THE RELATIONSHIP BETWEEN

RISK PROPENSITY AND

YIELD MANAGEMENT

DECISIONS

By

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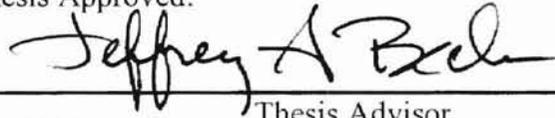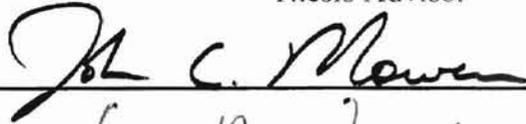
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CHAPTER I

INTRODUCTION

A common fact distinguishing the hotel industry from many other types of businesses is the reality of perishable assets. A property can never recapture the revenue of an unsold room from the previous night. Such constraints on fixed supply make it imperative for managers to optimize revenue. An important concept created by the airline industry assists in the ability for individual properties to optimize revenue. Bob Crandall, former CEO of American Airlines, labeled the term yield management (Cross, 1997, p108). Yield management is defined as the "application of disciplined tactics that predict consumer behavior at the micro market level and optimize product availability and price to maximize revenue growth (Cross, 1997, p51)." A more lucid definition of the term describes yield management as "the act of controlling rates and restricting occupancies in an effort to maximize gross rooms revenue (Vallen &Vallen, 2000, p127)." Despite numerous definitions of the term yield management, a constant in all definitions is the idea of optimizing revenue. Related to the hotel industry, this idea involves dynamic pricing, overbooking, and the allocation of perishable assets across market segments in order to maximize revenue for the individual property (Baker & Collier, 1999, p239). Simply stated, a revenue manager seeks to find out the answer to

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the following question, "What is this customer willing to pay for this product at this point in time (Cross, 1997, p72)?"

Several years ago, many hotel owners staffed their properties with numerous employees willing to assist fellow patrons according to their specific requests. Various line positions consisting of doormen, bellmen, valets, and concierges were available to those seeking a job. In addition to these various line positions, several middle management positions were incorporated into the management structure of the majority of all full-service hotels. Such middle management positions included a guest services manager, bell captain, and numerous assistant management positions. As time passed, though, competition as well as an unstabilized economy caused several hotel owners to cut their overall costs through the process of downsizing (Balazs & de Vries, 1997, p12). Many owners believed that downsizing was the predominant survival tactic in times of a struggling economy (Hensdill, 1999, p1). In fact, "downsizing could legitimately be called a craze in the United States, with almost three-quarters of the companies surveyed by Right Associates, a Philadelphia-based consulting firm, admitting to doing it over the last five years (Cross, 1997, p29)." Many of these companies believed that downsizing would create immediate benefits such as "lower overheads, decreased bureaucracy, faster decision making, smoother communication, greater 'intrapreneurial' behavior, increased productivity, and better earnings (Balazs & de Vries, 1997, p12)." Despite a few benefits to the practice of downsizing, results of a study conducted by Right Associates indicated that "three-quarters of the downsizing firms said that they saw no financial improvement as a result. Over 65% said they had not seen any improvement in productivity (Cross, 1997, p29)." Another study conducted by the Society for Human Resource Management

concluded that "more than 50% of the 1468 restructured firms surveyed reported that productivity either remained stagnant or deteriorated after downsizing (Balazs & de Vries, 1997, p12)." Results from a survey presented in the Wall Street Journal "found that of the 1005 downsized firms questioned, only 46% had actually cut expenses, 32% had increased profits, 22% had increased productivity, and 22% had reduced bureaucracy (Balazs & de Vries, 1997, p12)." A related study conducted by an "outplacement firm noted that 74% of the senior executives in downsized companies experienced problems with morale, trust, and productivity (Balazs & de Vries, 1997, p12)." Cross (1997, p29) stated that companies who are victim to downsizing experience confusion and disorder in the workplace. Cross believes that the aftermath of downsizing leaves survivors overworked and, many times, insecure about the new tasks they are performing. In addition to the side effects of downsizing listed above, the practice creates bad publicity for the respective firm from employees that are surrounded by the overall chaos (Balazs & de Vries, 1997, p13). In view of the fact that the art of downsizing is incapable of long-term stability, many firms, particularly hotel owners, have focused on new ways to generate revenue over the past few decades (Hensdill, 1999, p1). Among many common practices, yield management provides hotel owners with a consistent and reliable method of optimizing property revenue.

Yield management tactics have been commonplace in the hotel industry for many years. In the earlier stages of the concept, revenue managers forecasted future demand based on historical patterns and, quite often, gut instinct (Quain, Sansbury & Quinn, 1999, p77). Many strategic decisions to optimize revenue were spontaneous and did not involve complicated formulas or algorithms. As time passed, though, technology created

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a tool for hotels to predict room demand and eliminated many of the spontaneous decisions from previous years. Currently, many larger hotels have installed this type of technology in their respective properties. Despite automating the process of yield management in many hotels, revenue managers, reservation managers, front-desk managers, room managers, or general managers still uphold the responsibility of monitoring the yield management system at their individual property (Vallen &Vallen, 2000, p133). Such requirements may include increasing or decreasing the percentage that a particular property overbooks on a high-demand weekend or eliminating discounts based on an irregular generator of business.

By still upholding responsibility for the function of yield management, even if a yield management system exists, qualified managers pursue the idea of maximizing their revenue. An uncertainty in this process is the underlying influences that cause qualified managers to pursue one yield management technique over another. Specifically, for this study, the relationship between a managers' propensity to take risks and decisions based on optimizing revenue.

The Statement of the Problem

There has been no previous research explaining the relationship between risk propensity and yield management decisions. Previous studies have researched the effect risk propensity has caused on other facets of life, but these studies have not questioned yield management decisions. Thus, the problem this study addresses is that little information is available regarding the unidentified notion that a positive correlation exists

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between the propensity for revenue managers at hotels in the states of Oklahoma and Texas to take risks and yield management decisions.

The Objectives of the Study

The objectives of this study are to: 1) assess the risk propensity of yield management decisions due to revenue managers' demographic characteristics and socioeconomic factors; 2) reveal the risk propensity of yield management decisions based on one's organizational culture and personality traits; 3) identify the risk propensity of yield management decisions relating to the situational context; and, 4) determine the relationship between revenue managers' risk propensity and the financial success of their respective hotel property.

CHAPTER II

LITERATURE REVIEW

Past studies concentrating on risk propensity have focused on employees'
decision-making from a variety of industries. Berthon and West (1997) researched the
background of risk-taking behavior by advertisers and studied individual circumstances
that caused these advertisers to increase their risk-taking behavior. Busenitz (1999),
along with many other researchers, examined entrepreneurs' decision-making and the
amount of risk that was involved in these strategic decisions. A different study was
undertaken by Homant, Howton, & Robert (1994) when these researchers applied
measures of risk-taking and sensation seeking to patrol officers in suburban police
departments across the United States. Yet another study conducted by COMSIS
Corporation (1995) investigated risk-taking among teenagers in relation to their driving
habits. Despite the advances made and the benefits reaped from knowing the results of
such studies dissecting the topic of risk propensity, none have involved decision-making
in the hospitality industry. In addition to this dilemma, researchers do not share
knowledge on the relationship between a revenue managers' propensity to take risks and
their yield management decisions.

Revenue managers are faced with some type of risk in relation to the profitability
of their respective hotel property each and every day. Whether monitoring a heavily

automated yield management system or observing daily flash reports over a scheduled length of time, revenue managers formulate various pricing strategies in order to optimize hotel revenue. Such types of strategies include overbooking, eliminating discounts, offering discounts, requiring all reservations to be a minimum number of nights, instituting a cancellation policy, insisting a reservation to be guaranteed with a credit card, closing certain dates for arrival, and providing promotional rates or specials (Vallen & Vallen, 2000, p126-136). To understand how these common strategies may cause revenue managers to take risks, an example of overbooking will be utilized. Usually during a high-demand period, a revenue manager, with or without the assistance of a yield management system, will decide to overbook his or her property based on a percentage of understays, overstays, and cancellations from similar, historical dates (Salomon, 2000, p3). The art of risk-taking occurs when the revenue manager decides on the percentage of rooms he or she would like to overbook. Some revenue managers will overbook the exact amount of rooms that historical figures predict Other revenue managers will exceed this prediction, concentrating solely on optimizing revenue. Still, other revenue managers will not overbook their hotel at all, believing that even a low-probability of "walking a guest" simply is not low enough. Many revenue managers that fall into this last category feel as if the actual cost of "walking a guest", and more importantly, the ever-lasting effect that "walking a guest" may have on the reputation of his or her property is simply not worth the initial risk (Salomon, 2000, p2). From this simple example, clarity is provided upon the common occurrence of revenue managers to initiate risk-taking behavior.

