

# PERFORMANCE EVALUATION IN THE HOSPITALITY INDUSTRY: THE BALANCED SCORECARD AND BEYOND

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**Abstract** : A systematic performance measurement and management system (PMMS) needs to be in place for the successful achievement of stakeholder objectives and strategy in the hospitality industry. The paper will focus in particular on the highly competitive Superior-hotel market category. Global hotel chains in this category, such as Hilton Hotels, Four Seasons, and Marriott have opted for a Balanced Scorecard (BSC) approach or its adaptation. In the basic BSC model, a number of Objectives or Key Result Areas (KRAs) are grouped into four Dimensions, namely the Customer Dimension, the Employee Dimension, the Internal Process Dimension, and the Financial Dimension. All four Dimensions are perceived to be equally important or 'Balanced'. Within each Dimension, a manageable number of Objectives are also deemed to be equally important or 'Balanced'. However, one would question the applicability of such an assumption.

**Keywords** : Performance measurement, performance management, dimensions, objectives/key result areas, balanced scorecard, analytic hierarchy process.

## 1. INTRODUCTION

Performance evaluation at enterprise level implies that a *performance measurement and management system* (PMMS) has to be in place for the successful implementation of Stakeholder Objectives and Strategy in the hospitality industry as in any other enterprise. Research beyond this introductory paper will focus on the highly competitive *superior* hotel category. A good number of 'independent' and 'chain' hotels have opted for a Balanced Scorecard (BSC) approach or its adaptation. In the basic BSC model, a number of *Objectives* (alternatively known as *Key Result Areas* or *Critical Success Factors*) are grouped into four major *Dimensions*, i.e., the Customer Dimension, the Employee Dimension, the Internal Process Dimension, and the Financial Dimension. All four Dimensions are perceived to be equally important or 'Balanced'. Within each Dimension, a limited number of *Objectives/Key Result Areas* (KRAs) are also deemed to be all equally important or 'Balanced'.

The paper will argue that in reality and at any point in time, some Dimensions are more important than others. Similarly, at any point in time, some Objectives/KRAs are more important than others, hence at both levels there arises the need for 'prioritisation' by means of a merger of BSC tenets and a ranking method, such as the Analytic Hierarchy Process (AHP). The paper will postulate therefore that a merger of basic BSC tenets and Analytic Hierarchy Process (AHP) method could be a better way forward in Hospitality industry performance evaluation. Subsequent research will be directed at exploring whether management, by means of a hybrid BSC/AHP methodology reaps better results than either of them used separately.

Also, the need arises to question whether the Dimensions and Objectives/KRAs identified by management (supply side) in reality reflect what the hotel guests (demand side) consider to be critical to their actual and post-consumption satisfaction.

Bain & Company's report "*Management Tools and Trends*", surveys executives at companies of varying size around the world. In the report released on 1<sup>st</sup> May, 2009 (Bain & Company', 2009), the BSC ranked high in both usage and satisfaction, actually improving in both categories since the previous report.

Of the twenty-five management tools considered in the survey, the BSC ranked 6<sup>th</sup> in usage and 8<sup>th</sup> in terms of satisfaction. The top four tools (Benchmarking, Strategic Planning, Mission and Vision Statements, and CRM) also happen to be prime movers in Strategic Planning. Moreover, the BSC is used heavily throughout the world with, according to Bain & Company, a full 49% - 56% of all companies surveyed using the BSC with a global spread. The report also highlights that the heaviest use of the BSC is among large corporations with turnover in excess of USD 2 billion per annum. The tourism and hospitality industries are characterised by SMEs and it therefore follows that only large hospitality chains, such as Hilton and Accor, use the BSC or variations thereof, whereas smaller enterprises tend to be run and operate mostly on impulse or 'management/owner experience'. This is not to say that stand-alone SMEs or 'owner-managed' enterprises do not stand to benefit from a straight forward and tested PMMS such as the basic BSC.

