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Demystifying Performance Measurement in Small and Medium-sized Independent Hotel Accommodation: A Phenomenological Approach

BY

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A thesis submitted to the University of Plymouth in partial fulfilment for the degree of

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Author’s Declaration

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Doctoral College Quality Sub-Committee.

Work submitted for this research degree at the University of Plymouth has not formed part of any other degree either at the University of Plymouth or at another establishment.

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Abstract

Demystifying Performance Measurement in Small and Medium-sized Independent Hotel Accommodation: A Phenomenological Approach

Adesola Abiodun Osinaike

Performance measurements are the set of measures used to determine how well an organisation is doing, giving direction for business improvement and growth. The study draws on existing literature on the adoption, approach and implementation of performance measurements systems within the small and medium-sized independent hotel accommodation. However, existing studies show a gap in understanding what constitutes business performance in SMEs despite its importance. To this end, this research, therefore, explores the perception of owners/ managers of PM concept, approaches and implementation to achieve the overall objective of an organisation. Four research objectives provided guidelines for this exploratory research, using a phenomenological research approach. The study has several conclusions based on documents analysis and 30 semi-structured interviews with owners and managers in the hotel accommodation sector.

This research found that different definitions and approaches to performance measurement support the multi-dimensional aspect of performance measurement. The different dimensions of performance measurements were considered paramount to understanding the practicality of the concept. This study argued that small and medium-sized independent hotel accommodations adopt performance measurements in practice in different formats to enhance organisational performance.

This research contributes theoretically by extending PM literature to understand the definition, designing and implementing performance measurement in small and medium independent hotels. Also, the phenomenological research method approach offers a key insight into the study through a life experience from owners and managers, providing valuable insight to the study. More so, for practical implication, this research identified and complied the performance indicators used in the industry. This information was used to develop a suitable framework for the small and medium-sized independent accommodations. The Performance Steering-Wheel and the Practical Performance Indicators would help accommodation owners/managers be consistent in their performance measurement approach.
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<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>ADR</td>
<td>Average Daily Rate</td>
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<tr>
<td>BPM</td>
<td>Business Performance Measurement</td>
</tr>
<tr>
<td>BSC</td>
<td>Balanced Score Card</td>
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<tr>
<td>CSF</td>
<td>Critical Success Factors</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings Before Interest, Tax, Depreciation and Amortisation</td>
</tr>
<tr>
<td>EFQM</td>
<td>European Foundations of Quality Management</td>
</tr>
<tr>
<td>GOPPAR</td>
<td>Gross Operating Profit Per Available Room</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
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<tr>
<td>NFPM</td>
<td>Non-Financial Performance Measurements</td>
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<td>O/M</td>
<td>Owners/managers</td>
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<td>OTA</td>
<td>Online Travel Agency</td>
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<td>PM</td>
<td>Performance Measurements</td>
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<td>PPI</td>
<td>Practical Performance Indicator</td>
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<td>PSW</td>
<td>Performance Steering-Wheel</td>
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<tr>
<td>REVPAR</td>
<td>Revenue per Available Room</td>
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<td>RGI</td>
<td>Revenue Growth Index</td>
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<td>RO</td>
<td>Room Occupancy</td>
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<tr>
<td>ROI</td>
<td>Return on Investment</td>
</tr>
<tr>
<td>SMART</td>
<td>Strategic Measurement Analysis and Reporting Technique</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
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<tr>
<td>SMHE</td>
<td>Small and Medium Hospitality Enterprise</td>
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<td>SMIHA</td>
<td>Small and Medium Independent Hotel Accommodation</td>
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<tr>
<td>STR</td>
<td>Smith Travel Research</td>
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<tr>
<td>TREVPAR</td>
<td>Total Revenue per Available Room</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
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<tr>
<td>YOY</td>
<td>Year on Year</td>
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Chapter 1: INTRODUCTION

1.1 Introduction

Performance measurement (PM) is a management tool that helps business organisations to evaluate their current position and provides recommendations for future improvement (Bourne 2004 and Assaf and Tsionas 2018). It also helps to identify weaknesses, clarify objectives and improve management processes. The performance measurement system has been used to help companies meet their goals and accomplish their purpose. PM systems have been adopted to help implement business strategies (Assaf and Tsionas, 2018; Bourne et al., 2018; Bititci et al., 2018) to align with and between organisations. It also helps optimise resource allocation, support decision-making, and improve performance (Neely 2005; Franco-Santos, Lucianetti, and Bourne 2012; Elbanna, Eid and Kamel 2015). However, despite tremendous progress, the effective management of organisational performance remains a significant business challenge (Micheli and Mura, 2017).

Furthermore, current literature suggests that performance measurement experience in most organisations is very different, and PM scholars have highlighted the possible inadequacy associated with existing approaches. Melnyk et al. (2014) argued there are instances of misalignment between organisational strategy and PM systems and thereby proposed that the relationship be reframed. Bititci et al. (2012) addressed a range of concerns about performance measurements readiness for an emerging context marked by disruptive and transformational change. Despite several researchers’ calls to revisit and reconsider PM, there is no evidence that a viable paradigm is proposed to supplement or replace the current one. Many of the PM frameworks that have been developed were not designed with Small and Medium Enterprises (SMEs) in mind. Hvolby and Thorstenson (2000); Hudson et al. (2001); Abouzeedan and Busler (2005) and Garengo et al. (2005) argues that SMEs are not the small version of large organisations and that PM should be designed to meet their special and specific characteristics. Manville (2006) and Anggadjwita and Mustafid (2014) agreed that performance measurements for SMEs are still not as well established as those of big
organisations and there are significant obstacles in implementing the Performance Measurement System (PMS) in this context.

Small and Medium-Sized Enterprises have become both numerically and economically important with significant effect globally, accounting for 99% of businesses worldwide. It also reported that between 50 and 60 per cent of employment takes place within SMEs (OECD, 2017; Juznik Rotar, Kontosic Pamic and Bojnec 2019; Jenkins, 2004). The Department of Business, Energy & Industrial Strategy (2017) declared that small businesses accounted for 99.3% of all private sector businesses at the start of 2017, of which 99.9% were small or medium-sized (SMEs). The total employment in SMEs in 2017 was 16.1 million, 60% of all private-sector jobs in the UK. The combined annual turnover of SMEs was £1.9 trillion, 51% of all private sector turnover in the UK.

According to Xotel (2021), the term accommodation refers to a room, building or lodging which provides shelter for a person to stay, sleep and live. There are many different types of spaces that are classified as accommodation. However, in the hospitality industry, the term refers to a room at a hospitality company such as a hotel, resort, hostel, motel, etc. Simultaneously, the Collins dictionary (2021) defines hotel accommodation as the facilities and the quality of accommodation provided by a hotel. Hotels are part of the overall hospitality and tourism sector, including all places that give people away from their homes accommodation, food or both. Given the non-commercial origin of the term, hospitality has come to mean providing experiences that have been developed to generate revenue from the concept of home away from home (Beldona, Miller, Francis & Kher, 2015). The term hotel accommodation will refer to hotels, guest houses, bed and breakfasts, and unbranded independent accommodations for this research.

The British Hospitality Association (2019) described the hospitality industry in the UK as the fourth largest sector generating over £73bn Gross value added directly and a further £87bn indirectly. The industry contributed 3.2 million direct jobs and 2.8 million indirectly in 2016, representing 10% of UK employment, generating around
5% of the UK Gross Domestic Product. It comprises 200,000 enterprises, of which over 99% are SMEs. The hospitality industry comprises hotels and similar accommodations, restaurants and pubs, events, recreation and visitor attractions. According to the latest reports from property advisors Knight Frank, the volume of UK hotel transactions in 2018 increased 29% compared to 2017, totalling approximately £20.7 billion. The UK hotel market remained attractive for both local and overseas investors, despite ongoing political turmoil and Brexit-associated uncertainty with an occupancy rate of 79.9% (UK Hospitality, 2019). The UK hotel continued to lead the European market, which saw transaction volumes collectively down by approximately 14% (BDO Hotel Britain, 2019). The UK hotels have experienced yet another year of consistent growth in 2018; independent of the uncertainty surrounding the United Kingdom's exit from the European Union, a decrease in visitor numbers and slower economic growth, UK hotels have proved resilient.

Statista (2020) and Hulme (2017) studies reiterate an increase of about 13% in the number of SMEs entering the hospitality industry from 2010. Hulme (2017) emphasised that "Our SME Growth Watch report highlights the vital contribution of SMEs both within the hospitality sector and indeed across all sectors of the UK economy, and the rapid level of growth being demonstrated by some of the nation's smallest businesses". SMEs in the tourism and hospitality sectors play a critical role in the global economy. They operate within a fiercely competitive environment that requires good business and management practices by evaluating an organisation's past and current state. BDO Hotel Britain (2019) explained that despite the growing rate slower than in 2017, UK hotels experienced another year of consistent growth in 2018. UK hotels experienced their ninth consecutive year of rooms yield growth in 2018. The overall UK rooms yield rose by 1.1%, with an increase in occupancy by 1.8% to a record high was the main driver of growth for the UK hotel market.
1.2 Research Background

Small and medium enterprises play a significant role in both the developing and developed economies. In this dynamic business environment, the increasing number of SMEs has caused fierce competition and diversity in the marketplace. This rapid change applies pressures on small and medium businesses to concentrate on their core competencies to innovate and achieve competitive advantage. Companies now understand that to compete effectively, there is a need to monitor and develop firm performance measure (Ates et al., 2013). Sharma et al. (2008) recognised measurement as an essential element to improve business performance. This research broadens existing knowledge and understanding of the performance measurement approach, performance measurements in practice and the criteria for the chosen metrics within the SME hotel accommodations.

Performance measurement in the hospitality sector has gained significance for efficient decision-making with international travel and growing demand in hotel companies. A significant aspect of decision-making procedures is performance assessment. As all organisations aim to provide their stakeholders with satisfaction, it is vital to establish useful performance metrics and interpret the results (Zaki, 2019; Harris and Mongiello, 2006). Such conventional financial metrics have been criticised for fostering short-termism, lack of strategic emphasis, deterring quality improvement and not being externally focused. Performance measurement systems have been established to address these critiques, mainly to promote a more balanced view (Atkinson, 2006; Zaki, 2019; Wadongo et al. 2010).

According to Johnson (1983) and Kaplan (1984), the financial measure cannot be the only criteria for measuring business success. This measure fails to reflect changes to smart strategies for the business organisation. The set of measures needed should provide a balanced picture of the organisation. The criteria for these measurements should reveal both the financial and non-financial outcomes of the business. Some of the disadvantages of relying solely on financial performance measurement are evident in Banker et al. (2000), Sainaghi et al. (2013) and Soheilirad et al. (2017), whose research showed that many hotel chains went bankrupt, suggesting that there are
problems with the methods of evaluating hotel performance. The exclusive use of financial measures is limited, short-term and short-sighted, not taking cognisance of hotel customers and employees' crucial impact. While financial performance measures are of primary importance to organisations' success, they may generate better performance information when combined with non-financial measures. They are critical additions to financial measures as they are intended to include information that will maximise the financial result and encourage and track strategic initiatives (Harris and Mongiello, 2006; Atkinson, 2006).

Non-financial measures such as employees, customers, quality and public relations are also important to an organisation's success. Non-financial performance measurements (NFPMs) give the organisation future information relevant for planning and decision making (Mjongwana and Kamala, 2018; Guilding, 2014). According to Taticchi, Tonelli & Cagnazzo (2010), NFPMs provide a holistic view of a firm's operations and dynamic information. They have a close relationship with an organisation's long-term strategic goal instead of short-sighted financial performance measurement that focuses only on accounting information. Reliance on financial measures can be adverse and detrimental to business’s long-term goal. Organisations will benefit tremendously from performance measurement that is not entirely based on financial performance. Well-composed performance measures help organisations overcome over-reliance on detailed financial performance measures and maybe in the past (Asaaf et al., 2018; Bourne et al., 2018; Kennerley and Neely 2003; Ukko and Saunila 2020; Hoque 2004; Martinez and Kennerley 2005).

Antony and Bhattacharyya (2010) mentioned that existing performance measurement models are used mainly by large organisations and cannot be employed by SMEs without modification. Due to the complex nature of these models, it has been argued that they cannot meet the simplicity of SMEs. McAdam and Kelly (2002); Zaki (2019) and Abdullah (2018), suggested that due to SMEs' increasing economic contribution and the lack of knowledge on building a successful business, developing an indigenous model to measure organisational performance and excellence are of paramount importance.
Neely and Bourne (2000) emphasised that the performance measurement failure in SMEs results from poor design and are too difficult to implement. Taticchi et al. (2010); Bergin-Seers and Jago (2007) similarly agreed that it is challenging to evaluate business performance due to the complexity of organisational style and hierarchy. These challenges can be attributed to the shortage of resources, lack of operational expertise and environmental uncertainty. Also, Bergin-Seers and Jago (2007) highlighted that the major factor contributing to firm survival and success is the ability of small enterprise owner-manager to monitor the operations performance. Monitoring performance could be challenging, but it is crucial to identify key performance indicators to monitor results and understand the most suitable measures to use (Hudson et al., 2001; Garengo et al., 2005). Bourne et al. (2002) also mentioned that business success or failure depends on the level of attention and application to the key contributing factors. The main reason for the low implementation of performance measurement systems in SMEs is that there is no methodology/system that considers its indicators and is specifically designed to suit SMEs' needs (Chalmeta, 2012).

1.3 Research Rationale

Performance Measurement plays an integral part in decision making and planning. It aims to bridge the gap between strategies, performance and strategic evaluation. It was clear from Melia and Robinson (2010) that performance measurement is prepared by financial staff and the information collected is mainly used for reporting, and there is little information used for strategic evaluation. It is evident that hospitality businesses are not linking performance measurement with strategic management; thus, the links between the organisation’s goals, strategy, objectives and performance measurement are not applied (Machado and Nunes 2020). This will affect the effectiveness of operations management and organisational challenges for future survival. Phillips and Louvieris (2005) explained that tourism, hospitality and leisure SMEs are not capable of articulating strategic change management indicators, which are the links between strategies and measures. This method is believed to lead to performance improvement in the sector.
Hotel performance literature highlights that measuring hotel performance is done so to monitor and control the implementation of pre-set tasks (Saunila, 2016). Performance indicators are often seen as an answer, a quick and fail-proof solution to performance-related issues. Performance measurements have a profound impact on the business world over the past 30 years. Many organisations use/adopt at least some performance measurement aspect by utilising Key Performance Indicators (KPI), setting targets or using measurable objectives to track progress and improvise organisations (Gray et al., 2014). Garengo et al. (2005) and Biazzo and Bernardi (2003) highlighted the need for management culture changes and the perception of SMEs' management systems. They emphasised and queried the fact that despite access to lots of data to monitor daily activities; whether all these attempts actually helped organisations perform better. This research evaluates how small and medium-sized hotel accommodation owners/managers perceive performance measurement. It also considers the metrics/variables used to measure performance by exploring the performance measures in use/practice. The key question includes: What are their approaches to measuring performance? What are past/current/future performance measures used and how does it enhance organisations in achieving competitive advantage.