Understanding the dynamics of yield management is essential to properly managing a hotel property. The underlying foundation of the yield management concept in respect to the hotel industry relies on five characteristics of the hotel business. The first characteristic illustrates the reality of perishable inventory. In the service industry, a good that is not sold within a given time frame is lost forever. Specifically for the hotel industry, if a hotel staff is unable to sell a distinct room for the evening, management's ability to make revenue from that room on that particular evening is lost forever. The second characteristic involves the fixed capacity of products in the short-term. In the short-term, the number of rooms in a hotel remains constant, despite fluctuations in overall demand (Vallen & Vallen, 2000, p128). The third characteristic explains that the direct costs per customer are negligible compared to the high overall costs of the operation. In a hotel, the additional costs of selling an additional room are no comparison to the exceedingly high costs of building the hotel structure. The fourth characteristic involves the concept that demand for the product varies over time (Cross, 1997, p134). Depending on the type of property and the overlying circumstance, certain days of the month create high demand for hotel rooms and other days produce low demand for the same rooms. A priority of any revenue manager is to understand this cyclical trend of their respective property and then to utilize pricing strategies in order to optimize revenue throughout the entire year. Such strategies might involve offering discounts during low demand seasons in order to attract more patrons during these off-peak periods. Other strategies may include eliminating all discounts during high demand seasons in order to boost revenue. The fifth characteristic of the hotel industry that enables managers to utilize the benefits of yield management entails the product to be sold over a period of

time. This characteristic allows hotel managers the capability to exploit historical information to predict future trends (Vallen & Vallen, 2000, p132-133).

The advantages of implementing a yield management system at a hotel property are overwhelming when focusing on overall financial results. Among numerous yield management systems on the market, TopLine PROPHET, IDeaS, YMWerks, and OmniCharm remain the most popular. Such systems, as listed above, range from a typical reporting tool to an actual expert system both assisting in operational decisions for the optimum use of hotel rooms. The choice to purchase and utilize one yield management system over another definitely depends on an owner's ability to invest in such a product but also depends on several other factors including a properties' culture, management's competency relating to yield management issues, and, among others, a hotel's specific demand generators. Considering such factors as the list above, a property may pursue a yield management system such as YMWerks that acts as a reporting tool (YMWerks Software, 2000, p1). When working with such a system as YMWerks, revenue managers still maintain full control of all pricing decisions. The actual reporting tool produces several reports displaying past as well as current trends of booking patterns. After reviewing these reports, revenue managers apply the information in order to establish future pricing strategies (YMWerks Software, 2000, p6-8). In comparison to a yield management system functioning as a reporting tool, expert systems such as TopLine PROPHET actually execute proper yield management strategies automatically (OPUS 2, 1999, p1). Despite this notion, revenue managers still monitor expert systems and adjust pricing strategies in situations that depict abnormal trends in future bookings. No matter if a property wishes to install a yield management system that acts as a

reporting tool or an expert system, the return on investment for all yield management systems has proven itself well worth the initial expense. The Omni Dallas Hotel Park West installed OmniCharm, Centralized Hotel Automated Revenue Management, into their respective property two years ago. Since that time, the hotel has reported an overall revenue increase of 4% to 6%. The hotel prices rooms as high as $199 on high-demand nights and as low as $59 during off-season periods. Also, through the yield management system OmniCharm, this hotel employs length-of-stay restrictions during high-demand periods (Templin, 1999, p1). Marriott believes that effectively utilizing yield management techniques throughout their entire organization leads to over 200 million dollars in additional revenue for their organization per year. Likewise, American Airlines reported that their company produced in excess of 1.4 billion dollars throughout a 3-year period solely by relying on effective yield management strategies (Weatherford, 1995, p70-71). Thus, the proper combination of a competent revenue manager willing to administer risky, yet calculated yield management strategies and a reputable yield management system creates insurmountable financial benefits for hotel properties.

In order to assess risk propensity, prior studies have utilized several methods such as the Jackson Personality Inventory, Jackson's Personality Research Form, Neary-Zuckerman's Sensation Seeking Scale, Carver and Scheier's Control Theory, Nygren's Decision Making Inventory, Kahneman and Tversky's Prospect Theory, Mirels and Greblo's Self Doubt Scale, and Kogan and Wallach's Choice Dilemmas Questionnaire (Nygren, 2000, p.5-6; Johnson, 1994, p73). Based on their acceptance and overall reliability, Prospect Theory and the Jackson Personality Inventory addressed a majority of past studies (Sullivan, 1997, p63; Carland, Carland, & Stewart, p1). Prospect theory

states that "decision makers utilize a reference point, such as one's current status or some other psychological significant point, and code decision alternatives as either gains or losses relative to that point (Sullivan, 1997, p63)." The theory "predicts that decision makers will generally be risk avoiding when choosing between alternatives that fall above the reference point, and risk taking for alternatives below that point (Sullivan, 1997, p63)." Based on findings, this theory also suggests that the same individual seeks and averts from risk depending on if he or she views the situation in question as a gain or as a loss (Johnson, 1994, p75). Focusing on personality characteristics rather than situational factors, the Jackson Personality Inventory Risk Scale consists of twenty yes or no questions assessing a subjects overall propensity to take risks (Carland, Carland, & Stewart, p3). The JPI Risk Scale concentrates on four facets: physical, monetary, social, and ethical. Prior research explains that this scale measures all four of these facets, but the greatest weight is given to risk-taking in monetary terms (Carland, Carland, & Stewart, p3). Past studies focusing on financial relationships have benefited from this study's emphasis on monetary value.

Despite their overall reliability and validity, Prospect Theory and the Jackson Personality Inventory are outdated pieces of literature. In addition, classic theories, such as the two stated above, only focus on one specific area when drawing a conclusion. Despite signs of reliability and validity in such usage, these theories do not demonstrate how an array of individual traits interacts in order to make a prediction. Thus, in order to assess the relationship between risk-taking behavior and yield management decisions, the current study utilizes a new meta-theoretic model of motivation and personality. This model, commonly called the 3M model, integrates "control theory, evolutionary

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psychology principles, elements of trait theories, and a hierarchical approach to personality to provide an integrated account of how personality interacts with situations to influence feelings, thoughts, and behavior (Mowen, 2000, p1)."

Before reviewing the 3M Model, control theory and hierarchical models of personality need to be briefly reviewed in order to understand the foundation of the 3M Model of Motivation and Personality. Researchers have employed control theory into their studies for several years. Control theory consists of four different facets. First, one identifies an "input function in which a sensor assesses the level of the environmental stimuli processes. Second, an internal reference standard identifies the preferred level of the stimulus. Third, a comparator evaluates the level of the stimulus in comparison to an internal standard of reference. Finally, based upon this comparison, an output function results (Mowen, 2000, p12)." As shown from the previous sentence, control theory provides researchers with a type of meta-theory that is useful in connecting relationships. However, control theory usually fails to "identify new relationships for empirical investigation (Mowen, 2000, p15)." Similar to control theory, researchers have created and utilized many different hierarchical models of personality. Researchers such as "Eysenck (1947), Allport (1961), Buss (1989), Paunonen (1998), Lastovicka (1982) and Joachimsthaler and Lastovicka (1984), have proposed that personality traits exist within a hierarchy based upon their degree of abstractness (Mowen, 2000, p15)." By integrating aspects of a variety of hierarchical models of personality with control theory, Mowen developed the 3M Model of Motivation and Personality in order to further derive hypotheses for analysis (Mowen, 2000, p15).