It is hereby contended, however, that for a better way forward, greater emphasis on ranking and prioritisation must be brought into play at all stages of the BSC process. In this paper the author argues two important points. Namely, i) that some Objectives/KRAs are more important than others, hence the need for *prioritisation* by means of the merger of BSC tenets and AHP principles, and ii) that the need arises to question whether the Objectives/KRAs identified by the management team (supply side) in reality reflect what the consumer (demand side) expects. In the case of a hotel operation, do the Objectives/KRAs that find themselves in the four (or more) Dimensions of the BSC actually mirror the expectations of the hotel guests and, indeed, the employees that make the experience possible ? Indeed, before the roll-out of a BSC application, are the Supply-side and the Demand-side objectives/expectations confronted in practice ?

## **2. PERFORMANCE EVALUATION**

At any point in time, enterprise management requires that managers know how they, as a team, are performing in relation to the achievement of the enterprise Strategy. In its elementary form Strategy is the road map leading to the fulfilment of set Stakeholder Objectives within a short to medium term timeframe. Evaluation involves two main consequential tasks. These are Performance Measurement and Performance Management.

*Performance measurement* in any sphere is an information gathering process. On its own it has very limited merit and only achieves credit when aligned with *performance evaluation and management*. Indeed there can be no *change management* without a modicum of information as to performance information in basis period and, ideally, a targeted performance in a future time period. The dictum that "If you can't measure it, you can't manage it" remains true today as it did when first propounded by Frederick Taylor (1911)

nearly a century ago in what we still know as “Scientific Management”. Even then, the theory was attacked on ethical grounds, in particular by industrial psychologists (March, et al., 1958) as they saw it as an affront to the human spirit and believed instead that allowing free rein to human initiative produced far superior results. Trade unions traditionally distrusted and opposed *performance measurement* in the work environment from their own ethical perspective and saw it as ‘an instrument in the hands of the slave drivers’. (March, et al., 1958). Till this very day, however, it is considered that the ‘modern’ writings of the likes of Michael Porter (1985) and Michael Hammer (1993), with their focus on breaking businesses down into measurable (and consequently controllable) value-adding activities, to have more than a faint genesis in Taylor’s ‘scientific management’.

The most quoted *performance measurement* definition is Neely *et al.*’s (2002, p.13) as “the process of quantifying the efficiency and effectiveness of past actions”. Max Moullin (2004, p. 181) is critical of this definition and suggests “evaluating how well organizations are managed and the value they deliver for customers and other stakeholders”. Moullin’s definition seems rather restrictive and it is no wonder that Neely *et al.*’s definition has withstood the test of time. Moullin (op.cit.) over extends the meaning of ‘quantifying’ to ‘evaluating’ because the latter implies interpretation and analysis already at the information gathering stage. Interpretation and analysis are pure management functions and Moullin blurs the clear distinction that needs to be made between *performance measurement* and *performance management*. Given a propensity to keep things simple, it may be suggested that, at the end of the day, *performance measurement* is information gathering.

According to Harbour (1997), “*Performance measurement* is the process of measuring work accomplishments and output, as well as measuring in-process parameters that affect work output and accomplishments.” This is restrictive. It limits the field to in-house, in-production, readings without taking cognizance of the fact that there are other, sometimes critically important influences on performance that are outside of, and sometimes exogenous to, the ‘internal business process’. A case in point is measuring customer satisfaction, an outside measure that should influence and be influenced by internal processes. In fairness, the author of this tiny ‘how to’ handbook, does go on to give clear meaning to *information gathering* and in particular the relevance of SMART (i.e., specific, measurable, action-oriented, relevant, and timely).

Kaplan and Norton (1996b) provide their own set of guidelines for the design of performance measurement systems that would lead to performance excellence in today’s highly turbulent and competitive business environment. These guidelines are :

1. Measures must be organization-specific – that is linked to the organization’s strategy.
2. Multiple measures – internal and external, financial and non-financial measures, performance drivers and outcome measures – should be used to achieve balance in perspective, and to communicate the causal relationships for achieving business success.
3. Measures should be user-friendly – they must be simple, easy to use, and available promptly.
4. Measures at different levels of the hierarchy must be aligned and integrated across an organization’s functions.