More so, Wiklund and Shepherd (2005) stressed that small businesses are important to most economies; therefore, investigating their performance is a worthwhile scholarly endeavour. Also, Jones and Rowley’s (2011) have drawn attention to the lack of detailed understanding of what constitutes business performance in SMEs despite its importance. Phillips (1999:171) establishes a need to ‘gain a richer understanding of performance phenomena in hotels and establish the metrics used to measure the performance’. Haktanir and Harris (2005) argue that while national and international hotel chain growth has been significant in recent decades, independent hotels continue to dominate the industry in many countries but often receive little attention from researchers. Haktanir and Harris (2005) add that independently owned and operated hotels need to highlight their performance measurement development strategically.
Furthermore, Phillips and his colleagues in Sainaghi et al. (2019a) recommend further study to understand the industry operational relevance of hotel performance by interviewing key players (managers and owners) and reviewing industry reports. This shows that from Phillips (1999) research to Sainaghi, Phillips, Baggio and Mauri (2019), there remains a gap in understanding and implementing performance measurements in the hotel accommodation sector. This research adds to the growing body of knowledge in PM by understanding the owners/managers’ perceptions of the concept of performance measurement within small and medium-sized hotels. This is influenced by the social constructivist phenomenological research paradigm by exploring hotel practitioners' real experiences and practices.

The perception of the owner-manager and implementation of the performance measurement system in the hotel accommodation sector has not previously been investigated. There is, therefore, a need for this research, which aims to carry out a detailed investigation into the identified problems, theory and current thinking. There is a need to gather primary data and information to inform the research. This research is set against this background with particular attempts to explore the perception of owners-managers and the implementation of PMS to achieve the overall objective. A preliminary study was carried out to articulate the need and methods for this research and the findings discussed in section 4.5. This preliminary study shows how the research progressed from the initial stage, including revised aims and objectives.

1.4 Research Aims.

This research aims to explore owners/managers perceptions and practices of Performance Measurement within small and medium-sized independent hotel accommodation.
1.5 Research Objectives

To achieve the above aim, the following research objectives were addressed:

RO1. To seek a critical understanding of SME hotel owners/managers perception of the concept of Performance Measurement.

RO2. To explore how performance is measured in SME hotel accommodations.

RO3. To examine the criteria for the chosen performance measurements in SME hotel accommodations.

RO4. To develop a performance measurement framework suitable for small and medium-sized hotel accommodations.

1.6 Research Design

The research design for this study was developed to provide the answer to the research objectives. The research used both primary and secondary information and employed a qualitative methodology. The choice of research methods is an integral part of the research design. For the primary data, the research incorporated semi-structured interviews and document analysis to explore the owner-managers understanding in the small and medium hotel enterprises on performance measurement and how the organisations measure their performance. The interview questions were developed following secondary information from the literature review on Performance Measurement in general, performance measurement in the hospitality industry and PM relating to SMEs.

The research also used thematic analysis by uploading the interview transcripts on Nvivo to analyse and interpret the data collected and developed the key themes from the discussion that was used to develop a proposed framework for small and medium-sized independent hotel accommodation. The diagram below, Figure 1.1, is a graphical illustration of the research process for this study.
1.7 Organisation of the study

This research work consists of eight chapters. Chapter 1 introduces the broad research area, background for the study and discusses the rationale for the selected topic. It briefly reviews the gaps in the performance measurement literature for SMEs and practices that have contributed to the formation of the present study. Following the
discussion of the rationale, the chapter presents the study’s main aim and objectives. Furthermore, the chapter provides a preliminary study to justify the research focus. Lastly, it explained the research design, which provides an overview of the thesis.

Chapter 2 is the first part of the literature review. It presents an evaluation of the nature and characteristics of performance measurements, their function and design process. It also reviews the definitions and discusses the existing scholarly conversations related to performance measurement. This chapter also explores existing performance measurement frameworks such as Balanced Scorecard, Performance Pyramid, Result and determinant model and Performance Prism. It examines the characteristics, previous studies and use of the framework within the hospitality sector. The chapter also examines some setbacks to the effectiveness of each model.

Chapter 3 is the second part of the literature review. It provides a further study on the implementation of performance measurement, considering the critical success factors, key performance indicators and the factors influencing the implementation. Also, based on the reviewed literature, the chapter formulates and presents a conceptual framework to inform the research questions for primary data collection for this research.

Chapter 4 justifies the study’s research philosophy, approach, and strategy using a research honeycomb model. The chapter also discusses the sampling strategy, data collection methods and analysis, ethical considerations and the criteria for quality evaluation of the study. An extensive discussion about the use of the phenomenological approach used in this study is included.

Chapter 5 presents and discusses the primary data collection findings and offers a comprehensive overview of the definition, design, and implementation of performance measurement in small and medium-sized independent hotel accommodations. The chapter discussed the themes and sub-themes generated from the data collected through semi-structured interviews and document analysis. This chapter discussed the findings on the definition, approaches and impacts of performance measurements on organisations.
Chapter 6 analyses the findings relating to RO2 and RO3, exploring how performance is measured in the SME hotel accommodations. This section aimed to understand the choice, criteria and application of KPIs used by owners and managers of small and medium-sized independent hotel accommodation. The first activity was to explore how respondents evaluate their performance, then consider the list of KPIs identified. This was to determine the indicators that owners/managers draw upon regularly to define business success.

Chapter 7 presents findings on the factors that influence the implementation of performance measurements in small and medium-sized independent hotel accommodation. It reports findings on factors that influence such as revenue management, use of technology and business operations. The chapter also provides answers to questions such as their consideration for a new performance measurement system and advice about the approach and features of a suitable PMS for independent accommodation. The chapter also presents the proposed framework Performance Steering-Wheel and the Practical Performance Indicator, which will help independent hotel management implement the Performance Measurements System.

Chapter 8 concludes the study by reviewing the research aims and objectives. It outlines the study’s theoretical and methodological contributions, proposes recommendations to hotel accommodation practitioners and academics. The chapter ends with the limitations of the study and provides direction for future research.
Chapter 2: PERFORMANCE MEASUREMENTS FRAMEWORKS

2.1 Introduction

This chapter presents a historical and general background of Performance Measurement Systems. It aims to map out the academic debates on performance measurement and, in particular, within the small and medium-sized hotel accommodation literature. This is based on the research objective to review current practices, models, theories and the implementation of the performance measurement system in general and how it relates to Hospitality SMEs. This section reviews and compares the strength and weaknesses of the existing PM framework. Therefore, this section generates a clear understanding of the performance measurement concept for the study. As such, the literature review proceeds from the general to the specific implications on the hotel accommodation sector. The literature review process is demonstrated in the diagram below, Figure 2.1.

![Figure 2.1 Literature review process](Source: Author)
2.2 Historical Background of Performance Measurement Models.

Performance Measurement history can be traced back to the early 1970s due to the inadequacies of traditional financial metrics. From inception to date, many models have been developed by different scholars, such as the Balanced Scorecard by Kaplan and Norton (1992); the Performance pyramid by Lynch and Cross in 1992; Result and Determinants model by Fitzgerald and Moon (1991), the Performance Prism by Neely and Adams (2001). These models/frameworks, as discussed in this chapter, differ slightly from sector to sector but with a similar underpinning concept to balance both the financial and non-financial measures (Cokin, 2004; Eckerson, 2004; Bourne et al., 2002).

Performance measurement frameworks are becoming broader, diverse and more specialised (Bititci et al., 1997). Performance Measurement evolved in the 1970s because of dissatisfaction with the traditional performance, which focused only on financial information. The conventional approach is used to monitor and maintain control within an organisation. The awareness of PM has increased since the publication of the seminal book, Relevant Lost- The rise and fall of Management Accounting by Johnson and Kaplan in 1987. Since the emergence of PM, the research has focused on designing the Performance Measurement System with little research on its implementation in the business organisation (Bourne, 2004). Richard et al. (2009) reveal that prior performance measurement study conceptualises organisational performance with limited research on its practicality.

The concept of PM is an important topic in operational management and management accounting literature. It has its root in the costing and accounting system (Atkinson and Brander Brown, 2001). The evolution of PM is in two phases: Pre-and Post-1980. PM before 1980 mainly focused on the use/success of key financial measures such as profit, productivity, and Return on Investment (ROI). This ideology changed due to the complexity of the business organisation and its environment during the post-1980 phase. By the early 1980s, it was no longer appropriate to use the financial measure as the main criteria for success (Gomes et al., 2017; Kennerly and Neely, 2002). The
traditional financial performance measurement was based on the principle of profit, which is essentially the difference between the value of output (revenue) and input (cost), showing how money is made. Measuring the performance of an organisation requires a balance of financial and non-financial measures. Financial and non-financial measures translate strategies to the organisation-specific objective, providing middle and lower management support and direction.

Gomes and Yasin (2017), Mjongwana and Kamala (2018) and Panno (2019) identify the weakness of using only traditional financial metrics as being not suitable in making strategic decisions; non-financial metrics are not linked to financial numbers (Kaplan and Norton, 1992). Ittner and Larcker (2003) argue that traditional accounting measures are historical, backwards-looking and are characterised by an inability to predict and explain future performance and only provide information about the causes/success and not the method used to achieve it (Watts and McNair-Connolly, 2012). Those traditional metrics also report functions and not cross-functional processes (Melnyk et al., 2014; Nunes and Machado, 2014; Pnevmatikoudi and Stavrinoudis, 2016). Lehn and Makhija (1996) mentioned that in this traditional approach, the organisation's intangible assets are not considered. Kaplan and Norton (1992) and Frigo and Krumwiede (2000) agreed on using too many measures, the need for new parameters with broader content, and explained that traditional metrics do not link information from operational to strategic level (Kaplan and Norton, 1992; Frigo and Krumwiede, 2000).

Performance measurement systems also identify what an organisation needs to measure, bridge the gap between strategies, exploit market opportunities and stay competitive (Eckerson 2010). Despite the volume of research conducted about performance measurement, the definition is still much deliberated/argued (Marr and Schiuma, 2003; Myeda et al., 2014). Performance measurement is a quantifiable indicator used to assess how well an organisation or business achieves its desired objectives. It is used to convert strategy into measurable goals and, if properly designed and conveyed, can facilitate the implementation of strategy, align management decisions and actions with strategic objectives and enhance
organisational performance (Pollanen et al., 2017; Bisbe and Malagueno 2012; Franco-Santos, Lucianetti, and Bourne 2012; Micheli and Manzoni 2010). It plays a vital role in identifying and tracking progress against organisational objectives, recognising opportunities for improvement and assessing performance against both internal and external standards.

Accounting information systems provide a systematic way of obtaining information to organise corporate decision-making regarding overall organisational objectives (Atkinson, 2006; Papadopoulou, 2020). Financial measures were criticised, and different scholars have developed a holistic approach after 1980. The common features of these frameworks are that PMS should be multi-faceted, considering both financial and non-financial measures (Bourne, 2004). The field of performance measurement has changed tremendously over the last three decades with the advancement of alternative measurement frameworks and methodologies, such as the balanced scorecard, performance prism, economic value-added, economic profit, activity-based costing and self-assessment techniques (Striteska and Spickova, 2012). Halachmi (2005) states that the ability to measure the performance of operations is the most important and starting point for improvement. PM is centred on the firm’s strategy to support the monitoring and implementation of strategic plans. Ferreira et al. (2012) state that there is a need for continuous monitoring and evaluation of organisational performance for business to be successful. Tajeddini, Martin and Ali (2020) highlighted that PM is the activity managers perform to reach predefined goals derived from companies’ strategic objectives.

In addition, Bourne (2004) states that PM is not an end in itself, but they are tools that help emphasize, categorise and communicate business performance. The framework does not prescribe what should be measured, but rather it illustrates the dimension of measurement to be considered. Performance management is investigated through the process of efficiency and effectiveness (Neely et al., 1995). It was argued by Bourne (2004) that performance measurement would cause the strategy to be implemented or frustrated, so there is a need to align organisational strategy with performance measurement.
2.3 Definition of Performance Measurement

The term Performance Measurement has been widely used in different contexts, but Neely et al. (2007:9) defined performance measures as “metric[s] used to quantify the efficiency and effectiveness of past action”. Despite the volume of research conducted on performance measurement, the definition of PM is still being debated, challenged and remains inconclusive. Prior studies suggest a lack of an agreed and constant description of the performance measuring issue (Zaki, 2019). This concept is coined from organisational performance, defined as how well an organisation is managed and its value to customers, investors, and other stakeholders (Franco-Santos et al., 2007; Sainaghai et al., 2017; Langwerden, 2017).

There has been a different approach towards defining a PM system which has led to the development of numerous performance measurement frameworks/models with limited agreement about its main components and characteristics (Franco-Santos et al., 2007). According to Choong (2013) and Ponte, Pesci & Camussone (2017), performance measurement is still defined by individual opinion and perception. Performance measurement is the process of capturing, analysing, and reporting information on a team's performance, organisation, system, or component. It involves studying procedures, parameters, phenomena within organisations to see if the output aligns with what was intended or should have been accomplished. Linna Pekkola, Ukko and Melkas (2010), Sigala, Jones, Lockwood and Airey (2005) and Wadongo et al. (2010) espouse that performance is broad encompassing quality, efficiency, effectiveness, and other performance dimensions.

PM systems are a set of metrics used to quantify both the efficiency and effectiveness of actions, according to Neely et al. (1995). It is defined by Bititci et al. (1997) as a reporting process that provides employees with feedback on the results of their efforts. Defining performance measurements from a strategic perspective is viewed from two different aspects. First, it depicts the processes used to pass on the performance metrics
used to implement the organisation's strategy (Gates, 1999). On the other hand, the PM system cascades down business performance measures and provides the information necessary to challenge the validity and details of the strategy (Ittner et al., 2003). The PM system is synonymous with management planning and budgeting from a management accounting perspective (Otley, 1999).

There have been several attempts to define business PM through a literature review which are now summarised. Atkinson et al.’s (1997) approach to performance measurement focuses on one output of strategic planning, in the senior management’s choice of the nature and scope of the contracts that it negotiates, both explicitly and implicitly, with its stakeholders. The performance measurement system is the tool used by the company to monitor these working relationships. Bititci et al. (1997) explained that the performance measurement system is the information system at the core of the performance management process. Therefore, it is of paramount importance for the effective and efficient operation of the performance management system.

In addition, Bourne et al. (2003) defined PMS as a business performance measurement (BPM) system using a multi-dimensional set of performance measures for business planning and management. Maisel’s (2001) approach stressed that a business performance measurement system enables an enterprise to plan, measure and control its performance. It helps to ensure that sales and marketing initiatives, operating practises, information technology resources, business decisions and human activities are aligned with business strategies to achieve the desired business results and create shareholder value.

Kagioglou et al. (2001) describe PMS as a process for identifying how successfully organisations or individuals have achieved their objectives and strategies. To achieve this, the outputs of the organisation's strategic and operational procedures are measured in a quantifiable way to monitor the organisation in detail, internally and externally. Forza and Salvador (2000) further emphasise that PMS is an information
system designed to support managers in the performance management process, mainly undertaking two primary functions: the first consists of enabling and structuring communication between all the organisational units (individuals, teams, procedures, functions, etc.) involved in the targeting process. The second is the collection, processing and delivery of information on the performance of people, activities, processes, products and business units.