In reference to the 3M Model, Mowen (2000, p19) describes a model in which personality traits are arranged in a four-tier hierarchy. These tiers include elemental traits, compound traits, situational traits, and surface traits. Traits at more abstract levels influence traits at more concrete levels in the respective hierarchical model. Elemental traits, the most abstract tier of the 3M Model, are defined as "basic, underlying predispositions that arise from an individual's genetics and early learning history (Brown, Licata, & Mowen, p4)." Elemental traits include the "Big Five" personality traits such as openness to experience, conscientiousness, introversion, agreeableness, and emotional stability, as well as the need for material resources, the need for arousal, and the need to protect bodily resources. From the elemental traits listed above, openness to experience and arousal have revealed to display positive relationships with an individual's propensity to take risks (Hermann & Kowert, 1997, p6, Lark, 1991, p38). Conscientiousness, introversion, agreeableness, and neuroticism have all shown to exhibit negative relationships with an individual's propensity to take risks (Hermann & Kowert, 1997, p616-618, Lark, 1991, p38). For the current study, all eight elemental traits will be utilized. Compound traits are defined as "the unidimensional predispositions that result from the effects of multiple elemental traits, a person's learning history, and culture (Mowen, 2000, p21)." Mowen (2000) studied a variety of compound traits including task orientation, time orientation, the need for learning, competitiveness, the need for activity, the need for play, and general self-efficacy. For the current study, competitiveness, time orientation, and the need for learning will be utilized for compound traits. Situational traits are defined by Mowen (2000) as "the unidimensional predispositions to behave within a general situational context." In relation to studying the relationship between risk

propensity and yield management decisions, the situational traits of job risk, job resourcefulness, leisure risk, personal financial risk, productivity orientation, stress, and customer orientation will be pertinent. All of the situational traits listed above are proposed to have a positive relationship with yield management risk with the exception of customer orientation. The most concrete tier of the 3M model is surface traits. Surface traits are defined as "enduring dispositions to exhibit programs of behavior within category specific contexts (Brown, Licata, & Mowen, p5)." Specifically, for the study at hand, yield management practice will be employed. The 3M Model, developed by Mowen, has proven to demonstrate internal reliability and predictive validity. Moreover, the 3M Model has shown strong signs of test-retest reliability as well as construct, discriminant, and nomological validity (Mowen, 2000, p271).

A final factor reviewed in past literature related risk propensity to demographic characteristics and socioeconomic factors. An overwhelming majority of studies conclude that sex, age, level of education, and tenure are all related to risk-taking behavior. Females usually exhibit a lower level of risk-taking behavior when compared to males. In support of this notion, past studies have focused on a variety of areas to make this hypothesis. A recent paper studied the relationship between gender and financial risk. In this study, the researcher hypothesized that "females are generally less tolerant in taking financial risks compared to males (Yip, 2000, p8)." The results of the study revealed that "males have significantly higher financial risk tolerance scores than females (Yip, 2000, p19)." In addition, the study also disclosed that, on the average, males "had a more volatile portfolio than females" and produced a higher rate of return when compared to females (Yip, 2000, p19). In addition to the characteristic of gender,

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past studies also provide evidence that older subjects take fewer risks than younger subjects and individuals with higher levels of education are inclined to have a higher propensity to take risks (Carland, Carland, & Stewart, p3). Studies also provide evidence that employees with a longer tenure agree to fewer risks than those with a shorter tenure (Berthon & West, 1997, p34).

Hypotheses of the Study

Based on the literature review and the objectives of this study, eight hypotheses of the study were proposed as follows:

Hypothesis 1: There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her respective hotel property's financial success.

Hypothesis 2: There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of openness to experience and arousal.

Hypothesis 3: There is a significant inverse relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of conscientiousness, introversion, agreeableness, and neuroticism.

Hypothesis 4: There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of competitiveness, time orientation, and the need for learning.

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Hypothesis 5: There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of job risk, job resourcefulness, leisure risk, personal financial risk, stress, and productivity orientation.

Hypothesis 6: There is a significant relationship between a revenue manager's propensity to not administer a risky yield management decision and his or her measure of customer orientation.

Hypothesis 7: There is a significant relationship between a revenue manager's age and tenure and his or her propensity to not administer a risky yield management decision.

Hypothesis 8: There is a significant relationship between a revenue manager's gender and level of education and his or her propensity to administer a risky yield management decision. Specifically, for the issue of gender, male revenue managers administer riskier yield management decisions than female revenue managers.

CHAPTER III

METHODOLOGY

Research Design

In order to assess the relationship between the propensity for revenue managers in the states of Oklahoma and Texas to take risks and yield management decisions, a detailed questionnaire was administered to general managers via mail. The research design involved descriptive research utilizing a cross-sectional study of the elements in the target population in order to assess the relationship between revenue managers' propensity to take risks and yield management decisions they implement at their respective lodging property. Specifically, the cross-sectional study analyzed the relationship between elemental, compound, and situational traits such as openness to experience, conscientiousness, extraversion, agreeableness, neuroticism, material needs, arousal, physical needs, competitiveness, time orientation, the need for learning, job risk, job resourcefulness, leisure risk, personal financial risk, customer orientation, stress, productivity orientation and the surface level trait of yield management risk. In addition, the study also assesses the relationship between yield management decisions and the financial success of properties in the study.

Instrument

Individual packets were mailed out to the respective general managers. These packets consisted of a cover letter, the actual questionnaire, and a description of the reward a participant could receive for participating in the study and returning the questionnaire. The cover letter identified the researcher and also explained the purpose of the study. It provided the property general managers' directions to who should be completing the questionnaire. In addition to the above, the cover letter also provided participants with an estimated time frame to complete the questionnaire, which was approximately five to ten minutes and reminded the individual participants that their answers would be kept completely confidential.

The actual questionnaire consisted of twelve sections. The first part of the questionnaire listed the title of the survey, Revenue Managers Risk Propensity Survey, and described the reward one might receive for returning the questionnaire, which was a chance to win one hundred dollars in cash from a random drawing that included all the names of those individuals who completed and returned a questionnaire. The above information was displayed on the cover of the survey in order for participants to clearly review the incentive before deciding whether or not to fill out the questionnaire. In addition to the material on the cover page, the first section gave the participant a few simple directions for the entire questionnaire and reiterated that all answers would be kept completely confidential. This section also clearly told the participant to mark his or her first reaction to each item. The second part of the questionnaire asked participants to answer two brief yes or no questions pertaining to computer-based yield management systems and yield management, respectfully. Depending on how the subject answered

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the second of the two questions, "I practice yield management at my hotel," he or she would proceed to the third section or would skip the third section and continue with the fourth part of the survey. If the participant answered the question above yes, he or she would proceed to the third section. If the participant replied no, he or she would skip the third section and proceed to the fourth section. The third component of the survey focused on specific questions relating to yield management. Even though all of the questions in the third section concentrated on yield management issues, all of the questions fell into subcategories of yield management consisting of training, philosophy, use, evaluation, and perception. Questions in the third section were measured via a 9-point scale anchored by "strongly disagree-strongly agree." Since the questions in this section were developed by the researcher and industry experts, a pilot study was conducted to test the reliability and validity of the questions before the survey was administered. The fourth part of the questionnaire assessed elemental and compound traits by using a 9-point scale anchored by "never-always." Items for the elemental and compound traits were borrowed strictly from scales developed by Mowen (2000, p47-68).

The fifth component of the questionnaire examined situational and surface traits of individual participants. These traits were measured by utilizing a 9-point scale anchored by "strongly disagree-strongly agree." Items representing situational traits were developed from a combination of past studies and specific criterion for revenue managers. These reliable and validated sources included:

1. (Nygren, 2000, p7)

2. (Risk Taking, 1999, p1-2)

3. (Extraversion/Introversion, p1-4)

4. (Thong-Hwee Ow, 2000, p239-241)

All sources above were employed to accurately assess situational and surface traits. Questions were implemented in the current questionnaire from all of the aforementioned sources because no one survey instrument was able to thoroughly measure the situational and surface traits related to the current study.

The sixth and seventh parts of the questionnaire instructed participants to answer questions regarding their level of responsibility at the workplace and their organization's position relative to the competition. The seventh part posed questions relating to market share, sales growth, revenue growth, and overall organizational performance. Questions were developed for this section from the questionnaire from Thong-Hwee Ow (2000, p225). All questions from the sixth and seventh section were carefully assembled in order to not intrude in a company's private dealings and, at the same time, to produce a quality response rate specifically for these two sections. The sixth part of the survey utilized a nine-point scale anchored by "strongly disagree-strongly agree," and the seventh part used a nine-point scaled anchored by "much worse than competition-much better than competition."

The next three sections of the questionnaire asked participants to specify specific financial figures for their property for the previous year and also focused on the relationship between each participant's image and their company's image. The eighth part asked participants to specify their properties' revpar and occupancy for the previous year. The ninth and tenth components of the questionnaire asked questions pertaining to

self-image and company image. These sections employed a seven-point scale anchored by "not at all-very much" and "strongly disagree-strongly agree," respectively.

The eleventh part of the questionnaire measured participants' satisfaction level for numerous aspects of their job such as their overall job, fellow workers, salary or wages, opportunities for advancement, treatment by employer, and work atmosphere. This section used a nine point scale anchored by "very dissatisfied-very satisfied."