5. Employees must be involved in formulating strategies and help in identifying the appropriate performance measures.
6. The organization's infrastructure must encourage the desired behaviour and support the operation of the measurement system.
7. Effectiveness of the system and its contribution to overall organizational performance are reviewed periodically in order to allow changes and improvements to be made where and when necessary.

*Performance Management*, on the other hand, is defined in the landmark text by Armstrong and Baron (2004) as 'a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. As such, it promotes the shared understanding of what is to be achieved and an approach to leading and developing people which will ensure that it is achieved'. They go on to stress that it is 'a strategy which relates to every activity of the organisation set in the context of its human resource policies, culture, style and communications systems.

One appreciates that this classical definition of performance management is grounded too deeply in the humanistic or management-by-people approach whereas a systems approach would perhaps be more conducive to an objective appraisal of enterprise health by means of performance measurement that feed into systems that almost automatically ignite *Tactical Actions* that keep the enterprise on course just as the booster rockets place a satellite into earth orbit or de-orbit almost without human intervention according to a pre-fed flight-plan.

Armstrong and Baron (2004) stress that, at its best, performance management is a tool to ensure that managers manage effectively and that they ensure the people or teams they manage:

- know and understand what is expected of them
- have the skills and ability to deliver on these expectations
- are supported by the organisation to develop the capacity to meet these expectations and are given feedback on their performance
- have the opportunity to discuss and contribute to individual and team aims and objectives.

So performance management is about establishing a *culture* in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. It is about sharing expectations. Managers can clarify what they expect individual and teams to achieve. Likewise, individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about interrelationships and about improving the quality of relationships - between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process. It is also about *planning*, that is, defining expectations expressed as objectives and in business plans. It is also about *measurement*. It should apply to all employees, not just managers, and to teams as much as individuals. It is a continuous process, not a one-off event. Last but not least, it is *holistic* and should pervade every aspect of running an organisation. (Cannell, 2007).

### 3. ALTERNATIVE PERFORMANCE EVALUATION SYSTEMS IN HOSPITALITY

The Balanced Scorecard model (Kaplan & Norton, 1992) is one of a number of Performance Measurement and Management tools used in the hospitality industry in order to execute Strategy. A measure of the success in its implementation can be said to be its ever increasing popularity having been pioneered by Hilton Hotels in 1994. (Phillips and Louvieris, 2005). It has certainly gained in width but one could argue not in depth. Another successful PMMS used in the global hospitality industry is *Six Sigma* which, amongst others, is extensively used by Starwood Hotels (a global chain that includes a number of brands such as St. Regis, Sheraton, Le Meridien, Westin, Four Points and W Hotels). As a matter of fact, one notes a gap in the academic literature in connection with the use of Six Sigma in the hospitality industry.

The literature, however, contains interesting testimony to alternative approaches to performance evaluation in the hospitality industry.

Paul Phillips (1999) proposed a 'contingency approach' claiming that (at least until that time) there had "unfortunately been a paucity of hospitality related research to assess the appropriateness of existing hotel performance evaluation systems in use". His paper speculated that competitive advantage can be achieved using a 'contingency approach' if inputs, processes, outputs, markets, environmental characteristics are congruent with business objectives. Same author in later years gave us a wealth of literature on the application of the BSC in hospitality.

In the same year, to be precise in the same journal issue, Geoff Southern (1999) suggested a 'systems approach' to performance evaluation in hospitality at an operational level. Systems concepts and techniques are applied in a hotel situation to describe and analyse influences between subsystems. "An operations management analysis framework is then used to consider the design of operating systems with specific reference to performance measures which drive and support an organisation's competitive stance based on competitive factors".

Anderson *et al.* (1999) came up with a 'stochastic frontier approach' to performance evaluation in the hotel industry with particular reference to managerial efficiency levels. The procedure allowed a manager to determine if the optimal amount of resources have been employed given the revenues achieved. Any resources employed in excess of the optimal quantity are denoted as a deviation from efficiency or X-inefficiencies. The model is based on "cost X-efficiency (which) requires achieving the lowest possible cost, given current prices and firm output. In determining the efficiency level for hotels, this study uses a stochastic cost frontier approach". This is considered restrictive and uni-dimensional compared to multi-dimensional approaches such as the BSC.