Performance measurement and reporting take place at two levels according to Kerssens-Van Drongelen and Fisscher (2003): (1) Within the company as a whole, reporting to external stakeholders and (2) within the company, between managers and their subordinates. There are three types of actors at both levels: (a) evaluators (e.g., managers, external stakeholders), (b) assessors; (e.g., middle managers, company, (c) the assessor, the person or institution assessing the effectiveness and effectiveness of the performance measurement and reporting process and its outputs; (e.g., controllers, external accountant audits). Ankrah and Proverbs (2005) emphasise that performance measurement ensures that the organisation pursues strategies that lead to achieving the overall objectives. PMS acts as a critical factor in promoting and ensuring the successful implementation of the strategy of the organisation.

Radnor and Barnes (2007) define performance measurement as quantifying, either quantitatively or qualitatively, the input, output, or activity level of an event or process. Taylor and Taylor (2013:5486) defined (PMS) as a

“system that provides a concise overview of performance through sets of (financial and non-financial) metrics that guide and support the decision-making processes of an organisation. This is done by gathering, processing and analysing information about its performance, and communicating it in the form of a succinct overview to enable the review and improvement of strategy deployment and alignment of key business processes”.

Djellal and Gallouj (2008) defined performance as a component in a productivity system; when it combines with profitability, the result would be efficiency. Nudurupati et al. (2011) echo the views of other researchers that management needs to be up to date and accurate with performance information required for business success. The performance data needs to be integrated, dynamic, manageable, and
evident to enhance decision-making, promoting an active management style. Implementing and use of PMS should be the duty of executives. Knowing how the different business areas are performing is valuable information in its right, but a good measurement system will also trigger any changes in performance. This puts management in a better position to manage their performance proactively. One of the key challenges with performance management is selecting what to measure. The priority here is to focus on quantifiable factors that are linked to the drivers of success in business organisations.

According to Panno (2019), performance is defined as an entity's successful accomplishment of goals and the highest fulfilment of key stakeholders' wants and needs as a result of its actions. Performance can be determined and measured using an appropriate measurement activity, a planned process for calculating the efficiency and effectiveness of a specific action. Abdullah (2018) states that it is important to identify the necessary conditions, functions, and characteristics to define a concept. Pnevmatikoudi and Stavrinoudis (2016) found that an effective performance monitoring framework should combine metrics and indicators to report the company's accomplishments with essential resources, be matched to corporate strategic orientation, and provide an operational and valuable tool for effective firm management. Conclusively, this research defines performance measurements as the set of measures used to determine how well the business is doing, giving direction for an organisation's improvement and growth. In recent times, performance measurement systems have drawn significant interest from business professionals and scholars alike, with many debating implementing a strategically oriented system enhancing business improvement. Performance measures provide an essential connection between the management strategies and action and, therefore, enhance the implementation of improvement proposals.
2.4 Functions of Performance Measurement

The role of performance measurements is to control organisational processes and enhance continuous improvement. Neely (1998) classifies the function of performance measurement into four categories.

i. Checking position: Identifying organisation’s current position, monitoring progress and benchmarking against competitive businesses.

ii. Communication position: Performance measurements enhance communication with stakeholders, shareholders, customers and employees through the annual reports.

iii. Confirm priorities: The information provided helps identify critical areas of an organisation by exposing shortfall areas and identifying priorities.

iv. Compel progress: The performance measurement systems enable organisations to focus on definite issues and seek ways to improve business performance.

According to Franco-Santos et al. (2007), there are five different categories of the role of business performance measurements system, which are: (i) “measure performance”; this category encompasses the role of monitor progress and measure and evaluates performance; (ii) “strategy management”; this category comprises the roles of planning, strategy formulation, strategy implementation, execution, and focus attention to providing alignment; (iii) “communication”; which comprises the roles of internal and external communication, benchmarking and compliance with regulations; (iv) “influence behaviour”; this category encompasses the roles of rewarding or compensating behaviour, managing relationships and control; and (v) “learning and improvement” that comprises the roles of feedback, double-loop learning and performance improvement.

Cain (2004) and Myeala et al. (2014) stated that PM is used as the first stage of the improvement process, which benefits both the end-users in terms of low price and the
organisation with a high-profit margin. It enhances the quality of the product and can be used to measure the effectiveness and efficiency of an action (Neely 2002). Kagioglou et al. (2001) and Saunila (2016) explained that PM is a tool used to assess an organisation's success in achieving its objectives and strategies. Oakland (2004), Othman and Rosli (2011) and Claver et al. (2006) states that SMEs uses performance measurement for quality management. Godener and Soderquist (2004) highlight that PM is used for resource allocation, control and personnel evaluation which is important to SMEs due to limited resources.

2.5 Characteristics of Performance Measurement

The characteristics of performance measurement systems for SMEs, according to Cocoa and Alberti (2010), suggest that PM should result from strategy, link operational and strategic goals. It must be clearly defined, consider all stakeholders, provide the multi-dimensional picture of the business, be relevant and easy to maintain, promote integration, and plan future performance. However, Hudson et al. (2001), Garengo and Biazzo (2012) argued that SMEs operate an informal strategy approach and mostly focus on operations rather than strategy.

Kald and Nilsson (2000) explain that PMS is used mainly by high-level management to support decision making and contribute to understanding organisational culture. Also, De Toni and Tonchia, 2001; Tangen, 2004; Courty, Heinrich and Marschke, 2005) emphasised the design of performance measurement systems. This involves setting out the measures, deciding what to measure, measuring and setting targets, and influencing individuals and groups within the organisation. Performance measurement also includes a standard against which efficiency and effectiveness can be judged. This has become an important element in managing hospitality businesses.
2.6 Processes of Performance Measurement

The process of a performance measurement framework is sometimes perceived as managing a project that will be completed at once. However, some studies do not support this argument emphasising the importance of considering how measures evolve after they are implemented (Kuwaiti 2004; Kennerley and Neely, 2003). This shows that the process of implementing PMS is not a one-off approach. It involves the ability to adapt to changing conditions is regarded as a critical factor in achieving success. Kennerley and Neely (2003:216) highlight that "few organisations have structured mechanisms in place to monitor the development of their performance assessment framework to ensure that it continues to represent the organisation's context," and suggest a mechanism for "reviewing, updating, and deploying measures". Bourne et al. (2000) highlighted three conceptual phases of PM as design, implementation and use. These three phases are in order but may overlap because individual measures could be implemented at different times. Table 2.1 below shows the factors to consider from the design to use of performance measurement according to Franco-Santos and Bourne 2005. As highlighted in Table 2.1, the factors that impact the PM process are the ability to align and integrate information systems with management perception and capability, thereby influencing the decision-making process and organisational culture and structure.

**Table 2.1 Factors for effective use of Performance Measurement**

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<thead>
<tr>
<th>Categories</th>
<th>Factors</th>
<th>Sub-factors</th>
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<td>Process</td>
<td>Design</td>
<td>Business performance measurement framework and strategy map</td>
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<td>Measures and targets</td>
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<td>Alignment and integration</td>
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<td>Information infrastructure</td>
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<td>Top management agreement, commitment</td>
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<td>The three Es: empower, enable, encourage.</td>
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<td>Communication</td>
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<td></td>
<td>Implementation</td>
<td>Review and update measures</td>
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Use
Data analysis, interpretation, decision-making and action-taking
Rewards
Performance measurement helping tools and management process

| Context     | Internal                  | Firm strategy
|            |                           | Culture
|            |                           | Organisational structure
|            |                           | and size
| External    | Industry                  | Environment

Adapted from Franco-Santos and Bourne (2005).

In addition, Kuwaiti (2004) explained that one of the barriers to implementing PM is the lack of ongoing attention to the performance measurement process. As such, Franco-Santos et al. (2007) grouped the performance measurements processes into five categories, which are:

1. **Selection and design of measures**; this category comprises identifying stakeholders needs and wants, planning, strategic objectives specification, measures design and selection and target setting.

2. **Collection and manipulation of data**; this category includes data capture and data analysis processes.

3. **Information management**; this category encompasses the processes of information provision, interpretation, decision making.

4. **Performance evaluation and rewards**; this category includes the processes of evaluating performance and linking it to rewards; and

5. **System review**; this category includes the different review procedures (ensuring a feedback loop within the system).

All these processes can take place at either organisational, team or individual levels. Franco-Santos et al. (2007) carried out a literature review in an attempt to define PMS. They concluded that there are twelve different processes of PMS out of which three are considered necessary, which are (i) information provision (ii) measure design and selection and (iii) data capture. It was emphasised that if a company does not have a
specific process for selecting the measures to assess its performance (even if external stakeholders impose those measures. It may be argued that this organisation does not have a BPM system if it does not have a process for capturing data to calculate its selected performance measures. Also, not having a process for disseminating the findings of the performance measurement exercise (even if it is with a simple Excel spreadsheet). Phillips (1999), Altin et al. (2018) and Sainaghi et al. (2019) also emphasised that a poor performance measurement process could impact the design and implementation of PMS. Having a defined process helps hotels owners and managers to review and improve business activities.

2.7 Designing a Performance Measurement System

The design of the performance measure is as important as the decision of what to measure. Poor measure design leads to inappropriate behaviour and undermines the implementation of the strategy. When metrics are poorly defined, all the advantages of performance assessment are often missed. It is not enough to measure the right thing; management must also measure it correctly. Langwerden (2017) explained that the design stage of PMS had been well researched. This is when the key objectives to be measured are derived from the organisation’s strategy and the metrics to measures are also developed. Franco-Santos and Bourne (2005) proposed four factors needed to design PMS; (i) the need for a framework to be aligned with strategy, (ii) measures and targets, (iii) alignment and integration (iv) information infrastructure. According to Bourne (2004), there are three basic phases of the design and implementation of a performance measurement system which are:

- Defining what to measure
- Designing the appropriate measure
- Managing the measures.

Also, Bourne (2004) explained that it is important to define the measure because of the following reasons. Firstly, the measures establish your position as an organisation. Secondly, the measures communicate direction. Thirdly, the measure influences behaviour (organisational culture). Fourthly, the measures stimulate action and finally, the measures facilitate learning.
Cocoa and Alberti (2010) also highlighted that the design requirement for PMS are identification of strategic objective, audit of existing PMS, the involvement of key users (employees), target and benchmark-setting, monitoring process, IT infrastructure support. PM is one of the ways managers cope with the complexity of the business. Performance measurement is at the centre of business improvement. Bourne (2004) states that organisations will not be able to survive and thrive without effective measures. Measures provide organisational motivation and people respond to measures.

Banker et al. (2004) and Bourne (2004) reiterate that not all PM implementation is successful; there is a failure rate of about 70%. Therefore, it is important to integrate PMS properly within an organisation. This was established by a five-year study on PMS implementation conducted with the senior management team of 12 businesses. Bourne (2004) study concluded that there are two main drivers and four barriers influencing the design of PM.

Two drivers are:

a) Top management commitment
b) The perceived benefit of designing, implementing and using performance measurements.

Whereas four barriers are:

a) Time and effort required
b) Difficulties in implementing the measures which can be caused by inappropriate IT system
c) Resistance to PM
d) New parent company initiatives

Performance measurement is critical in business because it serves as the cornerstone for quality improvement and the design of an adequate information system for effective business operations. However, organisations can be engrossed with PM and its indicators at the expense of strategic planning and management (Neely 2005). Halachmi (2002) pointed out a danger if the business organisation focuses only on
PMS and does not integrate it with business operations and strategy. This may lead to resistance from employees in implementing the PMS and potential losses for the organisation. As a result, it is crucial to recognise, define, and incorporate the steps to allow and direct business operations. Management would be able to guide and assess business progress with the right strategic and tactical actions.

2.8 Performance Measurement Models

In reaction to the need for a more balanced approach to PMS, some models have been developed to overcome some of the problems of traditional financial measurement systems. The main thrust of these systems is to achieve a balance between financial, non-financial measures, the stakeholders and the environment (Ferreira et al., 2012; Hoque, 2004; Claver-Cortes et al., 2007). However, some of the previous frameworks do not show how these systems will be managed; they do not define who owns the system or show how it will be integrated into the management system. Although there have been lots of studies on performance measurement, most statements about PM in the literature have not been wholly substantiated, let alone rigorously checked, according to Bourne (2004). Therefore, it is not clear whether they are suitable for small service organisations. To demonstrate this, it is appropriate to briefly describe a few of these frameworks, especially those developed for small and medium organisations. The next section of this chapter examines the existing frameworks by considering their features and implementation in different businesses and the hospitality sector.

2.8.1 Balanced Scorecard (BSC)

Kaplan and Norton developed the Balanced Scorecard model in 1992 to integrate both the financial and non-financial measures into one performance measure. It was designed to incorporate PMS with strategic planning systems. It also aims to assist organisations in achieving their corporate vision and mission and enhance consistencies. It has four aspects to establish goals and measurements that can be used to evaluate the achieved goals. The four perspectives are the financial, customer,
internal business process and growth and learning (Kaplan and Norton 1992; Bourne 2004).

Striteska and Spickova (2012), Rompho (2011) and Olson and Slater (2002) explained BSC as a management system that assists organisations in specifying their objectives and strategies based on different characteristics within the organisation. The primary goal of BSC is to make changes to the traditional modes of performance measurement, which previously only focused on financial indicators to measure the effectiveness of an organisation. Performance measurements using BSC have been used in many different industries. The BSC has gained popularity in the hotel industry as a method that focuses the practitioners’ attention on the intangible assets in general and human resources, without neglecting the financial measures (Denton and White, 2000; Kala and Bagri, 2014; Elbanna et al., 2015; Fatima and Elbanna, 2020). Phillips and Louvieris (2005) articulate that BSC aims to fulfil two control roles within the strategic and operational levels. As highlighted in Figure 2.2, this framework selects measures from four perspectives with selected targets attached to each perspective. It is the most popular and widely implemented PM framework (Kaplan and Norton 1996).

Figure 2.2 Balanced Scorecard


There was an initial criticism from academics about the nature of the scorecard. It was criticised for lack of guidance on how to justify the choice of measures. According to
Barr (2014), BSC is more of a dominant strategic tool than a measurement tool. This is because BSC focuses on designing techniques that revolve around the four elements. It also does not encompass detail about defining and the implementation approaches to performance measurements.

Furthermore, on a more positive note, Bourne (2004) highlighted that BSC provides a significant opportunity to create, interact, and execute strategies. However, further criticism is detailed by Neely et al. (1995), who noted the fact that BSC disregards the competitor’s perspective. Gomes et al. (2004) argued about the inconsistencies and that it is a tool for senior managers to monitor performance against strategic and operational objectives. BSC also lacks performance measurement steps, especially as the model does not consider concepts like functionality, brand image, and relationship, which can mean different things to different people and organisations (Barr, 2010). Also, Jackson (2017), Bruijl (2017), Chen, Hsu and Tzeng (2011) and Evans (2005) explained that BSC is not precise enough to be used as a performance assessment tool on its own. However, despite its potential to be time-consuming and expensive, lack of consistency and value of knowledge, lack of leadership, and opposition from managers and employees, many organisations have vocally advocated for BSC as an effective strategic planning method.

More so, BSC overshadows the whole company, impacting employees' motivation and efficiency, as the model's focus may shift to controlling employees rather than the organisation's performance. Organisations found it challenging to translate the corporate vision into activities and actions which attain the key corporate objectives. Also, many employees do not understand the organisation's strategy; PMS and budgeting are not linked to the strategy. Neely (2002) mentioned that BSC does not reflect the different performance dimensions specified by the Strategic Measurement Analysis and Reporting Technique (SMART) pyramid and the result and determinant model. It does not consider the broad view of all stakeholders in an organisation (Norreklit, 2003). The BSC is considered a boilerplate and difficult to work in many organisations (Ittner and Larcker 2003). Meyer (2002) mentioned that it is used to
measure and reward performance and does not consider the significant changes from external conditions.