The final section of the questionnaire asked participants questions regarding demographics characteristics and socioeconomic factors. Since this part of the questionnaire may be the most intimidating to individuals, these questions were presented at the end of the questionnaire. Questions in this section asked participants to answer inquiries relating to their gender, age, level of education, and tenure with their current employer. All questions in the final section of the questionnaire were self-administered with structured, multiple-choice answers.

In addition to the initial directions, each section provided participants with specific directions. At the conclusion of the questionnaire, a few sentences were added thanking participants for their participation. The final sentences also instructed them on the simple mailing procedure and presented a targeted return date.

Population

The target population for the current study was revenue managers at lodging properties in the states of Oklahoma and Texas. Hotel properties included in the target population ranged from a variety of cities and towns in the states of Oklahoma and Texas. Since many of the management teams at properties in the target population do not possess

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a position that focuses solely on optimizing a properties revenue stream, the packet containing the questionnaire was sent out to general managers. An attached letter asked the general manager to deliver the packet to the individual at their property who is the most involved in optimizing revenue through yield management tactics.

Pilot Study

Since the researcher and industry experts constructed the questions in the survey relating to yield management, a pilot study was conducted in order to test the reliability and validity of these pertinent questions. The pilot study involved members from the Board of Directors of the Oklahoma Hotel and Lodging Assocation (n=25). On June 26, 2001, the researcher made a presentation to the Board of Directors of the Oklahoma Hotel and Lodging Association at one of their annual board meetings. During the meeting, board members were allowed to ask questions pertaining to the project and also gave the researcher recommendations on how to improve the survey. In addition to their verbal approval of the project during the meeting, the Oklahoma Hotel and Lodging Association provided the researcher with a letter of support for the project.

The actual survey sent to the twenty-five subjects in the pilot study resembled the instrument described in a previous section. The only difference between the instrument that was administered in the pilot study and the full study was that subjects were asked to provide feedback on the questionnaire in the pilot study.

Questionnaires for the pilot study were sent via mail on July 6, 2001. A follow-up email was sent to all of those who did not respond on July 17, 2001. The follow-up

email reiterated the importance of the study and urged all participants to fill out and return the survey.

Sampling Procedure

A convenient sampling plan was implemented in the study by sending questionnaires to all members of the Oklahoma Hotel and Lodging Association and the Texas Hotel and Motel Association who represent lodging properties in their respective state (n=1074). Before the study was conducted, the Institutional Review Board at Oklahoma State University approved the request to utilize human subjects for the current study. Members of the Oklahoma Hotel and Lodging Association or the Texas Hotel and Motel Association were excluded if they were a Chamber of Commerce, Bed and Breakfast, Convention and Visitors' Bureau, campground, cabin, condominium, country club, ranch, RV park, or a hotel or motel with less than twenty-one rooms. In addition, Sea World of Texas and Six Flags over Texas were eliminated from the sample. Only one survey was administered to a specific lodging property in the state of Oklahoma or Texas even if more than one individual at the respective property was a member of the Oklahoma Hotel and Lodging Association or the Texas Hotel and Motel Association. Both associations' membership directories provided the names and addresses of all properties utilized in this study. In addition, the Oklahoma Hotel and Lodging Association supplied the researcher with address labels for all properties in the sample. The Texas Hotel and Motel Association sent their membership directory via email on an excel spreadsheet in order to assist the researcher in coding the data.

The first set of packets was mailed on August 10, 2001 to all properties belonging to the Oklahoma Hotel and Lodging Association and to the Texas Hotel and Motel Association. One week after the targeted return date of August 20, 2001, an email was sent to those properties that had not returned the initial questionnaire. The email reminded each property of the significance of the current study and thanked them beforehand for their valuable response.

Data Analysis

In order to determine the validity and reliability of the yield management questions that the researcher and industry experts created, the collected data from the pilot study was manually entered into a personal computer via the Statistical Package for Social Sciences (2000). A reliability analysis was conducted on the yield management questions that the researchers prepared and had not previously tested.

The collected data for the final survey was also entered into a computer via SPSS 2000. This data was initially measured by exploratory factor analysis with varimax rotation and reliability analysis. Items were retained if they: (a) loaded .50 or more on a factor, (b) did not load more than .50 on two factors, (c) had a communality of .50 or more, and (d) if the reliability analysis indicated a coefficient alpha of .70 or more (Brown, Licata, & Mowen, p.12). After factor analysis and reliability analysis, averages were formed on all constructs that were retained. After completing the averages, correlations were performed on all constructs in order to view hypothesized relationships. Multiple regression analysis was also conducted to enable the researcher to expand the initial prediction relating to the hypotheses of the study.

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In order to analyze demographic characteristics and socioeconomic factors, methods such as a one-way ANOVA and a t test was utilized. Also, a frequency distribution was performed in order to understand pertinent characteristics of all participants.

CHAPTER IV

RESULTS

Return Rate

A total of 25 subjects were sent surveys for the pilot study. Out of these 25 subjects, 7 people returned a survey (28 %). For the final study, a total of 1074 subjects were sent surveys. Out of 1074, 79 participants returned a survey (7.4 %). For both steps of the research, a small portion of the returned surveys were unusable. Some of these surveys were returned to the sender because of an incorrect address. Other questionnaires were unusable because they were not appropriately filled out. Unusable surveys were accounted for in the overall total of nonrespondents.

Pilot Study

The researcher received an average response for the pilot study (28 %). The researcher revised the yield management section of the questionnaire based on feedback from the 7 respondents. An example of such a correction is evident in changing the following question for the pilot study to the following question for the final study, "I routinely break the revenue management rules for my property" to "I routinely override the revenue management rules for my property." Many of the respondents believed that

the word "break" was inappropriate and may dictate a negative connotation for that specific question.

Personal Characteristics of Respondents

Descriptive statistics were employed in order to describe basic demographic characteristics of the respondents. Tables are provided for the reader directly after this section in order to clarify the descriptive statistics of all of the respondents.

A majority of the respondents were male accounting for 59.7 %. Obviously, female respondents provided the current research with 40.3 % of all respondents.

Several age groups were given so that participants could provide their correct response. A majority of the respondents marked that they belonged to the age group of 31-40 (31.2 %). Hoteliers 41-50 and 51 or older accounted for 27.3 % of all respondents in both categories. Only 14.3 % of those who replied were 30 or younger.

The majority of respondents had a college level of education (53.2 %). People who finished graduate school or more accounted for 20.8 % of all who replied. Those with a two-year degree or comparable degree explained 14.3 %, and hoteliers with a high school degree or less described only 11.7 % of all respondents.

Thirty-nine percent of the managers had 18 years or more of experience. Hotel managers with 4-10 years of experience accounted for 26 %. Managers with 11-17 years of experience were the third highest group (24.7 %). The lowest percentage of respondents, 10.4 %, belonged to managers who only had three years or less of experience.

Respondents were asked a variety of questions relating to basic individual traits. Elemental traits and compound traits were recorded utilizing a 9-point scale anchored by "never-always." The following provides the means of all attitudes pertaining to the trait in question: openness, 7.0, conscientiousness, 7.4, introversion, 2.8, agreeableness, 6.8, neuroticism, 3.0, material resources, 4.4, arousal, 5.2, the need to protect bodily resources, 5.2, competitiveness, 6.3, time orientation, 3.8, and the need for learning, 7.5. Focusing only on the constructs above, many hoteliers scored low on questions assessing neuroticism such as "kind to others," "tender hearted," "agreeable with others," and "softhearted." On the contrary, many revenue managers scored high on the construct measuring the need for learning. Such questions that measured this attitude included "enjoy learning new things more than others," "enjoy working on new ideas," and "information is my most important resource." Situational and surface traits were analyzed using a 9-point scale anchored by "strongly disagree-strongly agree." The following indicates the means of attitudes representing situational and surface traits: job risk, 7.6, customer orientation, 7.9, stress orientation, 3.7, productivity orientation, 7.5, and yield management, 6.9. Revenue managers scored low on stress orientation and scored high on customer orientation. Questions for stress orientation included "in my job, I frequently feel stressed out," "I feel extremely nervous," "I feel very anxious about things on the job," and "I experience high levels of strain on a daily basis." Questions for customer orientation included "I get customers to talk about service needs," "I take a problem-solving approach with customers," "I am able to answer a customer's questions correctly," and "I try to get customers to discuss their needs with me." The questionnaire also focused on other pertinent traits. These traits and their means are given in the

following: self-image and values, 5.3, and satisfaction, 5.3. Questions depicting self-image and values included: "please indicate the degree to which your self-image overlaps with your firm's image" and "to what extent do you agree with the following statement: 'the values and goals of my firm completely overlap with my own personal values and goals.'" Question relating to one's level of satisfaction are as follows: "your overall job," "your fellow workers," "your salary or wages," "opportunities for advancement," "treatment by employer," and "work atmosphere." Both questions relative to self-image and values utilized a 7-point scale anchored by "not at all-very much" and "strongly disagree-strongly agree." Questions assessing one's level of satisfaction employed a 7-point scale anchored by "very dissatisfied-very satisfied."