At a similar operational level, albeit many years later, Sharma and Christie (2009) propose "performance assessment using Value-Chain Analysis". The authors base their research on the "growing hospitality and related service industries in the Mozambique where its government is emphasizing hospitality and tourism as leading sources of economic growth, diversification and poverty alleviation". The authors use value chain analysis to evaluate the sequential chain of primary and support activities and in the process identifying key

operational factors contributing to low value creation such as “low employee productivity and management inefficiency”.

Following on, Neves and Lourenco (2009) are proposing “using Data Envelopment Analysis (DEA) to select strategies that improve the performance of hotel companies”. DEA is a linear programming methodology that measures the *efficiency* of multiple decision-making units (DMUs) when the production process presents a structure of multiple inputs and outputs. In the DEA methodology, originally defined by Charnes, Cooper and Rhodes (1978), efficiency is defined as a weighted sum of outputs to a weighted some of inputs. The research project analysed data from eighty-three hotels which sample is considered adequate “by the heuristic rule used in DEA applications, which is a function of the number of inputs and outputs used in the model”. The researchers used the DEAFrontier software in order to arrive at what they consider positive ‘efficiency results’.

#### **4. THE DIMENSIONS OF THE BALANCED SCORECARD**

The BSC was a revelation in the beginning because it re-dimensioned the relative importance of the Financial dimension within enterprise management. Since the beginning of enterprise management, the Finance Manager has taken centre stage in the corporate structure. The BSC does not seek to reduce the important role of the Finance Manager. It merely postulates that other Dimensions (the Customer, Employee, and the Internal Process) are equally important. Hence the four Dimensions are perfectly ‘balanced’.

The original four Dimensions have withstood the test of time and it is only recently that major hotel chains have ventured into a 5<sup>th</sup> or even a 6<sup>th</sup> Dimension. This is comprehensible in so far as the founding fathers of the BSC, Profs. Kaplan and Norton, have always and forcefully argued that the BSC is simple and should remain simple, and the author agrees that this inherent simplicity and clear logic has been a key determinant of the BSC’s success in practice. Given the recent pre-occupation, perceived or real, with environmental issues, Hilton Hotels have in the last couple of years added a ‘Green’ 5<sup>th</sup> Dimension. The ACCOR Group, a major French global player in the hospitality industry (Sofitel, Novotel, Mercure, Ibis, Etap, Motel 6, etc.) went further and added a 6<sup>th</sup> Dimension apart from the *Green Dimension*, underlying the importance of the *Growth and Development* Dimension.

#### **5. THE OBJECTIVES (or KRAs)**

Just as the four Dimensions in the BSC are deemed by definition to be ‘balanced’, in like manner, an equal number of Objectives (or KRAs) in each Dimension are also deemed to be equally important and hence ‘balanced’. The choice of Objectives to be targeted and measured in each of the four Dimensions is a critical step in the BSC process. The final number of Objectives (ideally 6 or 7 and not more than 10) is also equally distributed amongst the four Dimensions, e.g. six Objectives in each Dimension.

It is pertinent to point out that the *Internal Process Dimension* is akin to the Business Process underpinning Michael Porter’s *Value Chain Analysis* (Porter, 1985) where every step in the production process, be it in manufacturing or in providing a service, is important only so long as it adds to Customer value.

The following section will illustrate examples of Hospitality industry related BSC Objectives that would need to be justified partly through literature review but especially through qualitative interviews with stakeholders in the Superior-hotel category :

- a. The Customer Dimension :
- Increase in *Market Share*
  - Increase in *MICE\* Conversion Rate*
  - Increase in *Repeat Business*
  - Increase in *Guest Satisfaction*
  - Improve *Customer Profitability*
  - Increased *Brand Awareness*

\* MICE is an acronym for Meetings, Incentives, Conference and Exhibitions (or Events) market segments in business travel.