Kaplan and Norton (1996) responded to the early criticism by revising the model to show the links between the four perspectives. These perspectives use the cause-and-effect approach; for example, customer loyalty boosts the financial perspective influenced by internal and business processes. This was further explained in terms of the strategic map. A strategy map depicts an organisation's strategic goals and how they interact. The map is developed as part of the strategic planning phase and serves as a central reference point during strategy check-in and review meetings. That is one of the critical elements of the balanced scorecard approach. In today's dynamic world, performance measurement has become indispensable for hotels to function effectively and establish competitive advantages. The balanced scorecard (BSC) as a method for assessing and managing corporate performance has received a lot of attention from scholars and practitioners to balance financial and non-financial performance metrics.

2.8.2 SMART Performance Pyramid

The Strategic Measurement Analysis and Reporting Technique (SMART) system (also known as the Performance Pyramid). The SMART Performance Pyramid was developed in 1991 by Lynch and Cross. This model was designed to link business operations with strategies. It considers business activities in the long and short term and the financial and non-financial aspects of the organisation (Lynch and Cross 1995; Hauer et al., 2016). The framework was designed in a shape of a pyramid; the top considers the corporate vision in terms of the market and organisational resources. Tangen (2004) emphasised that a critical requirement of a PMS is that there must be a clear connection between performance metrics at various levels of a company’s hierarchy, ensuring that each role and department is working against the same objectives. The performance pyramid aims to link an organisation's strategy to its operations by converting top-down plans based on customer priorities into bottom-up steps. It then considers customers, product, pricing and after-sale service. The middle level is the business operating system which cut across all department and functional
areas with the specific objective of customer satisfaction. It is required to be flexible to accommodate productivity and changes among the variables (Striteska and Spickova, 2012), as demonstrated in Figure 2.3.

![Performance Pyramid](image)

**Figure 2.3 Performance Pyramid**

*Source: Lynch and Cross, 1992.*

**Level 1:** This emphasises the corporate vision or mission, which describes how the organisation will achieve its long-term success and competitive advantage.

**Level 2:** This concentration on the organisation's Critical Success Factors (CSFs) in relations to the market and financial measures. Identifying the marketing and financial measures is the initial focus for the achievement of the corporate vision.

**Level 3:** The marketing and financial strategies set at level 2 must be linked to customer satisfaction, encourage flexibility and high productivity at the next level. These are the key driver of the strategic objectives of the organisation.

**Level 4:** The third level's business position will enhance monitoring of the driving forces at the lower level departmental with indicators as quality, delivery, cycle time, and waste.

The left side of the pyramid contains measures that have an external focus, mostly non-financial. The right side focuses on the internal efficiency of the organisation, which is mainly financial. Each level of the pyramid is designed to capture the
appropriate objectives and measures. One criticism of the performance pyramid is that it concentrates on two groups of stakeholders, i.e., shareholders and customers. The performance pyramid model's strength stems from connecting the hierarchical perception of company performance assessment with business processes analysis. It also clarifies the distinction between metrics that are of concern to outside parties, such as customer loyalty, efficiency, and distribution, and internal measures, such as output, cycle time, and waste (Gupta, Choudhry and Gupta, 2011; Waśniewski, 2017). It uses market position as one of its key pillars for achieving corporate vision consistent with Fitzgerald's results and determinants model, which involves competition and financial results as two significant outcomes. As goals that fulfil the organisation's vision are cascaded down to different organisation levels, right down to the factory floor, the cascading impact is visible, a level that Kaplan and Norton's balanced scorecard struggled to achieve. Linkages between viewpoints, as noted in the balanced scorecard, and linkages between functions can be created. Gupta, Choudhry and Gupta (2011) highlight that a closer analysis of the SMART Pyramid discovered crucial success factors for a producer. It is a matter of adaptation to be used in a merchandising or service-oriented business; for example, cycle time can be adapted to become service cycle time, and quality can be adapted to become service quality (service level agreement).

2.8.3 Building Block Model

The building block framework is designed as a strategy implementation mechanism and as a performance evaluation system. According to Bourne (2004), PM frameworks are merely a method for emphasising, categorising, and communicating business results rather than an end in themselves. The building block structure was created as a strategic execution tool and a method for evaluating results.

Fitzgerald and Moon (1996) identified three building blocks: the dimension, standards, and rewards, as demonstrated in Figure 2.4 below. The dimensions are the goals of the organisation in terms of CSF. The six elements of dimensions are Competitiveness,
Financial performance, Quality of service, Flexibility, Resource utilisation and Innovation. Standards are the KPI set by the organisation, which should have the following characteristics:

- Ownership: Managers who participate in setting standards believe they have the responsibility and are motivated to impose it.
- Achievable: Measures and standards should be challenging but achievable
- Fairness: Appropriate care must be taken in setting standards to ensure that all managers have equally challenging standards.

Rewards should be set from the beginning to motivate employees; the standards must be clear and linked to controllable factors.

![Building Block Model](source: Fitzgerald and Moon, 1996.)

This model is one of the few frameworks that consider the distinctive nature of services and their implications on performance measurement (Jones et al., 2014). Brignall et al. (1991) study of performance measurement on Nigerian hospitality using the Results and Determinant Model emphasised that this model's elements are essential to integrating non-financial measures. This conclusion was also confirmed by Wadongo et al. (2010). The main advantage of this model is that all key
determinants of success will be measured. Target sets are engaging and motivate staff. However, the model was criticised by Hudson et al. (2001) as unbalanced and did not consider customers and human resources as a dimension of performance. Having decided what to measure, which is the dimension, the second stage is to set appropriate standards for these measures considering those set the standards (ownership) and at an achievable level. Neely, Kennerley and Adams (2007) emphasised that the results–determinants paradigm has a particular strength. It represents the principle of causality, stressing that today's results feature past market success in relation to unique determinants. In essence, the results–determinants concept embodies a theme presented in debates about performance measurement system design and implementation – namely, the need to define performance drivers in order to achieve the desired performance outcomes.

2.8.4 European Foundation for Quality Management (EFQM)

This model European Foundation for Quality Management (EFQM) was developed in 1991 by 14 leading European organisations commissioned by the European commission in 1988 after successfully developing and implementing Total Quality Management (TQM) in the US and Japan. There was a need for a globally competitive position which led to the formation of the model with the mission to be the driving force for sustainable excellence in Europe (EFQM, 2013).

The Business Excellence Model is a broad management model that identifies performance enhancement enablers and the areas where management should evaluate results. The EFQM model is mainly used as a self-assessment benchmarking tool but occasionally used as a performance measurement system (Pun and White 2005). It has eight fundamental principles, which are: Customer Focus, Leadership and Constancy of Purpose, Management by Processes and Facts, People Development and Involvement, Continuous Learning, Improvement and Innovation, Partnership Development, Corporate Social Responsibility and Result Orientation. EFQM considers excellent organisations as those who endeavour to satisfy stakeholders in
The model has two sets of performance factors which are the enablers and results method. It is based on a set of interrelated and interdependent systems, facts, and processes. There are five enablers and four result criteria. Although some of the enablers are easily observable, others are not (Neely, Kennerley and Adams 2007). The enablers’ factors identify what an organisation does to achieve excellence and how it is done. These factors are Leadership, People, Strategy, Partnership and Resources and Process, Products and Services. The result criteria are what an organisation achieves: People, Customer, Society and Business, as shown in Figure 2.5. Each of these criteria has sub-criteria, which makes a total of 32 criteria. The result criteria are caused by the enablers and feedback generated from the result. This is why this model is regarded as a cause-and-effect approach used regardless of the size, sector and structure of the organisation (EFQM, 2013).

The model aims to be practical and non-prescriptive to enable organisations to assess their path to excellence by understanding key strengths, total quality management, vision, and mission and improve business performance (Hemsworth 2016). The EFQM is a model that allows organisations to learn from the industry best practices.
(Papadopoulou, 2020; Seyedi, Ashtari and Zahiri, 2015). This model has been widely used as a suitable replacement for TQM in Europe. Benavides-Velasco, Quintana-García and Marchante-Lara (2014) research of 141 Spanish hotels shows that this model has significantly impacted hotel performance and affected the stakeholder value. The model encourages companies to compare themselves and devise strategic and business process plans to enhance service quality.

Hotels need a measuring method or tool to decide if they have the suitable approaches to meet the goals they have set and monitor success and determine whether goals have been reached. The current EFQM Excellence Model includes generic management terminology that has been successfully implemented in various business sizes and types in multiple countries (Liu and Ko 2018). EFQM for Hospitality and Tourism (2013) recommends that tourism businesses cultivate leadership passion and understand the business's culture to have a clear vision, mission, and values. Furthermore, everyone in the business should know about the business and its future direction. However, Bou-Llusar et al. (2009), Calvo-Mora et al. (2014) & Neely et al. (2000) criticised the model on its complexity that it is too difficult to translate to practice and there is no clear guidance on its use. More so, Liu and Ko (2018) propose an updated EFQM Excellence Model for the hotel industry with new criterion ratings which are: (1) available: any model or indicator data should be clear and easily accessible; (2) understandable: indicators should be easily understandable; (3) credible: indicators should be supported by valid, reliable information in a scientifically defensible manner; (4) relevant: indicators should represent true phenomena in management and activities; and (5) integrative: indicators should demonstrate the integration of data. The modification aimed to create an updated EFQM Model for evaluators and policymakers in the hotel industry.

### 2.8.5 Performance Prism

The Performance Prism model was developed in 2001 by Andy Neely and Chris Adams. This concept was based on three fundamental principles, which are: (a) organisations should identify the wants and needs of all key stakeholders and ensure
to meet their needs if their organisation wants to survive in the long term, (b) organisations will need to integrate strategies, processes and capability to meet stakeholders need, (c) there should be a mutual and reciprocal relationship between organisations and stakeholders. Stakeholders need to contribute to organisations strategy as well as getting something back in return (Neely and Adams 2001).

As a result, the Performance Prism assists managers in evaluating their operations to maximise efficiency. Neely et al. (2002) also agree that their prism is preferable to the Balanced Scorecard because it considers various types of stakeholders, such as staff, regulators, and the society, which Kaplan and Norton (1996) did not discuss. The prism model also considers the stakeholder and the organisation's mutual partnership. Performance Prism has five interrelated perspectives generated from questions that management must consider in planning performance. These facets should support each other (Neely and Adam 2001). The strategies required are identified, followed by identifying the processes required for the strategies, then identifying the capabilities needed to perform the processes.

1. Stakeholder satisfaction – who are our stakeholders and what do they need or want?
2. Stakeholder contribution – what do we want and need from our stakeholders in return for maintaining capabilities?
3. Strategies – What strategies are needed to satisfy our stakeholders’ wants and needs while satisfying our requirements?
4. Processes – what processes do we need to put in place to execute our strategies?
5. Capabilities – what capabilities are required to allow us to operate our processes?
The main characteristics of Performance Prism, as highlighted in Figure 3.5, are that PMS should be a result of stakeholder’s satisfaction. This conceptual approach's benefit is that it first asks questions about the company's current plan before moving on to choosing steps. The process ensures that the success indicators have a solid base in this way. The Performance Prism also considers new stakeholders (such as staff, suppliers, and alliance partners), who are frequently ignored when designing performance metrics using other frameworks such as BSC (Tangen, 2004; Najmi, Etebari and Emami, 2012). Groups like employees, regulators, community, suppliers also affect organisations performance. Pnevmatikoudi and Stavrinoudis (2016) stated that management might use a standardised financial and non-financial metrics system to assess the dynamic framework of the relevant stakeholders' goals. Performance prism is not a prescriptive framework that helps the management team ask questions about its strategies and address them. The author, Neely and Adam, contrasts other frameworks by emphasising that strategies are derived from measures. It was designed as a flexible tool suitable for profit and non-profit organisations. The prism shape is refracted: when light shines on it, it shows the hidden part or exposes all parts. Performance prism is exemplified to show the true complexity of performance measurement and management. It is regarded as the second generation of performance measurement framework built on the concept of BSC and EFQM. It is a top-down
approach, similar in some ways to the Lynch and Cross Performance Pyramid (Neely and Adam 2001).

This framework also received some criticism from Tangen (2004) and Medori and Steeple (2000) about the need for guidance in selecting measures that can be difficult to develop. According to Metawe and Gilman (2005) and Salem et al. (2012), Performance Prism tends to ignore how the performance measures are implemented. Therefore, little concentration is given to system design processes. Etienne et al. (2005) also pointed out that there is little evidence that Performance Prism works in practice. Thus, while interesting as a model, it is ineffective for businesses looking to embed praxis.

The Performance Prism implementation method in higher education institutions has been the subject of two studies (Singh & Weligamage, 2010; Smulowitz, 2015). The first concluded that PP implementation was highly advantageous for the academic institution. The process should begin by defining stakeholders' needs and then formulating strategies based on existing capabilities to provide better value to all. In Smulowitz's (2015) report, the institution's directors' inability to identify stakeholders' desires and needs were described as a critical factor of failure in organisational change planning. With the PP, the chances of success will be greater.

Chillida (2009) performed a theoretical study of the use of Performance Prism in SMEs, concluding that it is a valuable tool for allocating scarce resources, enabling businesses to produce the best possible results in the face of environmental changes. According to Chillida's (2009) study, SMEs will boost their market efficiency by increasing stakeholder satisfaction, laying a solid foundation for engagement and partnership retention in a more straightforward manner. Furthermore, Severgnini, Galdamez, and Camacho (2019) in more recent, as evidenced by their use of numerous case study studies that asked owners about using the different dimensions of PP, show that SMEs use the tool in terms of stakeholders, capacities, methods, and processes.
Thus far, this chapter has discussed the main characteristics of emerging performance measurement systems and how they allow organisations to determine which performance measures best represent their performance and objectives. There are similarities and differences between all models (BSC, Performance Pyramid, Result and Determinant, Performance Prism and EFQM) as explained in the subsections 2.8.1 to 2.8.5 above. All these frameworks have a set of measurement categories and integrate financial indicators with non-financial measures, such as innovations, efficiency, and resource allocation (Johnson 2005; Haktanir and Harris 2005; Atkinson 2006). Whichever framework is chosen by the management team, it must incorporate both financial and non-financial data in a valuable way to improve organisational performance. Also, reliable information must be accessible when and where needed to facilitate decision-making at all organisational levels. The next section in this chapter explores the performance measurement framework designed for small and medium-sized organisations.

2.9 Performance Measurement in Small and Medium-sized Enterprise

There is no generally accepted definition of small and medium-sized enterprises (SMEs). Different countries have different definitions of small and medium-sized enterprises. The typical definition is based on the categorization of the maximum number of employees and the annual turnover. The European Union (EU) defines SMEs as companies with staffing between 1-249, wherein companies with 1-10 staff are termed ‘micro company, companies with 10-50 staff are termed ‘small company’, while those with 50-250 employees are termed ‘medium company’ (European Commission, 2020). In this study, the EU definition will be used (i.e., SMEs are those with 1-250 employees) as demonstrated in the table below (Table 2.3). The European Commission establishes that SMEs represent 99% of all businesses in the EU. The definition of an SME is important for access to finance and EU support programmes targeted specifically at these enterprises.
Table 2.2 Categorise of SMEs.