Table 1
Demographics of Respondents

Variable	n	P
Gender		
Male	46	59.7
Female	31	40.3
Age		
30 or younger	11	14.3
31-40	24	31.2
41-50	21	27.3
51 or older	21	27.3
Education		
High school or less	9	11.7
Two year degree or comparable degree	11	14.3
College	41	53.2
Graduate school or more	16	20.8
Tenure		
3 or less	8	10.4
4-10	20	26.0
11-17	19	24.7
18 or more	30	39.0

Business Characteristics of Companies

A majority of respondents indicated that their company does not rely on computer based yield management systems (55.4 %). However, 78.9 % of those who responded answered yes to the following question: "I practice yield management at my hotel." A manager's level of responsibility was measured by utilizing a 9-point scale anchored by "strongly disagree-strongly agree." Hoteliers scored an average of 7.6 on questions relating to autonomy. Competitive position was predicted by a 9-point scale anchored by "much worse than competition-much better than competition." Hotel managers scored an average of 7.1 on the competitive position construct. As displayed, managers scored high

on questions predicting responsibility such as "our property owner and/or corporate office holds me primarily responsible for implementing various yield management techniques," "our property owner and/or corporate office holds me primarily responsible for optimizing revenue at our property through the use of yield management tactics," and "our property owner and/or corporate office holds me primarily responsible for setting rates at our property." Managers also scored fairly high on questions relating to competitive position such as "market share," "sales growth rate," "revenue growth," and "overall organization performance."

Revenue managers were asked to indicate their properties RevPar(revenue per available room) and occupancy. The mean for RevPar for all respondents was $52.00. The minimum RevPar was $21.45, and the maximum was $91.23. The mean for occupancy for properties was 67.8 %. The minimum occupancy was 40 %, and the maximum was 98.2 %.

Factor Analysis

In order provide evidence that specific questions related to only one construct, factor analysis was performed on a majority of the survey questions. Questions were retained if factor-loading coefficients were greater than .50. The following table displays the results of items retained.

Table 2
Factor Analysis

Factor	Factor Description	Factor Loading
Yield Management Attitude		
	Receive YM training	.849
	Rely on YM to forecast occupancy	.706
	Participate in meetings to discuss YM	.721
	Evaluated on RevPar	.512
	Looking for new YM strategies	.821
	YM makes me a better manager	.724
	Take risks based on YM	.758
Job Risk		
	Read the small print	.837
	Participate only in certain business undertakings	.712
Leisure Risk	Enjoy any type of gambling	.694
	Friends call me a thrill seeker	.865
Personal Financial Risk		
	Investing excites me	.747
	I save regularly	.685

In addition to the items above, all items measuring openness to experience, arousal, conscientiousness, introversion, agreeableness, neuroticism, competitiveness, time orientation, the need for learning, job resourcefulness, stress orientation, productivity orientation, customer orientation, the need for material resources, the need to protect bodily resources, responsibility, competitive position, RevPar and occupancy, self-image and goals, and level of satisfaction were retained.

Reliability Analysis

In order to determine if each construct was reliable, a reliability analysis was performed on those items, which were retained after performing factor analysis. Items were retained for the reliability analysis if they provided a coefficient alpha greater than .70. The following table summarizes the names of each construct and their respective coefficient alpha.

Table 3
Reliability Analysis

Variable	a
Yield management	.8901
Arousal	.8958
Openness to experience	.9035
Extroversion	.9446
Conscientiousness	.8756
Neuroticism	.8534
Agreeableness	.7434
Competitiveness	.9215
Time orientation	.7582
Need for learning	.7361
Job resourcefulness	.8560
Stress orientation	.8746
Productivity orientation	.8347
Customer orientation	.8406
Need for material resources	.8860
Need to protect bodily resources	.8626
Responsibility	.8363
Competitive Position	.9308
Self-image and goals	.7237
Level of satisfaction	.8547

As indicated above, RevPar and occupancy, job risk, leisure risk, and personal financial risk were not retained because of their inadequate coefficient alpha. Items

retained after reliability analysis were formed into averages in order to further analysis the results. After forming averages, all constructs were labeled as attitudes.

Analysis of Hypotheses

As provided earlier in this research paper, the researcher investigated eight hypotheses. Averaged attitudes provide most of the basis, not including demographic characteristics, for measuring these hypotheses. Correlation analysis, regression analysis, t-tests, and a one-way ANOVA were applied in order to predict meaningful conclusions.

Correlation Analysis

Correlation Analysis was provided for Hypothesis 1 through Hypothesis 6. The measure of association used was Pearson's product-moment correlation for the following data. This measure provided the researcher with knowledge relating to the strength of association. Correlations were deemed significant if the p value indicated a result of .10 or less. The researcher failed to reject all parts of Hypothesis 1, which focused on the relationship between yield management and financial success. The following represents the findings: yield management and RevPar ($r = .33$, $p < .05$) and yield management and occupancy ($r = .00$, $p > .10$). As displayed, there was a significant relationship between yield management and RevPar. The researcher completely rejected Hypothesis 2, which concentrated on the relationship between yield management attitude and openness to experience ($r = .07$, $p > .10$) and yield management attitude and arousal ($r = .17$, $p > .10$). The investigator completely rejected Hypothesis 3, but did provide surprising evidence of a significant relationship. Hypothesis 3 concentrated on the inverse relationship between

yield management attitude and conscientiousness, yield management attitude and introversion, yield management attitude and agreeableness, and yield management attitude and neuroticism. The results are as follows: yield management attitude and conscientiousness (r =.37, p < .01), yield management attitude and introversion (r = -.10, p > .10), yield management and agreeableness (r = -.05, p > .10), and yield management and neuroticism (r= -.08, p > .10). As indicated above, a positive relationship existed between yield management attitude and conscientiousness. The researcher failed to reject all parts of Hypothesis 4 concerning the relationship between yield management attitude and competitiveness, time orientation, and the need for learning. The following summarizes the results: yield management attitude and competitiveness (r = .24, p < .10), yield management attitude and time orientation (r = .01, p > .10), and yield management attitude and the need for learning (r = .24, p < .10). As displayed, a significant relationship existed between yield management attitude and competitiveness and yield management attitude and the need for learning. Hypothesis 5 investigated the relationship between yield management attitude and job resourcefulness, stress, and productivity orientation. The researcher failed to reject all parts of hypothesis 5. The results are as follows: yield management attitude and job resourcefulness (r = .09, p > .10), yield management attitude and stress (r = .03, p > .10), and yield management attitude and productivity orientation (r = .52, p < .01). As shown, there was a significant relationship between yield management attitude and productivity orientation. Hypothesis 6 explored the relationship between a revenue manager's propensity to not administer a risky yield management decision and his or her measure of customer orientation. The investigator rejected the hypothesis and found that there was a positive relationship

between yield management attitude and customer orientation ($r = .37$, $p < .01$). Other

relationships explored worthy of noting include: relying on computer based yield

management systems and yield management attitude ($r = -.01$, $p > .10$), responsibility and

level of satisfaction ($r = .12$, $p > .10$), responsibility and yield management attitude ($r = .38$, $p < .01$), yield management attitude and competitive position ($r = .05$, $p > .10$), yield

management attitude and the need for material resources ($r = .24$, $p < .10$), and yield

management attitude and the need to protect bodily resources ($r = .08$, $p > .10$). Evident

through the above outcomes, there was a significant relationship between yield

management attitude and responsibility and yield management attitude and the need for

material resources.