- b. The Employee Dimension :
- Adherence to *Recruitment Procedures*
  - *Training & Development* programme
  - *Performance Appraisals* completed
  - Control of *Staff Turnover*
  - Increase in *Company Knowledge*
  - Control *Payroll as % of Turnover*

- c. The Internal Process Dimension :
- *Reservations Efficiency*
  - Improve *Check-In Efficiency*
  - Time and motion *Cleaning of Rooms*
  - *F&B Cost Efficiency*
  - Control *Property Maintenance*
  - Improve *Check-Out Efficiency*

- d. The Financial Dimension
- Increase *Average Room Rate*
  - Increase *Revenue per Available Room*
  - Increase *Non-Room Revenue*
  - Control *Variable Cost*
  - Reduce *Fixed Cost*
  - Reduce *Collection Period*

With regard to the Financial Dimension, a cursory comment may be made to the effect that an important perceived goal, that is, increased *Gross Operating Profit (GOP)*, is indeed missing. The point is that GOP, on its own merits, is not an Objective/KRA but a *derivative* of a number of Objectives/KRAs.

## **6. THE ISSUE OF PRIORITISATION**

As already stated in the introductory paragraph, an important precept of the BSC is that all four (or more) Dimensions are perceived to be equally important or Balanced. Also, within each Dimension, a limited number of Objectives (KRAs) are also deemed to be equally important or 'Balanced'.

However, in a fast moving and dynamic business environment, can it truly be stated that the four chosen Dimensions and, indeed, the Objectives within each of the four Dimensions, to be truly *equally important* or 'balanced', that is, with no indication of prioritisation? Implicitly, an element of rationalisation, if not quite sequential prioritisation, would have taken place *a priori* since the choice of the four Dimensions implies that other possible alternatives may have been left out. Also, the choice of the finite number of Objectives is a determined choice amongst a long list of potential Objectives.

Moving ahead towards "Un-Balancing" the Scorecard by means of a process of rationalisation and prioritisation by the various stakeholders involved in both supply and demand sides of the Hospitality industry, that will eventually lead us to the design and development of a Prioritised Score Card (PSC).

## 7. THE ANALYTIC HIERARCHY PROCESS (AHP)

It comes the Analytic Hierarchy Process (AHP), "a framework of logic and problem-solving that spans the spectrum from instant awareness to fully integrated consciousness, by organizing perceptions, feelings, judgements and memories into a hierarchy of forces that influence results" (Saaty, 1980). The AHP therefore is a system by which people, things, ideas, objectives/KRAs and so forth are put in a hierarchy or ranking system with an indication of prioritisation.

"To make a decision", such as, which Dimensions/Objectives to include or exclude and in which hierarchy order, "one needs various kinds of knowledge, information and technical data. These concern

- details about the problem to be decided,
- the people or actors involved,
- their objectives and policies,
- the influences affecting the outcomes, and
- the time horizons, scenarios and constraints" (Saaty, 1994)

It seems to follow that in presenting the constituent parts of a BSC, all Dimensions/Objectives that are ultimately presented and acted upon are important but some are more important than others at some point in time to different Stakeholders. During a period of extreme "credit crunch", managing *Collection Period* hence Cash Flow may rank as a higher priority than even all other financial objectives put together, including Profit. In a time of economic recession, increasing Repeat Business and improving Customer Satisfaction may rank higher in importance than increasing Market Share.

The general principle of the AHP methodology involves the pair-wise comparison of various alternatives of which the best decision is to be chosen (Render and Stair Jr. 2005). The decision-maker(s) begin by laying out the overall hierarchy of the decision. At the highest level, or Level-1 in this context, we can place the *Economic and Market Conditions* prevailing, or assumed/forecasted in a Sensitivity Analysis context. Thereafter we allow for varying *Stakeholder Objectives/Strategies* at a Level-2. The BSC addresses a 'need' – the need to measure and manage the key drivers of Stakeholder value, a large number of which may indeed be intangible assets and values. In our model we can think of these 'assets' in Level-3 as being the original four *Dimensions* of the BSC, i.e., the Customer, the Employee,

the Internal Process, and Finance. In Level-4, the hierarchy then reveals the factors or criteria to be used in evaluating performance that fall under each Dimension, notably, the *Objectives (KRAs)*. This is done by means of appropriate *Key Performance Indicators (KPIs)*. At a further Level-5 in the hierarchical structure one could include the critical *Tactical Actions* needed to achieve the specific Objective/KRA albeit, by definition, these measures are short-term 'tactical' and not longer-term 'strategic'. The number of Levels in the AHP decision-hierarchy depends on the complexity in achieving the designated stakeholder Objectives/Strategies in Level-2. The use of pair-wise comparison helps the decision-makers in comparing different alternatives using a 1-9 scale, which can also be expressed verbally.