<table>
<thead>
<tr>
<th>Company category</th>
<th>Staff headcount</th>
<th>Turnover</th>
<th>Balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium sized</td>
<td>&lt;250</td>
<td>≤ € 50 m</td>
<td>≤ € 43 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;50</td>
<td>≤ € 10 m</td>
<td>≤ € 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt;10</td>
<td>≤ € 2 m</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>

*Source: European Union Commission.*

SMEs contribute significantly to the world economy and have distinctive features such as their primary competitive advantage: their flexibility and short-term orientation; they can quickly meet customer requests and needs (Carson & Gilmore, 2000; Hudson et al., 2001; Ates et al., 2013). SMEs tend to focus more on continuous improvements rather than radical innovation (Oke et al., 2007; Sharma and Bhagwat, 2006; Saunila, 2016; Ali Qalati et al., 2020).

Small and medium-sized enterprises are less vertically integrated than their counterparts, as they operate flat management and bureaucratic structure (Othman and Rosli, 2011; McAdam, 2000). This helps them simplify their management and creates the disadvantages that most small and medium-sized enterprises focus on operational rather than planning issues. Also, Muskat et al. (2021) and Motwani et al. (2006) explained that SMEs adopt rapid decision-making to ameliorate external threats take advantage of opportunities.

The SME owner-managers personality in most cases is a key element in the company's direction, growth, and success; thus, small and medium-sized enterprises are often people-oriented (Ali Qalati, 2020; Peter et al., 2019; Kallmuenzer and Peters, 2018). More than that, the working relationship is often loose and the strategy process is informal and dynamic (Terziowski, 2010). Policymaking and resource utilisation procedures that are appropriate for large companies are not necessarily suitable for
small and medium-sized enterprises (Motwani et al., 2006; Ali Qalati et al., 2020). This often leads to a misperception of performance measurement; there is also a limitation of human resources for implementing, collecting and analysing measures. (Ghobadian & Gallear 1996; Garengo et al., 2005; Ates et al., 2013; Ali Qalati, 2020).

Existing research into performance measurement in SMEs has concluded that most performance measurement work, although theoretically valid, does not consider the fundamental differences between SMEs and larger organisations. Thus, resulting in poor adoption of performance measurement practices in SMEs (Franco-Santos et al., 2003; Fuller-Love, 2006; Garengo et al., 2005; Garengo and Bititci, 2007; Hudson et al., 2001; Hudson-Smith and Smith, 2007; Turner et al., 2005; Wiesner et al., 2007). The PMS concepts provided a multi-dimension approach to management, considering both financial and non-financial measures to achieve competitive advantage. Previous studies have identified the characteristics of performance measures commonly used in SMEs (Garengo et al., 2005; Hudson et al., 2001). The results from both literature and empirical study show that SME performance measurement differs significantly from the criteria established in the conceptual model of integrated PM development. The main reason for this is that SME managers have failed to organise/coordinate the performance measures in a structured and logical way. The informal introduction of new measures has only increased the number of unrelated and complex measures in use. Dewhurst et al. (2007) mentioned that the most significant barrier to PM use in SMEs is due to lack of trained employees. This has exacerbated the perception of that PM being a waste of time and resources. Turner et al. (2005) explained that there is a need to overcome this barrier by having a systematic well-resourced and support from advisors. Hudson et al. (2001) highlighted the process of Performance Measures in SMEs are as follows:

- Little reference to any existing measures
- Developed with no reference to the strategy
- In an unplanned fashion by individual managers or staff
- Focussing on obsolete/ outdated measures
- Small numbers of simple, practical measures
• No formal feedback / non-specific informal feedback.

Langwerden, 2015; Garengo et al., 2005; Garengo and Biazzo, 2012; Hudson et al., 2001 established that little theoretical and empirical research has been carried out on PMS in SMEs. Table 2.3 below shows the framework that has been developed for SMEs with their strengths and weaknesses.

**Table 2. 3 Models developed for PMS implementations in SMEs**

<table>
<thead>
<tr>
<th>Model/Authors</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance Measurement (OPM) (Chennell et al. 2000).</td>
<td>Model structured in easily identifiable levels</td>
<td>The objectives are not clearly defined. The system proposed is in the dissemination phase and extensive tests have to be carried out.</td>
</tr>
<tr>
<td>Improving control through effective performance measurement in SMEs (Hudson et al. 2001a).</td>
<td>A model that is well defined and easy to apply using an iterative and incremental process.</td>
<td>Few tests have been carried out on the model, which was developed only for organizations in the manufacturing sector.</td>
</tr>
<tr>
<td>Theory and practice in SME PMS (Hudson et al. 2001b).</td>
<td>Simple identification of the characteristics and the critical dimensions of performance.</td>
<td>Model with an approach that is too strategic and which requires the application of a great number of resources</td>
</tr>
<tr>
<td>Integrated Performance Measurement for Small Firms (Laitinen 1996, 2002).</td>
<td>Conceptually it is a model that is easy to implement.</td>
<td>Lacks a defined methodological structure for its application. It does not take into account the alignment between the measures that are adopted and the strategy</td>
</tr>
<tr>
<td>Adaptation of Balanced Scorecard to SMEs (Davig et al. 2004).</td>
<td>Well-defined and tested work methodology based on the traditional BSC.</td>
<td>A model defined with certain restraints, such as the number of employees in the SME. The proposed measures largely depend on the firm’s strategies.</td>
</tr>
<tr>
<td>Balanced Scorecard in Non-Profit SMEs (Manville 2007).</td>
<td>Model-based on the BSC with a defined and tested application methodology.</td>
<td>Model that has only been tested in enterprises in the services sector. Static model that does not consider changes in the firm structure and is limited to four perspectives.</td>
</tr>
<tr>
<td>Measuring performance of SMEs (Chong 2008).</td>
<td>Model that is valid and reliable as it applies multiple data collection methods. Both financial and non-financial measures are taken into account.</td>
<td>Few tests have been carried out on the model and its results are difficult to generalise since suggestions for implementation are obtained rather than guidelines</td>
</tr>
<tr>
<td>Methodology for PMS development in SMEs (Chalmeta et al.,2012).</td>
<td>Model is well defined into steps that are easy to follow. Valid and reliable as it has been applied to 23 SME manufacturers.</td>
<td>Does not take into account the non-formalized and unstructured strategy usage in SMEs. It has been developed only for organisations in the manufacturing sector</td>
</tr>
</tbody>
</table>
2.9.1 Organisational Performance Measurement (OPM)

Organisational performance is crucial for researchers and managers to evaluate firms and compare them to their competitors. Organisational performance measurement (OPM) is a critical concept in assessing organisations, their behaviour, and their environments. Chennell et al. (2000) consider three essential areas of company results, financial performance (profits, return on assets, return on investment, etc.), market performance (sales, market share), and shareholder return (total shareholder return, economic value-added, etc.). Yaghoobi and Haddadi (2016) explained that a firm's strategic decision decides performance metrics representing the underlying performance construct; performance is a firm-specific issue. Internal measures inform the relationship between measures and results and how they are integrated into the firm's incentive and control systems, for example, the firm's main performance indicators (KPIs).

This model was developed by Chennell et al. (2000) based on three basic principles: (i) the alignment of business strategies with the mission, vision and objectives; (ii) the process of thinking that identifies processes and their impact on strategic objectives and (iii) the practicality that requires the existence of a level of organisation that identifies, gathers and reports the measurements; thus, ensuring the quality of data. The model structure consists of two work settings: the internal work environment, which is divided into strategic, tactical and operational management levels; and the external work environment, which focuses on analysing stakeholders' satisfaction. The OPM model is a measurement framework that is focused on value creation and is based on two management concepts, which are the “zones of management” and “open systems theory”, as highlighted in Figure 3.7 (Chennell et al., 2000, p.4). The model
was criticised by Taticchi and Balachandran (2008) for not having a clear objective and a defined method of implementation.

OPM is critical for long-term management decision-making, operational efficiency, and strategy development. It is a method for gathering accurate information about an organisation's success and the factors that influence it since businesses are still trying to adapt, survive, perform, and affect their environment. Garengo et al. (2005) concluded in their comparison of eight PMS models that OPM is suitable for small and medium-sized enterprises, focusing on stakeholders, process orientation, horizontal structure, and breadth. They do, however, identify a lack of linkage to a firm's strategy with no causal relationship. The OPM is indeed more perceived as operational than as strategic performance management in small and medium-sized enterprises.

![Figure 2.7 Operational Performance Measurement](source: Channell et al., 2000)
2.9.2 The Circular Methodology

The Circular Methodology was introduced by (Garengo and Biazzo, 2012), which involves four stages through which SMEs can translate their individual dashboards performance measures to the desired dashboard with desired key performance indicators. The starting point is not the generic formulations of strategic visions because SMEs do not have a well-defined and approach to strategy. On the contrary, the starting point is individuals’ actions in terms of performance measures that people use to manage their activities. Once the individual dashboards are assembled, they can be combined into an implicit organisational dashboard that synthesises all the individual dashboards. The idea is that the Critical Success Factors (CSF) could be generated. What emerges is a picture of the CSF kept under control and implicitly supported by the company. The third stage identifies the future and desired strategy from the implicit strategy map by eliminating the non-strategic and adding new CSF strategies. The strategy map you want is the basis for identifying the performance measures that will make up the BSC. In order to create a database of indicators, each measure was documented as follows.

Langwerden (2015) emphasised that although these frameworks have been developed for SMEs, they have some limitations in their practicality and have not proved to be completely satisfactory. Also, there are lots of resources involved in getting them to

Figure 2.8 The Circular Methodology

Source: Garengo and Biazzo, 2012.
work for small organisations. Chalmeta et al. (2012) concluded that the development
and implementation of PMS in SMEs is complex based on SMEs peculiarities and the
fact that existing frameworks are still adopting a top-down management approach.
Garengo and Biazzo (2012) highlighted that an organisation's mission and vision
identify its PM, but the opposite is the case within SMEs. They consider strategy as
emerging and limited formalisation of strategic options. The Circular Methodology of
Garengo and Biazzo (2012) is the only framework that considers SMEs' informal
approach and practice. This model uses the bottom-up approach with no formalised
approach, starting with operational management reality instead of generic
formulations of organisational vision and mission (Langwerden, 2015).

Although performance measurement is recognised as important in SMEs, there
appears to be a substantial gap between theory, which emphasises the importance of
PMSs in promoting the growth of managerial processes and in practice, there are
almost no models and tools that deal with the unique characteristics of SMEs.
According to Garengo et al. (2005), SMEs do not use any PM frameworks or use them
incorrectly. Conclusively, many businesses only use parts of a general model, while
others alter the models without thinking about the implications. In other words, they
delete certain dimensions without first thoroughly recognising and analysing the
model's and company's characteristics.

2.10 Summary

Performance measurement systems are one of the most important subjects explored in
business management, and they are at the forefront of many businesses. The discussion
in this chapter highlighted the concept of performance measurement and its
characteristics, function, and design of PMS as a broad, dynamic and complex
phenomenon following the definition of PMS. The literature provides a multi-
dimensional approach, reflecting two main categories of performance measurement:
efficiency and effectiveness. This chapter has shown that there is dissatisfaction with
the traditional PMS. The discontent is brought about because the systems are too
financially oriented, backwards-looking, historical, lack details and a summary of how and what makes the organisations successful.

This chapter summarises the numerous performance measurement systems that have been established over time. It discusses common features and shortfalls as identified in the literature. The theoretical frameworks developed to provide a conceptual clarification of what the researcher intends to address and seeks to achieve, thus defining the approach to PM implementations within an organisation. The balanced scorecard (BSC) developed by Kaplan and Norton is one of the most common integrated systems. The performance pyramid by Cross and Lynch, 1989, the result and determinant model by Fitzgerald and colleagues in 1991 and lastly performance prism by Neely and Adams and others are examples of integrated systems for measuring performance. These frameworks' primary aim has been to help organisations define a series of indicators that better represent their goals and enable them to evaluate their results. Despite the expanded perception of non-financial success generators, many of these interconnected processes overlook tools like social skill, experience, motivation, and internal and external relationships. The definition and characteristics of small and medium-sized enterprises also were discussed. The chapter also reviews the existing PMS developed for small and medium-sized enterprises with their strengths and weaknesses. The next chapter discussed the factors that enhance the implementation of performance measurement, leading to the development of the conceptual framework for this study.
Chapter 3: DRIVERS OF PERFORMANCE MEASUREMENT

3.1 Introduction

This chapter aims to understand the different variables and factors that influence the implementation of performance measurement systems by getting a holistic picture of the performance measurement of small and medium-sized hotel accommodation and exploring how these measures could be implemented to achieve the organisational goals and strategies. In Chapter 2, this study considered the definition and characteristics of performance measurements. It examined the different existing PM models, their features and usage. In addition to the literature review, this chapter explores the drivers of implementing performance measurement systems. Previous study of the contribution of critical success factors, key performance indicators, revenue management, technological advancement, and industry specialisation were considered in relation to PMS implementation in small and medium hotel accommodation.

3.2 Performance Measurement Implementation

Organisations with performance measurement systems have the right structures and systems to enhance the accomplishment of their strategic business objectives (Haktanir and Harris, 2005). Bourne (2004) and Bourne et al. (2018) also stressed that the PM System is a vibrant element of organisational structures that, once aligned with the strategic business importance, leads to the organisations’ enhanced performance. Furthermore, empirical evidence indicates that appropriate design and implementation of PM Systems help to steer organisations’ performance initiatives (Chenhall, 2005). In theory, business PMS is the system that allows an organisation to cascade down its business performance measures and provides it with the information necessary to challenge the content and strengthen the strategy (Ittner et al., 2003). A Business Performance Management (BPM) system is considered to be synonymous with
management planning and budgeting (Otley, 1999). BPM is often seen as a business management approach that looks at the business as a whole instead of as a division level or as a unit level. Business performance management entails studying the overall business performance and determining how the business can better reach its goals. This requires the linkage of strategic and operational objectives and the business' set of activities to manage performance. BPM seeks to aggregate available information; managers are more informed about the company's position and can make better decisions.

Kaplan and Norton (1992) identified four challenges to implementing performance measurement systems using individual cases of managers who attended a Business Intelligence conference in London to summarise their points. These challenges are (i) The vision and plan are not actionable; (ii) The strategy is not linked to department, team, or individual goals; (iii) The strategy is not linked to resource allocation and (iv) Feedback is tactical rather than strategic. Other practitioners' experiences in developing and implementing performance assessment systems have been documented in various publications; as such, Cokins (2004) suggested a recipe for PM implementation with the following steps.

1. **Agree on the enterprises' vision, mission, and strategic internet, and define the strategies.**

2. **Define the strategic objectives that support step 1.**

3. **Map the interrelated strategic objectives with their cause-and-effect linkages.**

4. **Define initiatives to decrease the performance gap for each strategic objective, and scale back non-supportive projects.**

5. **Select appropriate strategic measures and cascade them to relevant parts of the organisation.**

6. **Select the target levels for each KPI for the relevant period and identify the performance deficiency gap.**

7. **Collect the actual KPIs, display the scores, and compare them to the targets.**
8. Manage performance gaps to steer the organisation by interpreting and reacting to the score, then revising the established action plans.