Table 4
Yield Management Attitude Correlations for Hypothesis 1

Variable	N	r
RevPar	51	.33*
Occupancy	53	.00*

*$p < .05$

Table 5
Yield Management Attitude Correlations for Hypothesis 2

Variable	n	r
Openness to experience	61	.07
Arousal	61	.17

Table 6
Yield Management Attitude Correlations for Hypothesis 3

Variable	n	r
Conscientiousness	61	.37*
Extraversion	61	-.10
Agreeableness	61	-.05
Neuroticism	61	-.08

*$p < .05$

Table 7
Yield Management Attitude Correlations for Hypothesis 4

Variable	n	r
Competitiveness	61	.24
Need for learning	61	.24
Time orientation	61	.01

Table 8
Yield Management Attitude Correlations for Hypothesis 5

Variable	n	r
Job risk	61	.09
Stress orientation	62	.03
Productivity orientation	62	.52*

*$p<.01$

Table 9
Yield Management Attitude Correlations for Hypothesis 6

Variable	N	r
Customer orientation	62	.37*

*$p<.01$

Regression Analysis

A multiple regression was utilized in order to evaluate the influence of occupancy and yield management attitude on Revpar. The following table provides evidence that there is a significant relationship between occupancy and yield management attitude combined and Revpar.

Table 10
Multiple Regression for RevPar

	Analysis of Variance			
Multiple R	.575			
Multiple R Square	.331			
Adjusted R Square	..303			
Standard Error of Estimate	14.259			
Source	DF	Sum of Square	Mean Square	F Value
Regression	2	4828.30	2414.15	11.87*
Residual	48	9758.79	203.31	
Total	50	14587.09		
	Variables	in the Equation		
Variable	SE	B	Beta	T
Occupancy	.19	.47	.47	3.98*
Yield Management Attitude	1.11	.34	.34	2.86*
Constant	15.31			.19

*p<.01

One-Way ANOVA

In order to predict the relationship between yield management attitude and age, level of education, and tenure, as indicated in Hypothesis 7 and partially in Hypothesis 8, a one-way ANOVA was used. Results of the one-way ANOVA are indicated in the following: yield management attitude and age ($F = .48$, $df = 59$, $MS = 2.99$, $p > .10$), yield management attitude and level of education ($F = .45$, $df = 59$, $MS = 3.00$, $p > .10$), and yield management attitude and tenure ($F = .04$, $df = 59$, $MS = 3.06$, $p > .10$). Because of the above results, Hypothesis 7 was completely rejected.

Table 11
Yield Management Attitude One-Way ANOVA for Hypothesis 7 and 8

Variable	SS	Df	MS	F
Age	4.30	3	1.43	.48
Education	4.04	3	1.35	.45
Tenure	.40	3	.14	.04

<u>T-Test</u>

A t-test was employed on yield management attitude and gender in order to find significance in part of Hypothesis 8. The result of the t-test is listed in the following: yield management attitude and gender ($t = 1.28$, $p > .10$). Obviously, Hypothesis 8 was completely rejected.

Table 12
Yield Management Attitude T-Test for Gender

Variable	F	t	df
Gender	3.39*	1.28	58

*$p < .10$

CHAPTER V

CONCLUSION

Summary of Descriptive Data

As previously stated, a majority of respondents who returned a survey were male (59.7 %). Most of these hoteliers were above the age of 30 and were below the age of 41 (31.2 %). Many respondents had a college level of education (53.2 %), and 39 % of the respondents had 18 years experience or more in the hotel industry. These revenue managers scored high in the following categories: openness (7.0), conscientiousness (7.4), the need for learning (7.5), job risk (7.6), customer orientation (7.9), responsibility (7.6), competitive position (7.1), and productivity orientation (7.5). These same respondents scored low in regards to the following constructs: introversion (2.8), neuroticism (3.0), time orientation (3.8), and stress orientation (3.7). In addition to the above, 55.4 % of respondents indicated that their company does not rely on computer based yield management systems.

The summary above indicates that a majority of the respondents were middle-aged males who graduated from college and have over 17 years of experience in the hotel industry. The traits analyzed above indicate that a majority of the respondents believed that they strongly held traits such as openness to experience and customer orientation and

did not openly believe that traits such as introversion and time orientation applied to them. The researcher was surprised to see that stress orientation had such a low rating from respondents. Evidence of the above statement indicates that respondents did not feel an extraordinary amount of pressure to perform at optimum standards.

Significant Findings and Specific Implications

Hypothesis 1

There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her respective hotel property's financial success. This research shows a strong significant relationship between yield management attitude and RevPar, a financial indicator ($r = .33$, $p < .05$). This finding clearly provides evidence that a revenue manager with an aggressive attitude toward yield management tactics will increase a properties' revenue per available room.

Hypothesis 3

There is a significant inverse relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of conscientiousness, introversion, agreeableness, and neuroticism. Hypothesis 3 was completely rejected, however, surprising evidence supports that there is a significant relationship between yield management attitude and conscientiousness ($r = .37$, $p < .01$). This finding implies that if an individual scores high on items such as precision, organization, efficiency, and order than they will be inclined to utilize aggressive yield management techniques.

Hypothesis 4

There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of competitiveness, time orientation, and the need for learning. This study provides confirmation that a positive relationship exists between yield management attitude and competitiveness ($r = .24$, $p < .10$) and yield management attitude and the need for learning ($r = .24$, $p < .10$). Revenue managers who display competitiveness and desire to learn will utilize aggressive yield management measures.

Hypothesis 5

There is a significant relationship between a revenue manager's propensity to administer a risky yield management decision and his or her measure of job risk, job resourcefulness, leisure risk, personal financial risk, stress, and productivity orientation. Results of this project conclude that there is a significant relationship between yield management attitude and productivity orientation ($r = .52$, $p < .01$). This finding concludes that if a revenue manager scores high on the trait of productivity orientation than that manager will exploit aggressive yield management techniques.

Hypothesis 6

There is a significant relationship between a revenue manager's propensity to not administer a risky yield management decision and his or her measure of customer orientation. Hypothesis 6 was completely rejected, however, the researcher provides evidence that a positive relationship exists between yield management attitude and

customer orientation (r = .37, p < .01). If revenue managers are customer oriented, they are more likely to use aggressive yield management measures.

Other Relationships of Interest

In addition to the findings via the proposed hypotheses, the researcher found additional findings of interest. There was a significant relationship between the construct of yield management attitude and responsibility (r = .12, p < .01) and yield management attitude and the need for material resources (r = .24, p < .10). Such findings suggest that revenue managers who score high on constructs such as responsibility in regards to their owner or corporate office and the need for material resources are more likely to exert aggressive yield management techniques.

Overall Implications of the Study

The findings above provide valuable information for management companies and hotel corporations. First, the findings provide evidence that certain personality traits of revenue managers are significantly related to applying aggressive yield management tactics. Examples of those traits according to this study are: conscientiousness, the need for material resources, competitiveness, the need for learning, productivity orientation, and customer orientation. Second, the findings suggest that the more responsibility a revenue manager has in relation to his or her owner or corporate office, the more aggressive that revenue manager will be in exercising aggressive yield management policies. Third, the findings signify that revenue managers who exert aggressive yield management policies provide a greater RevPar for their properties relative to a revenue

manager who does not use aggressive yield management policies. This finding ties all other results together and clarifies the importance of understanding a revenue manager's personality traits and level of responsibility. Owners should utilize personality tests and increase their revenue manager's level of responsibility to reap optimum financial benefits.

Limitations of the Research

Two limitations are apparent through the research. First, readers must acknowledge the sample and understand that the results may not be applicable to other samples. Second, the low percentage of respondents may create suspicion in regards to the results indicated in previous chapters.

Recommendations for Future Research

The researcher recommends the following for future research. First, future research should concentrate on receiving an adequate response rate in order to evaluate results. Even though the questionnaire employed in this study was particularly thorough, the questionnaire was long and may have caused some managers to disregard the request of responding. Future research may desire to utilize a shorter questionnaire in order to receive a greater response. Second, future research should focus on a different sample of revenue managers in order to compare results. Third, future research may look at other traits than those used in this project in order to find significant relationships and to expand the realm of possibilities with this pertinent topic.

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APPENDIXES

APPENDIX A

Survey

OKLAHOMA STATE UNIVERSITY
REVENUE MANAGERS RISK PROPENSITY SURVEY

This study assesses the relationship between risk propensity and yield management decisions. Past studies concerning yield management have not focused on risk-taking, and more specifically, the relationship between the two subject matters. The input we gain from you is vital to the outcomes of this research. The survey should only take about 5 to 10 minutes to complete. Even though some of the questions may seem repetitious, we encourage you to complete the survey to the best of your ability.

Your participation in this study is voluntary, and **your responses will be kept completely confidential!**

Your survey will be mailed to Oklahoma State University at no charge to you. After the results are tabulated, your survey will be completely destroyed. All results will be reported in aggregate form, so it will be impossible to identify any of the individual results.

