6.3	Recommendations	131
6.4	Further Research Potentials	133
Reference		132
Appendices		
	Loss Making Companies in Hotel and Leisure Sector	xvi
	Survey Questionnaire Feedback Form for Panel Members	xix
	Letter Briefing the Study that Accompanied the Survey Questionnaire	xx
	Survey Instrument	xxi
	List of Considerably Important Competencies as Perceived by Top Managers	xxxii
	Lists of Considerably and Moderately Important Competencies as Perceived by Middle Managers	xxxvi
	Highly Existent Top Manager Competencies	xl
	Highly Existent Middle Managers Competencies	xliii
	SPSS Data Sheets	xlvi