In addition, Taylor and Taylor’s (2013) research about the PMS implementation process identified six supporting factors: strategy development, strategy implementation, information technology support, organisational learning orientation, quality management culture, and senior management leadership. All six variables had a potentially and statistically meaningful effect on PMS implementation. In the strategic planning process, CSFs are essential to gain a competitive advantage and achieving organisational objectives. Goals are the destinations that an organisation aspires to achieve. CSFs, on the other hand, are the areas where good performance is needed to meet these objectives; the concept of CSF is explored in relation to performance measurement in section 3.3 below.

3.3 Alignment with value drivers (Critical success Factors)

For performance measurement information to match achievement against critical organisational objectives, it is crucial to highlight driver for strategic and tactical growth for information system. Management needs to keep in mind that deciding what to test and report on would significantly impact behaviour at all levels in the organisation. Bourne et al. (2003) established that business owners and managers must take care to recognise that an unbalanced collection of metrics, though valid for a single person's short-term needs in the hierarchy, can have unintended consequences in affecting the behaviour of subordinates. Banker et al. (2004:5) state that “some strategically linked measures may be common to all business units and other measures may be unique to a specific business unit”. Ittner et al. (2003) explicitly concluded that the inclusion of performance measures linked to value drivers could lead to improved performance by clearly communicating the actions required to achieve business unit goals and inspiring desirable performance and providing feedback. A value driver also considers a critical success factor, a particular factor that is considered integral to an
organisation or business unit's success. Baird (2017); Ittner et al., (2003) and Ittner and Larcker, (2003) argues that organisations should incorporate performance measures that focus on key factors or “value drivers” of their business unit’s success. It is anticipated that by focusing on measures relating to those factors considered important for their business unit’s success, managers are more likely to engage in activities aligned with the principal’s interests. Furthermore, performance measurement systems must incorporate Critical Success Factors (CSFs), which are those few specific things that must go well to ensure a manager or an organisation's success. They represent those managerial areas that must be given special and continuous attention to delivering high performance (Garengo and Biazzo, 2012; Baird et al., 2012; Hughes and Carlsen, 2010).

Value drivers relate to specific aspects of business such as brand management, operational effectiveness, revenue management, operational processes, training and the contribution of information technology. According to Lev (2001); Marr and Schiuma (2003); Marr, Gray and Neely (2003); Zigan and Zeglat (2010), these value drivers are considered to provide a competitive advantage. Organisations measuring these broader organisational value drivers that are considered integral to their operation are better placed to achieve profitability. Also, Kaplan and Norton (2001), Huckestein and Duboff (1999) and Baldauf, Cravens and Dinder (2003) suggest that value drivers are elements that directly contribute to the achievement of organisational success. These are synonymous with critical success factors.

Therefore, as Marr et al. (2003) and Marr and Moustaghfir (2005) argued, an organisation's value drivers as part of performance measurement are important for delivering organisational goals and objectives, customer satisfaction, efficiency, and effectiveness. Melia (2010) concurs that based on a review of the relevant literature, that there are challenges to a balanced approach to performance measurement and difficulties in measuring performance as a consequence of the wide variety of available measures.
The concept of value drivers, also known as critical success factors (CSF) to management, has been in existence for a long time dated back to the early 1960s from Ronald Daniel’s work. It was further developed by John F. Rockart of MIT’s Sloan School of Management between 1979 and 1981 (Brotherton, 2004). The method has grown and widely used to help businesses implement their strategies and projects. This concept in its early days has mostly been applied to the information system (IS). It is now moving beyond the information technology field and becoming a more generic management approach within strategic and operational management.

Rockart (1979:81) defined CSFs as:

"The limited number of areas in which results if they are satisfactory, will ensure successful competitive performance for the organisation. They are the few key areas where things must go right for the business to flourish. If results in these areas are not adequate, the organisation's efforts for the period will be less than desired".

CSF, according to Johnson and Scholes (1993), Hooley and Saunder (1993), Lowes et al. (1994), are the core competency, business processes and perspective that are essential for organisational success. These are the factors that must be achieved for an organisation to attain its overall goals and success. Critical success factors are the most important parts of an organisation which must go right to achieve success and outperform its competitors. They are what an organisation must excel in contending with the competition and are affected both internally and externally.

The two-dimensional aspect of CSF is internal and external. Internal CSF is the core competence and capabilities for business survival such as the people, products and process. External factors are market competition and conditions which are not within the control of the organisation. It is also subject to the different degree of measurement and management of the business. (Brotherton & Shaw, 1996; Berry, Seiders, & Grewal, 2002; Brotherton, 2004). The circumstances in its external environment will determine the type of CSF in a particular company. There are two types of CSF, Monitoring and Building (Brotherton 2004). Monitoring CSFs are for the short term, while Building CSF is associated with long-term strategic matters facing a particular organisation. Some situations are for a specific period, while others are generic to a
given blend of market, industry and environmental factors. The CSF concept enables everybody to know what is most important and help them do their work right for the overall aim.

Critical Success Factors are considered as business health and vitality; an area organisation needs to perform well. Parmenter (2015) explained that performance measurement would be a random process if an organisation has not thoroughly identified their CSF. It will create an army of measures producing numerous numbing reports. Performance measurement should be carefully developed from organisational critical success factors (Parmenter 2013;2015). This will help the employees in linking their activities to the success factors/elements. Performance measurement should and indeed can impact organisational performance by improving management understanding, decision-making, and execution. It results in consistent performance over the long run (Avcikurt et al., 2011).

Despite the attention given to the CSF approach, little research is related to CSF in the context of the hospitality industry. Many of such studies were conducted either in the USA or the Asia-Pacific region (Shen 2015). Brotherton and his colleagues explored the only research on CSF in UK hospitality in early 2000 (Brotherton 2004). Several types of research have been carried out in term of field or survey-based studies to identify CSFs in hospitality. Lee (1987) embarked on a survey of on CSFs for the success of restaurants. Goldman and Eyster (1992) considered CSFs in hotel food and beverage sections. Croston (1995) also explored CSFs for hotel profitability and Peacock (1995) investigated the CSFs for successful hospitality managers. Brotherton (2004) studied CSFs in UK budget hotel operations. The researcher identified 36 CSFs in UK budget hotels divided into seven groups: core product, consistency, customer service, hygiene and quality, strategic control, pricing, and location.

Parmenter (2015) explained that critical success factors should be the source of performance measures that matter which is KPIs. The CSF and performance measures must link the daily activities with organisational strategies. Owners/managers need to
understand their CSF, PM and how both are connected to their KPIs' daily activities. However, before implementing the performance measurement indicators, it is important to understand the definition of each of the factors. The CSF is the factors that are identified as the driver of stakeholders’ strategy and their success. Previous researchers such as Bergin (2003); Phillips and Louvieris (2005); Olsen et al. (2005); O’Donoghue and Luby (2006); and Kandampully (2006) identifies CSF in Hospitality and Tourism as owners and managers involvement, service quality, customer satisfaction, retention and profitability. This can be attributed to the nature of the industry with high contact with people, Olsen et al. (2005) suggest that customers and employees are the most crucial success factor for hospitality and tourism.

The most popular measure in hospitality has been identified as financial performance measures. Other measures pointed out by Melia and Robinson (2010) and Jain, Mishra and Mukhopadhyay (2021) are occupancy rates and customer complaints, quality of the infrastructure, comparison with competitors by benchmarking and employee performance used to measure the efficiency, effectiveness, creativity and innovation. Some other aspects of PM are still limited, such as brand management, revenue management, value enhancements, and knowledge management. These measurements are difficult because the tools require time-consuming and dearth use of the process. Melia and Robinson (2010) concluded that all these dimensions should be combined to form a performance measurement framework suitable for the hospitality industry. An organisation strategy is related to its performance measurement through series of linkages known as the critical success factors.

### 3.4 Key Performance Indicators (KPI)

Hotels must constantly adapt their services and processes to their users' changing needs; thus, the ability to develop a new and unique service offering becomes critical to improving performance in the short term and achieving a long-term competitive advantage. KPIs are designed to indicate the quality of outputs or outcomes related to critical aspects of business processes. Kelindos et al. (2020) explained that KPIs aim
to provide a metric of the crucial area that contribute to the long-term success of the organisation. They need to be constantly monitored for their effectiveness and opportunities for improvement to ensure organisational performance. They can also be referred to as a mechanism for signalling organisation conditions. Parmenter (2015) established that KPIs are current and future-oriented measures instead of past measures; they are prepared in real-time. Some will be updated daily, weekly or monthly. KPIs in many organisations are a broken tool; people with little or no experience randomly select measures. Poorly defined KPIs will cost the organisation significantly (Komlósi and Gyurácz-Németh 2014; Petrou 2017). There is a need for the right measures to be in place; these are the key performance indicators. They are the only things that genuinely link day to day performance in the workplace to the organisational critical success factors (Parmenter 2015: xvi-xvii). It improves feedback and feedforward behaviour within organisations, thereby giving early warning signal. It helps an organisation to be future-ready, being conscious of future events.

As evident in previous studies (Mishra, Gunasekaran, Papadopoulos, & Dubey, 2018 and Khalaf & Salem, 2018), the problem of performance measurements in hotels is related to the vagueness of the performance measurement in one hand, and the other hand, the presence of many different KPIs. Many organisations are working with wrong metrics; some of the metrics are incorrectly termed as key performance indicators. Not all performance measures are key performance indicators. KPIs are those indicators that focus on the aspects of organisation performance; they most are most critical for the organisation's current and future success (Parmenter 2015:7).

Demirtas (2019) emphasised that measuring is essential for an organisation to know where they start and how they are currently operating and their future direction. In order to discover what should really be measured and where to start when developing a performance measurement system, an organisation must start to identify its CSFs and KPIs (Rockart, 1979) and Komlosi and Gyuracz-Nemeth (2014).
According to Komlósi and Gyurácz-Németh (2014), Key performance indicators provide vital information for businesses to track and predict business performance against strategic objectives in a way that complements financial measures. Brander-Brown and McDonnell (1995) explain that hotel management may be ignoring critical issues affecting their business by not using appropriate measures. This could be detrimental to the organisation’s performance. The management is responsible for making a strategic decision on the adoption and use of various performance measures.

Wadongo, Odhuno, Kambona and Othuon (2010) study of key performance indicators in the Kenyan hospitality industry emphasised two areas of focus: managerial characteristics and the development phase of performance measurement still lacks sophistication in hospitality firms (de Waal, 2007). It was stressed that managerial demographic characteristics, such as age, education, current position, functional area, and performance appraisal, affect the choice of key performance indicators. In addition, the nature of hospitality services having low levels of the formalised process means there is a need for high levels of variability and nonroutine tasks (Komlosi and Gyuracz-Nemeth, 2014; Kala and Bagri, 2014).

Komlosi and Gyuracz-Nemeth (2014): Petrou (2017: 149) explained that “performance indicators hold power to disrupt and de-focus your organisation just as they can provide a helping hand and enable organisational learning and, ultimately, performance improvement”. Onyango et al. (2012) explained that business performance determinants are vital to managing business and decision-making. Information about the individual business variables impacts the overall business performance, which allows the organisation to improve its effectiveness.

Jeffrey and Barden (2000a) noted that the hotel industry is a dynamic but stable system with changes at the individual level and stability at the aggregate level. However, Medlik and Ingram (2000) emphasised that successful business is necessary for an increasingly competitive environment. If a hotel wants to survive and thrive, it must monitor and assess the quality and quantity of business, reveal the causes of business
loss, and find ways to improve business. Accommodation providers need to rely on monitoring business operations, because inadequate measurements may compromise hotel performance, and competitiveness on the market (Phillips 1999; Santoro 2015)

Petrou (2017) and Kelindos et al. (2020) outline the characteristics of a good KPI. These are (i) ability to show where corrective actions are needed; (ii) give good direction, so management can wisely choose the direction of their KPI objectives; (iii) a good KPI can promote appropriate employee behaviour. KPIs can serve as employees’ motivation to change; (iv) the quality of data influences the effectiveness of KPIs. Improper data will generate incorrect KPI report, thereby inhibiting the achievement of organisational objectives. (v) good KPIs should be easily understood by all the member of the organisation and lastly, (vi) the benefit of KPI implementation must outweigh its cost. Managers should ensure that the implementation of these KPI can benefit everyone and be user friendly. The process must allow the organisation to re-evaluate the target and take corrective action for improvement. Kelindos et al. (2020:2) stressed that “a good performance measurement system will give a clear view of what a goal is based on strategic planning”.

In highlighting the key characteristics and steps to remember to key performance indicators, Komlósi and Gyurácz-Németh (2014) emphasised seven steps as (i) Name the indicator appropriately; (ii) Be clear as to what purpose it serves; (iii) Think about what it relates to in terms of other indicators as well as the overall organisational goals; (iv) Make sure the way it is calculated is precise and clear; (v) Think through how often you will take the measurement and review the results; (vi) Clarify the source of data for the indicator; (vii) Spell out explicitly who is responsible for measuring it, who takes action and what they are expected to do.

According to Parmenter (2015), there are some barriers to the successful implementation of KPIs; he emphasised that KPIs' myth affects its perception and implementation within an organisation. There are misuses of KPIs, but wrong selection leads to inaccurate information and does not positively influence
management decision-making process/ability. There should be more emphasis on identifying the critical success factors suitable for organisational performance measurement (Harris and Mongiello, 2001; Wadongo et al., 2010).

3.5 Performance Measurement in Hospitality SMEs

The concept of performance measurement flourishes in manufacturing because it is easier to measure inputs or outputs than in the service explained (Bourne et al., 2013; Bititci et al., 2018; Panno 2019). Measuring hotel performance is difficult as it is primarily intangible, which is difficult to measure outputs. Also, because of many different hotel departments, the expectation for each department varies (Enoma & Allen, 2007; Ivankovic et al., 2010; Zaki, 2019). Goncharuk & Lazeareva, (2017); Harris and Mongiello, (2001) explained that the most popular area to show how and why hotels measure their performance is easily visible in the Food and Beverage (FB) departments. Bergin-Seers and Jago (2007), in their research in Australia's hospitality sector, concluded that size and ownership structure are key elements influencing the use of performance measurement. Hudson et al. (2001b), Cooper and Ezzamel (2013) and Garengo and Bititci (2007) put forward that PM in small to medium-sized organisations is poor. This is due to a lack of strategic planning, shortage of human and capital resources and a mistaken belief of the benefits of performance measurement and the complex nature of the frameworks (Bititci et al., 2006; Jamil and Mohammed, 2011). This research also found that the size of the operation impacts the type of framework utilised for performance measurement. Also, the existing framework relates more to the manufacturing sector and not the service sector.

Wadongo, Odhuno, Kambona and Othuon (2010) and Bozic and Knezevic Cvelbar, (2016) explained that hotel owners/managers find it challenging to define the component of their performance measurements as everyone viewed performance measurements and their indicators from their own experience. Atkinson and Brander-Brown (2001) and Krambria-Kapardis and Thomas (2006) suggest that the hospitality PM framework should enable managers to cope well with organisational
characteristics and critical success factors and mirror the complexity service delivery process, which includes perishability, intangibility, heterogeneity and simultaneity. Haktanir and Harris (2005) highlighted that the service sector characteristics make it challenging to use a framework from another sector. Phillips and Louvieris (2005) recommend that managers have a holistic approach to management and incorporate digitisation for effective PMS. As a result of this, it is appropriate to explore the implementation of PM within the Hospitality SME to develop a method suitable for the competitive environment of hotel accommodation. However, Sainaghi et al. (2018) established a dearth of studies focusing on the PM literature in hospitality, which has unique characteristics, including the complexity of service business, intangibility, substantial capital investment, sensitive production processes, customers being part of service and production processes. The importance of location or labour factors, high vulnerability to the external environment in terms of the political, social, economic environment was also noted by Kaluthanthri and Osmadi (2020).