In order for us to include your name in our drawing, please print your name and a return address on the outside of the questionnaire before sending the information back to Oklahoma State University. When I receive your questionnaire, your name and return address will be detached from the actual questionnaire and placed into a separate location before opening and observing the contents. In addition to the above, by printing your name below, you give us written consent to code your responses.

I, _____, hereby authorize Zac Craig, and associates of his choosing, to perform the following procedure.

Thank you for your input. Hopefully, our paths will cross again as I enter the hospitality industry in the near future.

Zac Craig
Graduate Student
Oklahoma State University

Note: If you have any questions or would like a copy of the results, please contact Zac Craig via email at zcc96@aol.com or Professor Jeff Beck at 405-744-8483.

This project has been approved by the Institutional Review Board of Oklahoma State University. Contact Sharon Bacher at 405-744-5700 for more information.

Section I. Please circle yes or no for the following questions.

1. My company relies on computer based yield management systems.   Yes   No

2. I practice yield management at my hotel.   Yes   No

If you answered yes to question 2, please proceed to section II. If you answered no to question 2, skip section II and proceed to section III.

Section II. *For the second set of questions, please specify the degree to which you agree or disagree to each statement.*

	Strongly Disagree Strongly Agree
I have received training on how to apply revenue management tools for my property.	1 2 3 4 5 6 7 8 9
I would rather maximize occupancy than yield at my property.	1 2 3 4 5 6 7 8 9
I rely heavily on revenue management techniques to forecast occupancy.	1 2 3 4 5 6 7 8 9
I rely heavily on revenue management techniques to set daily pricing.	1 2 3 4 5 6 7 8 9
I routinely break the revenue management rules for my property.	1 2 3 4 5 6 7 8 9
I have better instincts for pricing and occupancy than the revenue rules at our property.	1 2 3 4 5 6 7 8 9
I participate in regular meetings to discuss revenue management strategies at our property.	1 2 3 4 5 6 7 8 9
I am evaluated on my ability to maximize RevPar in comparison to the competition.	1 2 3 4 5 6 7 8 9
The concept of revenue management is difficult for me to understand.	1 2 3 4 5 6 7 8 9
I am constantly looking for new ways to apply revenue management strategies for my property.	1 2 3 4 5 6 7 8 9
I am evaluated on my ability to maximize ADR in comparison to the competition.	1 2 3 4 5 6 7 8 9
I am evaluated on my ability to maximize occupancy in comparison to the competition.	1 2 3 4 5 6 7 8 9
The practice of revenue management is a tedious process compared to the results experienced.	1 2 3 4 5 6 7 8 9
I am confident that my practice of revenue management makes me a better manager.	1 2 3 4 5 6 7 8 9
I am more willing to take pricing and occupancy risks based on my competency of revenue management.	1 2 3 4 5 6 7 8 9

Section III. *For the third set of questions, please circle the number that best signifies how you feel or act in each phrase.*

	Never Always
Feel highly creative	1 2 3 4 5 6 7 8 9
Imaginative	1 2 3 4 5 6 7 8 9
More original than others	1 2 3 4 5 6 7 8 9
Find novel solutions	1 2 3 4 5 6 7 8 9
Precise	**1 2 3 4 5 6 7 8 9**
Organized	**1 2 3 4 5 6 7 8 9**
Efficient	**1 2 3 4 5 6 7 8 9**
Orderly	**1 2 3 4 5 6 7 8 9**
Shy	1 2 3 4 5 6 7 8 9
Introverted	1 2 3 4 5 6 7 8 9
Quiet when with people	1 2 3 4 5 6 7 8 9
Bashful more than others	1 2 3 4 5 6 7 8 9
Kind to others	**1 2 3 4 5 6 7 8 9**
Tender hearted	**1 2 3 4 5 6 7 8 9**
Agreeable with others	**1 2 3 4 5 6 7 8 9**
Softhearted	**1 2 3 4 5 6 7 8 9**
Temperamental	1 2 3 4 5 6 7 8 9
Touchy	1 2 3 4 5 6 7 8 9
Emotions go way up and down	1 2 3 4 5 6 7 8 9
Moody more than others	1 2 3 4 5 6 7 8 9
Enjoy buying expensive things	**1 2 3 4 5 6 7 8 9**
Like to own nice things more than most people	**1 2 3 4 5 6 7 8 9**
Acquiring valuable things is important to me	**1 2 3 4 5 6 7 8 9**
Enjoy owning luxurious things	**1 2 3 4 5 6 7 8 9**
Drawn to experiences with an element of danger	1 2 3 4 5 6 7 8 9
Seek an adrenaline rush	1 2 3 4 5 6 7 8 9
Enjoy taking risks more than others	1 2 3 4 5 6 7 8 9
Actively seek new experiences	1 2 3 4 5 6 7 8 9

	Never	Always
Focus on my body and how it feels	1 2 3 4 5 6 7 8 9	
Devote time each day to improving my body	1 2 3 4 5 6 7 8 9	
Making my body look good is important	1 2 3 4 5 6 7 8 9	
Work hard to keep my body healthy	1 2 3 4 5 6 7 8 9	
Enjoy competition more than others	1 2 3 4 5 6 7 8 9	
Feel that it is important to outperform others	1 2 3 4 5 6 7 8 9	
Enjoy testing my abilities against others	1 2 3 4 5 6 7 8 9	
Feel that winning is extremely important	1 2 3 4 5 6 7 8 9	
Focus on the present much more than the future	1 2 3 4 5 6 7 8 9	
Live on a day-to-day basis	1 2 3 4 5 6 7 8 9	
The future seems vague and uncertain to me	1 2 3 4 5 6 7 8 9	
I do not enjoy thinking about the future	1 2 3 4 5 6 7 8 9	
Enjoy learning new things more than others	1 2 3 4 5 6 7 8 9	
Enjoy working on new ideas	1 2 3 4 5 6 7 8 9	
Information is my most important resource	1 2 3 4 5 6 7 8 9	

Section IV. *For the next set of questions, please indicate the extent to which you agree or disagree with each statement.*

	Strongly Disagree	Strongly Agree
I would enjoy the challenge of a project that could mean either a promotion or loss of a job.	1 2 3 4 5 6 7 8 9	
I would rather work for a salary than a commission.	1 2 3 4 5 6 7 8 9	
I always read the small print before signing a contract.	1 2 3 4 5 6 7 8 9	
I would participate only in business undertakings that are relatively certain.	1 2 3 4 5 6 7 8 9	
When it comes to completing tasks at my job, I am very clever and enterprising.	1 2 3 4 5 6 7 8 9	
At my job, I am an extremely resourceful person.	1 2 3 4 5 6 7 8 9	
I am able to make things happen even under tough circumstances.	1 2 3 4 5 6 7 8 9	
On the job, I am inventive in overcoming barriers.	1 2 3 4 5 6 7 8 9	

	Strongly Disagree	Strongly Agree
I think I would enjoy almost any type of gambling.	1 2 3 4 5 6 7 8 9	
When catching a plane, I usually arrive at the last minute.	1 2 3 4 5 6 7 8 9	
Friends would call me a thrill seeker.	1 2 3 4 5 6 7 8 9	
Skin-diving in the ocean would be much too dangerous for me.	1 2 3 4 5 6 7 8 9	

	Strongly Disagree	Strongly Agree
The thought of investing in stocks excites me.	**1 2 3 4 5 6 7 8 9**	
If I invested any money in stocks, it would probably only be in safe stocks from large, well known companies.	**1 2 3 4 5 6 7 8 9**	
I save regularly.	**1 2 3 4 5 6 7 8 9**	
Being in debt would worry me.	**1 2 3 4 5 6 7 8 9**	

	Strongly Disagree	Strongly Agree
I get customers to talk about service needs.	1 2 3 4 5 6 7 8 9	
I take a problem-solving approach with customers.	1 2 3 4 5 6 7 8 9	
I am able to answer a customer's questions correctly.	1 2 3 4 5 6 7 8 9	
I try to get customers to discuss their needs with me.	1 2 3 4 5 6 7 8 9	

	Strongly Disagree	Strongly Agree
In my job, I frequently feel stressed out.	**1 2 3 4 5 6 7 8 9**	
I feel extremely nervous.	**1 2 3 4 5 6 7 8 9**	
I feel very anxious about things on the job.	**1 2 3 4 5 6 7 8 9**	
I experience high levels of strain on a daily basis.	**1 2 3 4 5 6 7 8 9**	

	Strongly Disagree	Strongly Agree
I work hard to increase my productivity on the job.	1 2 3 4 5 6 7 8 9	
I enjoy using time wisely on the job.	1 2 3 4 5 6 7 8 9	
I pride myself on being very productive in my job activities.	1 2 3 4 5 6 7 8 9	
I hate to waste time on the job.	1 2 3 4 5 6 7 8 9	

Section V. Please answer the fifth set of questions concerning the level of autonomy you have at the workplace.