## 8. A BETTER WAY FORWARD

Using the AHP methodology in comparing and contrasting the prioritisation ranking of the supply vis-a-vis the demand side, might give different results from the management and customers' perspective. It also has the advantage of not giving an intuitively biased decision. (Saulan, 2009)

The direction of further research should therefore aim to show that a combined BSC/AHP hybrid is a better tool than any one of them on its own. Research drawn from the hospitality industry should be able to show that the use of the BSC in hospitality management has given good results. The use of AHP methodology on its own, if reduced to basics, can also give good results. However, a combined BSC/AHP performance measurement and management system should reap the best results.

## 9. CONTEXT OF THE RESEARCH STUDY

In order to test the Null Hypothesis ( $H_0$ ), it is proposed to conduct a qualitative supply-side analysis using one-on-one interviews with a number of managers in senior positions in Superior hotels, together with a quantitative demand-analysis focusing on a large sample of potential Superior hotel customers. Objectives/KRAs that are defined by senior/supervisory management need to be confronted in a consumer survey seeking to determine what potential Superior hotel guests desire and perceive as being 'key' or 'critical' for a satisfactory stay in a Superior hotel.

The choice of Superior hotels for this research study is dictated by the fact that this category of hotels share clear common characteristics that are more pronounced than in other hotel categories. Some of these characteristics can be said to be the following :

1. A large percentage of Superior hotels are 'Chain' managed, i.e., whereas they may be owned privately or by institutions, management is contracted out to a hotel management company normally global, but could also be a primarily domestic chain (e.g. Maritim in Germany). Management companies have advanced performance evaluation systems in place.
2. Superior hotels are normally identified by a strong Brand whether as part of a strong Brand chain or a strong brand built up over many years in the case of individual hotels (known as *signature* hotels).
3. The Marketing focus is normally on individual business travel and on MICE/Groups, (MICE being the hosting of meetings, incentives, conferences, and events or

exhibitions). This takes place typically in the winter/shoulder seasons whereas during the summer months, when business activity is low, they normally attract Leisure business.

4. Superior hotels, particularly in a European urban environment, are normally small (boutique or lifestyle) to medium sized. Large hotels are normally to be found in the Economy (4\*) and Budget (3\*) star sectors and normally in peripheral areas.
5. In recent years, Superior hotels have globally demonstrated a major shift towards *dynamic packaging*. This is the expectation by individual travellers to do their own bookings via internet for both airline/train seats and hotel beds. Web based reservation systems are expensive tools that Economy and Budget hotels struggle to keep up with.
6. In a number of markets, Superior hotels operate with a strong sense of '*Coopetition*', that is, competing for business fiercely amongst each other in *competition*, as is expected in a competitive environment, and yet, resort to *cooperation* and pull the same rope when it comes to 'lobbying' and problem resolution in the face of a common enemy.

## 10. BLENDING BSC AND AHP: A CONCEPTUAL MODEL

The AHP methodology is particularly useful whenever decision-makers have difficulty in determining the factor or criteria weights. In the BSC subjectivity is limited to the choice of Dimensions/Objectives (KRAs) and avoided outright thereafter by the equality assumption hence the use of the word 'Balanced'. However, in the AHP, hierarchy and prioritisation are determined through the process itself. The only subjective phenomenon is the assigning of the pair-wise comparisons.