Bezerra and Gomes (2018) and Yasin and Gomes (2010) suggest that hotel operations are unique systems and their approach to performance management and measurement requires that they consider these unique characteristics where people serve people. For instance, according to Biazzo and Bernardi (2003), Garengo, Biazzo and Bititci (2005) and Garengo and Bititci (2007), most performance measurement frameworks do not consider company size. Although such PM frameworks can be correlated to size, larger firms are more likely to be users (Speckbacker, Bischoff and Pfeiffer, 2003; Kaluthanthri and Osmadi 2020). Employee performance dimension is paramount as it helps hotel managers understand service quality, which impacts the hotel accommodation's performance. According to Narban et al. (2016), effective performance appraisal is essential for decision-making but is not well appreciated by SMEs.

There are differences in characteristics between large and small hotel business: small businesses have more contact with customers yielding flexibility in operational approaches and a greater tendency for actions. There are other differences between small and larger organisations in terms of resources available, such as assets,
capabilities, and access to information. These resources are crucial to achieving competitive advantage and high performance. Also, small businesses tend to inherently innovate more rapidly, especially at the early stage, attributed to their ability to adapt and respond quickly to day-to-day business activities (Sukato, 2017).

### 3.6 Factors Influencing Performance Measurement Implementation

It is widely acknowledged that some specific characteristics can influence how performance is viewed, managed, and measured in the service industry (Panno, 2019). To explicitly point out the perceived success factors, which are considered essential strategic tools by managers and investors, this study examined the factors that influence the use of performance measurements in the hotel accommodation sector. Studying hotel performance is emphasised as one of the most critical success factors (Goncharuk & Lazareva, 2017; Sampaio, Hernández-Mogollón, & Rodrigues, 2018) considering the challenges that hoteliers face in meeting customers’ expectations and recent technology innovations. There has been significant and consistent growth in internet users worldwide since its penetration in the market in the last two decades.

Technology has made information sourcing and usage easy. Some software can help to collate all the necessary information. Most business activities and interaction are now on a cloud-based system. Sukato (2017) and Camilleri (2019) emphasised that small hotels reviewed changes in the business environment, especially as technology helps them learn what competitors are doing, thereby changing their current products and services. This implies continuous growth in innovations which is recommended as a factor to sustain their business performance.

The internal environment of hotel performance is explained through the business structure, culture, resources, strategies, processes, systems, products, or the role and responsibility of individuals (Phillips 1999; Sainaghi and Canali, 2011; Ćorluka, Krešimir and Ivan, 2017; Anter and Elnagy 2019; Morrison and Teixeira (2004). On the other hand, the external environment of hotel performance refers to the market and
the industry in which the company operates, creating uncertainty and unpredictability of business. According to Phillips (1999) and Wang et al., (2012), the external environment is complex, dynamic, variable, and unpredictable and creates business problems. Organisations that ignore the external business factors or do not give them sufficient attention cause ambiguity in their performances (Wang et al., 2012). The assessment of the impact of both internal and external business environment have been highlighted in the literature. The holistic structure for performance measures often signals the competition and challenges companies face in recent decades due to technological developments and market dynamics.

Neely et al. (2000) suggest that in considering the enablers of a PMS design, performance metrics should be extracted from the organisation's strategy. The design process is aided by senior management, who drive the measurement activities (Kennerley and Neely, 2002; Bourne, 2004). All stakeholders, including staff and managers, should be interested in selecting the steps and PMS criteria (Neely et al., 2000; Kennerley and Neely, 2002; Pekkola and Ukko, 2016). Bourne et al. (2003) and Ukko and Saunila (2020) supports this claim and indicates that developing a PMS is essentially a consumer translation cognitive exercise.

The revenue management system influences customer choice through different prices and products, thereby impacting market segmentation and maximising the business revenue (Osinaike 2021; Zhang and Weatherford 2017; Ng 2007; Kimes 2003). Cleophas et al. (2011) emphasised that the revenue management systems help hoteliers forecast future demand more accurately by matching different resources level with staffing and the firm’s competence. Several researchers (Varini and Sirsi, 2012; Varini, Sirsi and Kamensky, 2012 Thakurta, 2016; Sigala, 2015 Murimi, Wadongo and Olielo, 2021) explained that the relationship between revenue management practice and performance measurements. This can be associated with pricing and payment policies, forecasting techniques, social media strategies and maximising management framework to demand and pricing optimisation. Osinaike (2021), Altin (2017) and Ortega (2016) expressed that revenue management affects hotel performance and attitude to performance measurements.
Hotel practitioners use revenue management tools as reliable data, valuing, and user-friendliness and demand anticipation to ensure the expansion of organisational capacity to improve business sales and capabilities (Wadongo and Abdel-Kader, 2014; Anderson and Xie, 2010). The improvement of hotel performance resulting from implementing a revenue management system shows management’s ability to compensate average daily rate and occupancy rate. In the long term, either in a low or high demand period, there will be demand and occupancy changes (Ortega, 2016). Benchmarking as a driver of revenue management is a technique where an organisation reviews others' performance to judge their performance, therefore, using that judgment to identify areas for improvement. In this present time, where technology has made data sourcing easy, it is vital that businesses only collect relevant data for the informed decision rather than just collecting data that are easy and readily available but of no importance to business operations (Petrou, 2017; Osinaike, 2021).

Rostamzadeh et al. (2021) emphasised that benchmarking is an organisation’s effort to gain outstanding performance by exploring best practices of other companies within their industry and adopting the process identified to suit their business conditions and attributes. Hotel management use benchmarking to evaluate their business approach; organisations can improve their performance simply by learning from others. Several authors (Yasin, 2002; Hong et al., 2014; Brah et al., 2000; Rostamzadeh et al., 2020; Osinaike, 2021) highlight that benchmarking is used to improve performance, eradicate the trial-and-error process, improve customer satisfaction and develop new products.

Ćorluka, Krešimir and Ivan (2017) explained that the ability to analyse hotel business operations determines the organisation's strengths and weaknesses and gives warning about disturbances and possible crisis. Monitoring hotel business helps gathers useful information on the operations, which are used as a basis for business decision-making and a prerequisite for improving the business. As a result, accommodation providers should not see business analysis as a cost, but rather as a productive instrument for managing company business (Ali Qalati, 2021; Ćorluka, Krešimir and Ivan, 2017).
Corluka et al. (2017:73) state that

"hotel long-term survival in a competitive and seasonally characterised environment depends on the ability of companies to identify the environmental factors that determine their performance and to measure their business performance adequately".

Claver, Tari and Pereira (2006) stressed that hotel practitioners must be aware that the quality management system positively affects such areas as service quality, employee morale, cost reduction, and customer satisfaction. This will, in turn, have a substantial impact on sales and competitive position.

Marco-Lajara, Zaragoza-Sáez, Claver-Cortés, & Úbeda-García (2018); Safavi & Karatepe (2018) explained that hotel employees fear or leave their job rather than measure performance. This is because the implications of low performance or not meeting set targets may be detrimental to their job security. Providing adequate training and experience will help to minimise this threat and employees can embrace the concept of PM. According to Sampaio et al. (2018), finding the most suitable approach for measuring and improving performance in hotels is a complicated process, so effective training is essential to integrate the system with the business operations. Several authors such as Selvarasu & Sastry (2014); McPhail et al., (2008); Karimi, Malik and Hussain, (2011); Nadiri and Hussain, (2005) emphasised that effective performance evaluation needs the system to be supported with an individual assessment of all employees. Performance measurement systems result in employee engagement which leads to an increase in their high productivity. These enable employees to perform well and stay committed to the company.

More so, Faria, Ferreira and Trigueiros (2018) stressed that hotel characteristics such as size, management status, category, and operation type influence performance measurement implementation. Their study emphasised that it is easier for chain hotels to use performance measurement than small and medium-sized independent hotels. This is possible because of the size of the hotel (large) and corroboration of the idea that people, customers and employees, are usual dimensions of a hotel’s performance
measurement. However, Sainaghi et al. (2017) mentioned that there had been notable change and growth in the approach to measuring hotel performance. In conclusion, this study used the literature review of existing studies and theories on the concept of performance measurement to construct the conceptual framework (see section 3.7), which forms the basis for this study.

3.7 Conceptual framework for the research

This research contributes to the literature on the perception and implementation of the Performance Measurement System (PMS). The characteristics of organisational performance by examining the multi-dimensional performance measures; explores the association between performance measures linked to critical success and PM implementation on a corporate strategy to achieve a competitive advantage, in line with the research objectives as highlighted in Chapter One. To examine performance measurement in SMIHA, it is essential to create a conceptual framework to assess and identify the key areas of this study. Miles and Huberman (1994:18) describe a conceptual framework as “a visual or written outcome that explains either graphically or in narrative form, the main objects that need to be studied, the key factors, concepts, or variables, and the presumed relationships among them”.

Mills et al. (1995) suggest that for a PM framework to be useful, a process should stipulate how an organisation might be attracted to implement the process; identify those who should participate in the process and explain how the implementation process should be managed. Hudson et al. (2001) highlighted that identifying the procedures for developing strategic PM systems is more problematic, as these will vary between different business processes. However, to ensure strategic alignment, a procedure for identifying strategic objectives should be encompassed. Also, a method for developing the measures is necessary, along with a procedure for maintaining the new PM system in relationships to the critical success factor. Achieving and sustaining competitive advantage over the long term is the overall aim of Performance Measurement (Evans, Stonehouse and Campbell, 2012).
It is also important to reflect on SMEs' unique nature and characteristics and the hotel accommodation sector in considering the design and implementation process of PM suitable for these organisations. This study has found that the owner-manager perception and motivations greatly influence the implementation of performance measurement systems. More so, as SMEs operate an informal approach to strategy (emergent strategy), flat structure and flexible business processes. The PMS should accommodate the non-structure approach suitable to meet the SMEs' flexibility, which gives them a competitive advantage (Carson & Gilmore 2000; Hudson et al., 2001). Due to SMEs' organisational culture, employees tend to communicate and problem-solve without relying on measures. With the crucial role of the owner, decision-making in SMEs is often centralised and pragmatic (Hudson et al., 2001b). In addition, most SME owner-managers have a personalised management method (Hudson et al., 2001b).

The level of owner-manager awareness is important for smaller and medium-sized companies since they have the least structured performance measurement system (Gunawan et al., 2008). When considering the performance measurement practice in the SMHE, it is interesting to see that perceptions may vary among practitioners, reflecting what they are responsible for. The preliminary study result in chapter one emphasised that the operational approach and overall strategy are not connected to each other. Another finding from the literature shows that SME companies seem to perceive performance measurement in their business from a more operational perspective (Garengo and Biazzo, 2012).

Furthermore, within the hospitality industry, the motivations of owner-manager to business success and growth varies. Some organisations are in business to profit while there are some as a result of lifestyle and hobbies (Ateljevic and Page, 2017). PMS for SMEs in the hotel accommodation industry should incorporate the motivation of owner-manager to business growth and success in evaluating their performance.

The following proposition was developed in this study:
• The informal approach of SMEs should form a key component of PM implementation.

• The PMS for small and medium-sized hotels should measure both financial and non-financial indicators. The critical success factors regarding quality and customers’ satisfaction should be derived from the operational perspective as opposed to strategy.

• The perception and level of awareness of owner-manager have a significant influence on the PMS.

• Performance measurement system for small and medium-sized hotels encourage the participation of the organisation's key members, involvement of lower-level teams and management. As front office staff in the hospitality industry because they come in contact with the customers and suggest measures that will promote the organisation's quality and performance.

• The motivation for business success and existence varies, which may impact the type of measures developed. Also, most of the other frameworks such as BSC, SMART Performance Pyramid and Performance Prism, as discussed in chapter 2, have been criticised for not articulating the process of implementing the performance measurement system. The conceptual framework designed for this research aims to meet the need for flexibility of owner-manager, involvement of all teams, deriving measures from operations, and a well-defined process of implementing PMS, as highlighted in Figure 3.1 below.
Figure 3. 1 3D of Performance Measurement System for SMIHA

Source: Author’s conceptual framework.

Define:

The level of awareness of the owner-manager couple with the perception of the benefit of PMS will aid their definition of what constitutes a performance measurement system. This could be in the form of behavioural and motivations for being in business and understanding what success/performance means to their organisation. This, coupled with the unique nature of SMEs and the hospitality industry's characteristics, is important to the definition of performance measurements systems in small and medium-sized hotel accommodation. It is important for this research to gather comprehensive data on how SMIHA owner-managers perceive and define performance measurement. This aims to address the research objective one of this study.
**Design:**

The design stage identifies the critical success factors and performance indicators, which are the key areas of organisational success. This could be derived from operations rather than starting from strategy formation (vision and mission) and the participation of the employees of the organisation. In determining the CSF to measure, it is crucial to involve parties whose decision and actions ensure success (employees). Also, SMEs tend to focus on few metrics, mainly financial measures (Sousa et al., 2006). It will be important to have balanced, clear metrics relating to the CSF. This research explores how performance is measured in small and medium-sized hotel accommodations in terms of the practicality in the sector and examines how and why criteria are selected to measure performance in small and medium-sized hotel accommodations. This will be achieved by understanding the PM designing strategies in practice.

**Do (Implementation):**

This is the practice and use of PMS. Having identified the key metrics (both financial and non-financial) and target set, PMS formulated with employees will be easily adopted and put into practice within the organisation. Halachmi (2002) pointed out that there is a danger if the business organisation focuses only on PMS and do not integrate it with business operations and strategy. This may lead to resistance from employees in implementing the PMS and potential losses for the organisation. This study will also explore the factors that influence the implementation of performance measurement in small and medium-sized independent hotel accommodation in view of developing a framework suitable for this sector.

Based on this conceptual framework, this research will investigate the CSF and metrics suitable for small and medium-sized hotel accommodation, understanding the perception and awareness of owner-manager to PMS. Also, the research studies the existing indicators' implementations to decide the performance measurement framework metrics for small and medium-sized independent hotel accommodation.
3.8 Summary

This chapter further reviews the literature on performance measurement implementation, considering the implication of identifying critical success factors, exploring PM relationship with strategies, and discussing performance measurement in the hospitality industry. This chapter explores PMS implementation, emphasising interventions that will improve the business operations. This chapter, therefore, represents the foundation of the thesis leading to the conceptual framework that guided the research. The next chapter established the research philosophy, methodology, data collection and analysis adopted for this study.
CHAPTER 4: METHODOLOGY

4.1 Introduction

This chapter provides insight into the research methodology adopted at various stages of this research. This chapter explains and justifies the methods used to conduct this research. Saunders et al. (2016: 4) states it is important to understand the research methodology, which is “the theory of how research should be conducted”, focusing on research philosophy, policy, and approach. Qualitative methods through semi-structured interviews and document analysis were used to achieve the research objectives, which are addressed in this chapter in terms of research design, sampling, data collection, and data analysis. This chapter starts with a description of the research methodology, accompanied by a review of the research philosophy, approach, and strategy. Also, this chapter discusses the research approach by describing and justifying the sampling strategy, data collection methods, and data analysis and interpretation for qualitative studies. Finally, the chapter ends with an explanation of the study's ethical concerns.