	Strongly Disagree	Strongly Agree
Our property owner and/or corporate office holds me primarily responsible for implementing various yield management techniques.	1 2 3 4 5 6 7 8 9	
Our property owner and/or corporate office holds me primarily responsible for optimizing revenue at our property through the use of yield management tactics.	1 2 3 4 5 6 7 8 9	
Our property owner and/or corporate office holds me primarily responsible for setting rates at our property.	1 2 3 4 5 6 7 8 9	

Section VI. For the following set of questions, specify an estimate of your organization's position relative to your top three competitors.

	Much Worse Than Competition								Much Better Than Competition
Market share	1	2	3	4	5	6	7	8	9
Sales growth rate	1	2	3	4	5	6	7	8	9
Revenue growth	1	2	3	4	5	6	7	8	9
Overall organization performance	1	2	3	4	5	6	7	8	9

Section VII. Please specify the following financial figures for your property for the previous year.

RevPar: _____   Occupancy: _____

Section VIII. Please indicate the degree to which your self-image overlaps with your firm's image:

Not at all   1   2   3   4   5   6   7   Very much

Section IV. To what extent do you agree with the following statement: "The values and goals of my firm completely overlap with my own personal values and goals."

Strongly Disagree   1   2   3   4   5   6   7   Strongly Agree

Section X. Please select your level of satisfaction for the following aspects of your job.

	Very Dissatisfied								Very Satisfied
Your overall job	1	2	3	4	5	6	7	8	9
Your fellow workers	1	2	3	4	5	6	7	8	9
Your salary or wages	1	2	3	4	5	6	7	8	9
Opportunities for advancement	1	2	3	4	5	6	7	8	9
Treatment by employer	1	2	3	4	5	6	7	8	9
Work atmosphere	1	2	3	4	5	6	7	8	9

Section X. For the final section, please provide the following demographic and socioeconomic information. Remember, this information is anonymous and will only be used by the researcher.

1. What is your gender?   Male   Female

2. What is your age?   30 or younger   31 – 40

                                 41 – 50   51 or older

3. What is your level of
   education?   High school or less   2 year degree or
                                                         comparable
                                                         degree

                                 College   Graduate school or
                                                         more

4. How many years have you
   been employed in the hotel
   industry?   3 or less   4 – 10

                                 11 – 17   18 or more

Thank you for your time and effort. Please fold the survey in half, tape at the bottom, and drop in the mail preferably before August 20, 2001. No stamp is necessary. Remember, you must return the questionnaire to be included in the drawing for $100 in cash.

APPENDIX B

Cover Letter

OKLAHOMA STATE UNIVERSITY
SCHOOL OF HOTEL AND RESTAURANT ADMINISTRATION

210 HES West
Stillwater, Oklahoma 74078

405-744-6713

Dear _____,

The enclosed survey assesses the relationship between risk propensity and yield management decisions. A few researchers have focused their attention on yield management decisions, however, none have concentrated on the relationship between a manager's risk propensity and the yield management decisions they administer.

I would like you to take a few minutes and fill out the enclosed survey. If there is another individual within your hotel that focuses more on yield management decisions through the requirements of his or her job, please forward the survey to them. The actual survey contains additional instructions which will reiterate the importance of this study and will guide the participant through the short questionnaire.

The questionnaire will take between 5 and 10 minutes to complete. **The name of each person who completes the survey will be entered into a drawing. One lucky name will be randomly drawn to receive $100 in cash. All individual answers are for research purposes and are completley confidential.**

If you have any questions or concerns, please contact me via email at zcc96@aol.com or call Professor Jeff Beck at 405-744-8483. I look forward to working in the hospitality industry with you after receiving my Master of Science degree in Hotel Administration this coming December. Thank you in advance for assisting us with this pertinent survey.

Sincerely,

Zac Craig
Graduate Student
Oklahoma State University

APPENDIX C

OH&LA Board of Directors Meeting Agenda

OKLAHOMA HOTEL & MOTEL ASSOCIATION
BOARD OF DIRECTORS MEETING
JUNE 26, 2001 • 2:00 P.M.
DOUBLETREE HOTEL DOWNTOWN

AGENDA

Call to Order - Jeff Erwin, Chairman

The Relationship Between Risk Propensity And Yield Management Decisions – Zac Craig
Presentation by Zac Craig, OSU Graduate Student

Minutes – Jeff Erwin
Minutes from April 18, 2001 Board of Directors Meeting and June 19, 2001 Executive Committee
Meeting.

Treasurer's Report – Joe Sebestyen
Financial Report through May 2001.

Chairman's Report - Jeff Erwin

AH&LA Report - Joe Martin

Governmental Affairs Report – Mike Hembree

Nominating Committee Report – Ed Lynn

CEO Report - Bob Clift

Membership & Staff Report - Patti Colley
New and Cancelled Memberships March-May 2001
One for One for One Membership Campaign
Going the Extra Mile Front Desk Training Seminars
AMEX $2,500 program
TulsaFest 2001 Seminar/Luncheon

America's Promise and ProStart Update – Rebecca Reynolds

Items of Discussion
Annual Meeting activities format
WorldRes.com / OH&LA Web site

Other Business

Adjourn

60

APPENDIX D

OH&LA Letter of Support

July 19, 2001

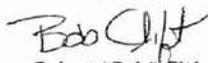Dear Oklahoma and Texas Lodging Properties:

Zac Craig, a graduate student from the Oklahoma State School of Hotel and Restaurant Administration, recently presented the basis of his thesis to our board of directors.

The topic of his thesis, The Relationship Between Risk Propensity and Yield Management Decisions will be key in studying the relationship between a manager's risk and the yield management decisions they administer.

Our board responded very favorably to this presentation and has offered their individual support to Zac Craig on this project.

We encourage all Oklahoma and Texas Lodging properties to support his thesis study

Sincerely,

Robert "Bob" Clift
President/CEO

APPENDIX E

Institutional Review Board

Oklahoma State University
Institutional Review Board

Protocol Expires: 7/18/02

Date: Thursday, July 19, 2001   IRB Application No HE022

Proposal Title: THE RELATIONSHIP BETWEEN RISK PROPENSITY AND YIELD MANAGEMENT
                  DECISIONS

Principal
Investigator(s):

Zac Craig   Jeff Beck
1200 N. Perkins #P3   210 HESW
Stillwater, OK 74075   Stillwater, OK 74078

Reviewed and
Processed as   Exempt

Approval Status Recommended by Reviewer(s): Approved

Dear PI :

Your IRB application referenced above has been approved for one calendar year. Please make note of the
expiration date indicated above. It is the judgment of the reviewers that the rights and welfare of individuals
who may be asked to participate in this study will be respected, and that the research will be conducted in a
manner consistent with the IRB requirements as outlined in section 45 CFR 46.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol
    must be submitted with the appropriate signatures for IRB approval.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year
    This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are
    unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved projects are subject to monitoring by the IRB. If you have questions about the IRB
procedures or need any assistance from the Board, please contact Sharon Bacher, the Executive Secretary to
the IRB, in 203 Whitehurst (phone: 405-744-5700, sbacher@okstate.edu).

Sincerely,

Carol Olson, Chair
Institutional Review Board

VITA

Zachary C. Craig

Candidate for the Degree of

Master of Science

Thesis: THE RELATIONSHIP BETWEEN RISK PROPENSITY AND YIELD
MANAGEMENT DECISIONS

Major Field: Hospitality Administration

Biographical:

Personal Data: Born in Shawnee, Oklahoma, on November 1, 1977, the son of
Neil and Marsha Craig.

Education: Seminole High School, High School Diploma
The University of Tulsa, Bachelor of Science in Business Management and a
Minor in Marketing Communications
Completed the requirements for the Master of Science degree with a major in
Hospitality Administration at Oklahoma State University in December, 2001.

Experience: DoubleTree Hotel at Warren Place, concierge, bellman, van driver, and
valet
Holiday Inn of Stillwater, front desk supervisor, housekeeping supervisor,
and waiter in the hotel restaurant