At this juncture, we can use the example of prioritizing between BSC Dimensions and Objectives as follows in Level 3 :

- Dimension 1 (D1) : Customer
- Dimension 2 (D2) : Employee
- Dimension 3 (D3) : Internal Process
- Dimension 4 (D4) : Finance

In Level 4 we follow on by assessing the prioritization of Objectives/KRAs according to empirical selection for each Dimension. For the purpose of this conceptual model we shall use only the example of Dimension 1 (Customer) according to empirical results :

- Objective 1 (O1) : Increase in Market Share
- Objective 2 (O2) : Increase in MICE Conversion Rate
- Objective 3 (O3) : Increase in Repeat Business
- Objective 4 (O4) : Increase in Guest Satisfaction
- Objective 5 (O5) : Improve Customer Profitability
- Objective 6 (O6) : Increase Brand Awareness

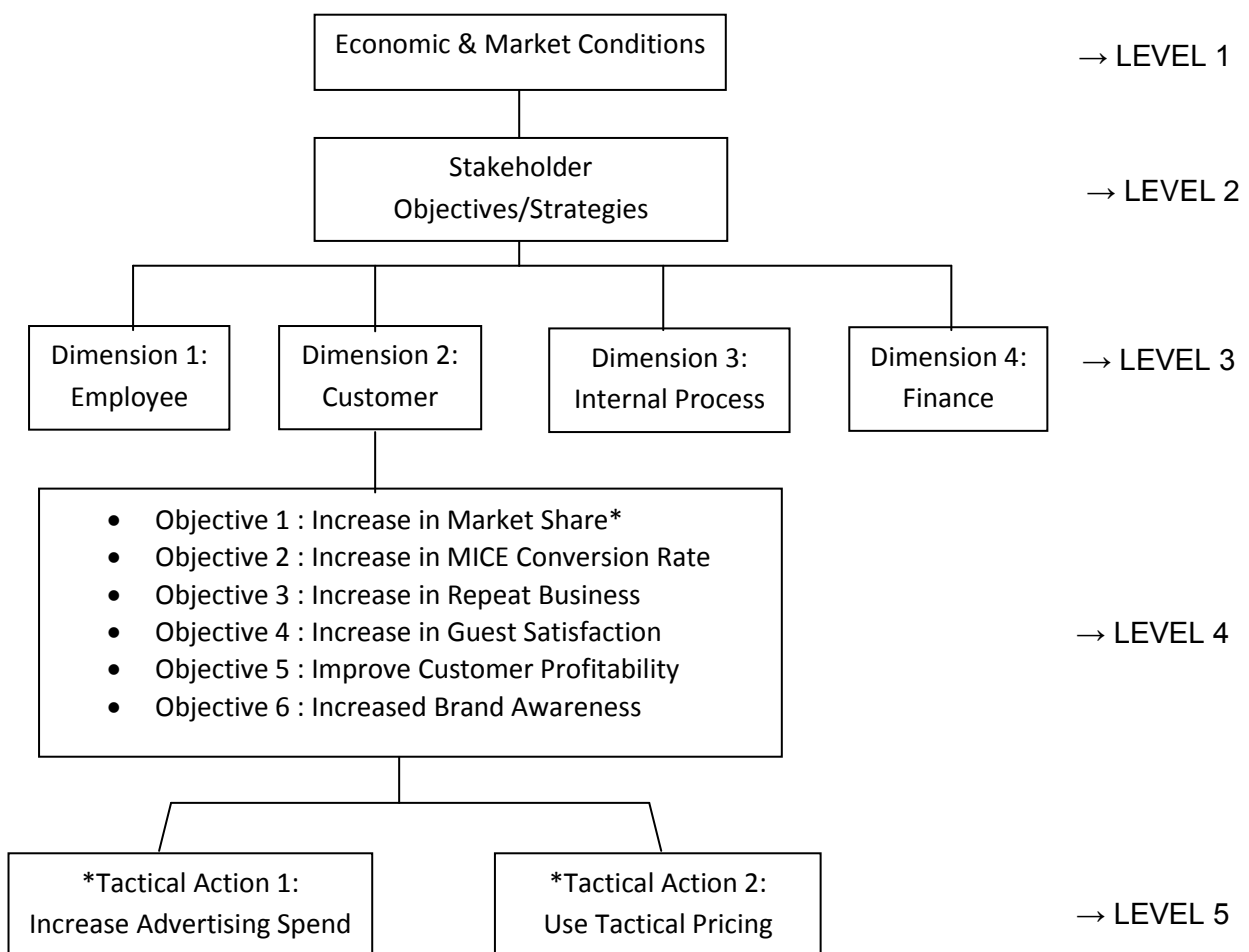
Level 5 could take us down to the level of Tactical Actions for each of the Objectives, such as for Market Share, but this is of little concern on the Demand side as the customer cares little as to how the Objectives that satisfy his expectations as a hotel guest are achieved. Also, these are 'tactical' rather than 'strategic' moves :

- Tactical Action 1 : Increase Advertising Spend
- Tactical Action 2 : Use Tactical Pricing

Thus, in order to decide which Dimensions and which Objectives are paramount and in which prioritization order for both management and customers, the problem can be formulated as an AHP problem as follows :

- Level 1 : The Economic and Market Conditions prevailing
- Level 2 : The core Stakeholder Objectives and enterprise Strategy
- Level 3 : Selection and prioritization of the critical Dimensions
- Level 4 : Achieve a set of Objectives (suitably prioritized) for each Dimension
- Level 5 : By means of a number of (few) Tactical Actions per each Objective.

This can be shown diagrammatically as follows (Fig. 1) :



The intention is to use the following 1-9 Likert-scale for managers and customers alike to express their preferences in a pair-wise comparison model :

- 1      Equally Preferred
- 3      Moderately Preferred
- 5      Strongly Preferred

- 7 Very Strongly Preferred
- 9 Extremely Preferred

Note : The numbers 2,4,6, and 8, are half way preferences between the above values.

Using the management survey data still to be collected one could postulate the following pair-wise comparison example :

Dimension	Pair	Preference	Dimesnion	Pair	Preference
D1-Customer	D1-D2	1	D2-Employee	D2-D1	3
	D1-D3	7		D2-D3	5
	D1-D4	4		D2-D4	9
D3-Internal Process	D3-D1	2	D4-Finance	D4-D1	1
	D3-D2	6		D4-D2	3
	D3-D4	5		D4-D3	8

Table 1: Pair-wise comparison for each Dimension.

Using both the management and customer survey data separately than jointly and using the Objectives/KRAs data in a pair-wise comparison one could postulate following example choosing the Customer Dimension (D1) :

Objective/KRA	Pair	Preference	Objective/KRA	Pair	Preference
O1-Market Share	O1-O2	1	O2-Groups Conversion	O2-O1	3
	O1-O3	7		O2-O3	5
	O1-O4	4		O2-O4	2
	O1-O5	3		O2-O5	4
	O1-O6	2		O2-O6	1
O3- Repeat Business	O3-O1	2	O4-Guest Satisfaction	O4-O1	1
	O3-O2	6		O4-O2	3
	O3-O4	5		O4-O3	2
	O3-O5	4		O4-O5	9
	O3-O6	1		O4-O6	4
O5-Team Culture	O5-O1	1	O6-Brand Awareness	O6-O1	1
	O5-O2	6		O6-O2	6
	O5-O3	8		O6-O3	4
	O5-O4	2		O6-O4	3
	O5-O6	3		O6-O5	5

Table 2 : Pair-wise comparison for each Objective/KRA in the Customer Dimension.

## 11. CONCLUSION

The research objective is to enhance the validity of the BSC as a performance measurement and management tool by enhancing it to incorporate hierarchical and prioritization precepts from the AHP that will allow management in the hospitality sector to minimise subjective bias when identifying the Dimensions that compose the BSC, whether just the traditional four dimensions or with addenda. The same can be extended more visibly into a non-biased

evaluation of the strategic Objectives/KRAs identified to deliver the expected goals. A major strength of the AHP approach is that it reduces the biased subjectivity towards decision makers and it gives consistent results through the use of consistency ratios (CR). Moreover, it allows comparison of results from the perspective of management and of customers.

Moreover, it is hoped that the use of the hybrid BSC with prioritization will lead to improved results in hotel management practices and results particularly at a time of economic and financial recession and scarce resources. The end perspective is to show that the BSC approach and the AHP methodology can be applied jointly to make effective operational decisions in a service industry.

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