Business-related research has been highlighted as not straightforward because of the complexity of organisational studies and structure. Bell et al. (2018) emphasise that most of the crucial theoretical questions and substantive issues that define organisational analysis as an identifiable and viable field of the study seem to be matters of considerable dispute, not to say deep controversy. According to Sekaran and Bougie (2010), business research is the planning, collection and analysis of data relevant to decision-making and the communication of this analysis to the management. Saunders et al. (2012) also explain it as something that people undertake to find out things systematically, thereby increasing their knowledge. Hair et al. (2019) and Saunders and Lewis (2012) agreed that researching a business-related topic involves a continuous effort to find a solution to a problem.
This research initially undertook an extensive literature review in general performance measurement, performance measurements for small and medium organisations, and the accommodation sector. This is the foundation that provides the theoretical framework for this study. This research embraced the interpretivist paradigm through a phenomenological approach. This was done by applying the inductive research approach features to achieve the research objectives. This study adopts the phenomenological method, with an in-depth interview to understand the owner/manager's perception on the topic of performance measurement. The research findings were evaluated based on the validity of data collected through in-depth semi-structured interviews and documents analysis.

4.2 Research Methodology

Research methodology is the process and procedure that researchers follow in seeking answers to the research problem. Easterby-Smith et al. (2018) and Saunders et al. (2012) state that methodology is the planned procedures, schemes and systematic approach to gathering new and relevant information while investigating and providing the solution to the research problem. Wilson (2014) highlights that research involves several processes and concepts joined together, called the honeycomb of research methodology. This research honeycomb consists of six elements: research philosophies, approach, strategy, data collection and data analysis techniques. It was further established that it is expected to follow the six-research honeycomb to conduct research appropriately. The research honeycomb shown in figure 4.1 below was used to guide the development of this research methodology is defined and explained in this chapter. The review of these items is necessary as it gives an understanding to the researcher in helping to make a realistic and appropriate choice of techniques to accomplish this research. The second part of this chapter presents the adoption and justification of the research methodology for this research. It explains the methods and approaches used in the study to achieve this research's aim and objectives.
This research uses the research honeycomb to structure the research methodology. This has been chosen because it reveals in its elements everything from research philosophies to techniques and procedures of undertaking research and data analysis in a strategic manner. The next section discusses the research paradigm, including the research philosophy, approach, and strategy adopted to achieve the research aims and objectives.

Figure 4.1 Research Honeycomb Model


4.3 Research Philosophy

This section underpins the choice of the chosen research methodology. The first step was exploring research philosophy as related to this study. Johnson & Christensen (2012) define research philosophy as a perspective based on the set of shared assumptions, values, concepts and practices. Research philosophy refers to how a researcher views the world of research in which knowledge is developed. The nature of that knowledge may be anywhere between the development of a new theory and answering specific problems for a particular institution (Saunders et al., 2009). Saunders et al. (2012) explain that research philosophy refers to the nature and
development of knowledge. Easterby-Smith et al. (2018) assert that research philosophy is essential in research design because it influences management research quality.

The benefits of understanding research philosophy were highlighted by Easterby-Smith et al. (2008). Firstly, it helps researchers identify the research methods to apply in a particular study and help explain the research strategy to be adopted. This comprises the type of data collection and its source and how to respond to the research questions or objectives. Secondly, a sound understanding of the research philosophy leads to more diverse methodologies being evaluated. Thus the most suitable methods will be adopted and finally, it could recognise the selection or alteration of the study.

According to Saunders et al. (2016), research philosophy is referred to as knowledge development. They state that there are three significant ways of thinking about research philosophies. The three significant ways are epistemology, ontology and methodology. Furthermore, the philosophical assumptions in business research, according to Wilson (2014), is divided into three, which are ontology (objectivism and subjectivism), epistemology (positivism, interpretivism and pragmatism) and Axiology (value-free and biased). These philosophical assumptions are based on the ontological and epistemological dimensions of methodological choices and are explained in detail below.

**Ontology**

Ontology is the study of what exists. Philosophers use the concept to discuss challenging questions to build theories and models and understand the world's ontological status. This assumption also relates to social reality. Smith, Flowers and Larkin (2009) and Easterby-Smith et al. (2018) explained it as the human view about reality's nature. There are two contrasting views of ontology which are subjectivism and objectivism.
Objectivism views the social world as the authentic, natural world independent of human cognition and appreciation. This belief is that reality exists regardless of human observers. This assumes that the physical and social world exists independently of any observations made about them (Easterby-Smith et al., 2018; Brunt et al., 2017). Objectivism sees research as the natural world made up of concepts, names, and labels instead of the real world. This belief is that reality is constructed in the mind of the observer. The subjectivism view is linked to the interpretive approach, which explores multiple realities of a particular concept. This can be achieved by analysing individual actors' socially constructed experience in an organisation (Wilson 2014), which is difficult to interpret. As this study focuses on understanding hotel owners/managers’ perception of performance measurement, the interpretivist ontological approach is suitable for this study. According to Saunders et al. (2009), interpretivist philosophy may be the most appropriate philosophical stance for research in business and management because the researcher must enter the social world of our research subjects and understand their world from their point of view. This is especially true in the areas of organisational behaviour, performance measurements and management, which are relevant to the focus of this study because understanding and implementation of performance measurements are complex and it is important to understand the view of managements doing it regularly.

Epistemology

This is the study of knowledge in general. This philosophical assumption is concerned with how knowledge can be acquired or something that one personal experiences in the social world (Karami et al., 2006). This belief must be justified by using evidence, which is of good quality, logical and reasonable. According to Bryman and Bell (2015), epistemological issues are related to a discipline's perceived adequate knowledge and raise the question of whether or not a social environment can be measured using the same procedures, principles, and ethos as natural science.

Burrell and Morgan (1979) identified two contrasting views to this assumption: positivism and anti-positivism, also known as interpretivism. Positivism is an epistemological position that promotes natural science methodology when studying
social reality (Bryman and Bell, 2011). A Positivist view sees the social world as being explored as facts through regularities and relationships. This involves developing and testing the hypothesis. The testing of a hypothesis may lead to the development of theories. Creswell (2009) concludes that scholars begin with a hypothesis, gather data, and determine whether the results support the hypothesis. This philosophy's assumptions relate to quantitative research, whereby causal relationships are defined in research questions or hypotheses. Also, the positivist view is that the researcher embarks on a mission to uncover the truth and develop prediction tools. Scotland (2012) established that researchers remain independent from the object of study and mostly, the result can be generalised.

The second main philosophical paradigm within epistemology is interpretivism. Collis and Hussey (2009) illustrate that interpretivism investigates social phenomena from an interpretive perspective. Howell (2013) states that interpretive perspectives view reality as being socially constructed. This means that the researcher's view suggests that social science issues are fundamentally different from those relating to natural science (Bryman and Bell, 2011). This perspective believes that individuals have a dynamic interpretation of the world rather than responding to external stimuli. Creswell (2009) highlights that the researcher sets aside his thoughts and communicates with the study from a social reality perspective.

Furthermore, research only interprets reality from a subjective standpoint that deals with a situation's details, the facts behind these details, and what motivates it (Denzin and Lincoln, 2000; Collis and Hussey 2013). When understanding human activities, interpretivism does not consider the perspective of the observer as a legitimate point. In response to the criticism of positivism in management, Easterby-Smith et al. (2018) explain that research based on this philosophy should emphasise their ideas and values by having adequate justifications from the research problem. Interpretivism's emergence has broadened the social phenomena/ world based on its social actor's subjective experience. Kim (2003) challenged this ideology to lack reliability, validity and generalisation to the entire population. As such, this study follows the interpretivism worldview and uses a phenomenological approach to achieve its aims.
by collecting qualitative data to explore the hotel owner-manager perception and practice of performance measurements. This approach uses a small sample to interpret and analyse a particular phenomenon (Cooper and Schindler 2006; Brunt et al., 2017; Brotherton 2015; Kasi 2009).

According to Creswell (2014), intercultural distinctions and cultural membership are socially produced. This, in accordance with the interpretive phenomenological paradigm, emphasises the subjective character of meaning-making (Creswell 2014). They are thinking about human-made reality. The epistemological perspective taken in this study was interpretivist phenomenology. This means that social phenomena and their significance would “continually be accomplished by social actors” (Bryman 2004:17). The researcher will be actively engaged in constructing meaning (Silverman, 2004a: 2004b). This research will use a qualitative and phenomenological approach (see detail in section 4.6) in understanding the owners/managers perception of Performance Measurement in hotel SMEs.

Interpretivism believes understanding the context in which any form of research is conducted is critical to interpreting data gathered (Thanh and Thanh, 2015). According to Willis (2007), interpretivism usually seeks to understand a particular context, and the core belief of the interpretive paradigm is that reality is socially constructed. In order to explore understandings of performance measurement in the accommodation sector, an interpretive methodology provides a context that allows the researcher to examine what the participants have to say about their experiences and implementation of performance measurements. Interpretive research is more subjective than objective research. Willis (2007) argues that interpretivism's goal values subjectivity and eschew the idea that objective research on human behaviour is possible.

According to this viewpoint, individuals have a dynamic interpretation of the world rather than reactive to external stimuli. As society and the hotel industry are inextricably linked, specific social models and practices are formed and sustained, and these can potentially find expression on a social level as well. Phenomena, in general, have a reason and reasoning; they are organised, arranged, and maintained by humans. Indeed, the importance of interpretive approaches to management and organisational
studies has grown in recent years. For this study, the interpretation of the performance measurement phenomena expressed by the owners/managers are built on the variety of themes generated from the data.

The rationale for this epistemology approach is that interpretive practice is concerned with both the hows and the whats of social reality. It focuses on how people methodically construct their experiences and worlds. The formations of meaning and established life inform and shape their reality-constituting activity (Holstein and Gubrium, 2003), which matches the aims and objectives of this research. That is, understanding the concept and practice of PMS in SMIHA. Interpretivism eschews the idea that objective research on human behaviour is possible” (Willis, 2007). As the interpretation of the world differs according to each individual and the various perspectives that result from the context and environment in which the research is taking place, the interpretive approach assumes that there exist multiple subjective realities to be discovered through various qualitative methods. The need to discover these subjective perceptions of reality in various organisational settings motivates this research. This interpretive method to the approaches and practice of PMS is particularly relevant to this study by demystifying owners/managers perceptions.

4.4 Research Approach

Saunders et al. (2012) explain the research process needs to be well thought through as it is crucial to the research's overall success. The importance of selecting a suitable research approach to address the research aims and objectives is well documented in the literature (Bryman and Bell, 2003; Graziano and Raulin, 2000). It has been highlighted that there are two forms of research approach: inductive and deductive (Wilson 2014).
**Inductive Approach**

This method focuses on observation which leads to the development of hypotheses and theory. Sekaran (2003:23) highlights that it is a "process where we observe certain phenomena and, on this basis, arrive at conclusions". Saunders et al. (2012) explain that this approach deals with the question of why a phenomenon is happening. It is more likely that the researcher adopts the interpretivism philosophy by conducting a qualitative study (Bryman and Bell 2003). This is a flexible approach because there is no requirement of pre-determined theory to collect data and information. The researcher uses observed data and facts to reach a tentative hypothesis and define a theory as per the research problem (Brunt et al., 2017; Sekaran and Bougie, 2010). The inductive approach reflects upon past understandings and uses the standardisation of abstract concepts, theories and generalisations to explain past experiences and predict future events. It also moves from general truths to specific conclusions. It starts with an extensive explanation (statements are known or believed to be exact) and continues with predictions for specific observations supporting it (Sekaran and Bougie, 2016). This research adopted the inductive approach to understanding the meaning hotel owners-managers perceived of the concept of performance measurement.

**Deductive Approach**

This approach examines the causal relationship between variables through the use of quantitative data. The deductive approach is concerned with the research stage from a structure theory evaluated and developed through empirical observation (Collis and Hussey 2009). The idea of deduction in research has been the most robust way to build up the theoretical knowledge base. According to Bryman and Bell (2011), this approach has six stages: the theory, hypothesis, data collection, findings, confirming or rejecting the hypothesis, and revising the theory. This approach's main characteristic is that a conceptual and theoretical structure is developed and then several experiments and observations take place to test this theory (Gill and Johnson, 2010; Lee and Lings, 2008). Saunders et al. (2016) highlight that a deductive approach will support the positivist view, which involves using hypotheses, mainly quantitative methods.
**Abductive Approach**

Abductive reasoning, as a third option, overcomes these flaws by adopting a pragmatist viewpoint. Unlike inductive and deductive reasoning, abductive research can explain, develop, or change the theoretical framework before, during, or after the research process. Also, abductive research shifts from inductive and open-ended research settings to more hypothetical and deductive attempts to validate hypotheses. As a result, abductive reasoning is a pragmatic approach to advancing the social sciences through a "systematic combining" in academic research (Dubois and Gadde, 2002). The approach paves the way for a deeper understanding of organisational processes while allowing the case to evolve along the way (Dubois & Gadde, 2002). As opposed to deductive or inductive reasoning, abductive reasoning allows for developing a theoretical framework during the research process (Lu & Liu, 2012). It is appropriate for investigating poorly understood phenomena and can be applied in practice (Gallan et al., 2021).

The research process in the abductive approach begins with 'surprising facts' or 'puzzles,' and the research process is committed to their explanation. The abductive approach helps the researcher select the 'best' explanation from many alternatives to explain the 'surprising facts' identified at the beginning of the research process. The researcher can use numerical and cognitive reasoning to explain 'surprising facts' or 'puzzles'. Using a mixed-method combination of different approaches can lead to better research and subsequent management decisions reflecting both social and scientific aspects of today’s world. Daveport (2009) argues that adopting multiple perspectives leads to better decisions and robust conclusions, typically overcoming the bias and weakness from the single method approach.

Previous studies in the literature have adopted different research approach to measuring hotel performance. For example, Atkinson and Brander-Brown (2001) conclude based on questionnaires and interviews 23 listed UK hotels that organisations seem to monitor performance, but they appear to be measuring the wrong thing. Also, Hattanir and Harris (2005) used a single case study of a hotel in Cyprus.
Harris and Mongiell (2001) had a questionnaire survey of 200 general hotel managers to determine performance indicators by European hotels. Phillips (2007) uses a three-year longitudinal approach to investigate the use of BSC as a strategic tool. Phillips and Louvieris (2005) compared performance measurement processes in ten best practising tourism-related organisations establishing that the greatest barrier to implementing PMS is the difficulties in articulating the critical success factors, indicators and targets. More so, Bergin-Seers and Jago (2007) adopted a multimethod approach and Sainaghi et al. (2017) conducted a meta-analysis to synthesis PM in tourism and hospitality research. Despite using different research approaches in the literature, PM's meaning, understanding, and practice in small and medium-sized hotels is still limited. As such, this research carried out a preliminary study to articulate the best research methodology. It is apparent that there is a need to understand the perception of owners and managers of hotels. To achieve this, this research adopted an inductive research approach to explore the socially constructive meaning and practice of performance measurements from the day-to-day lived experience of the participants. Using interpretive phenomenology, it became possible to explain why specific experiences and phenomena are important as such, intensifying the meanings and understandings attached to the relevant experiences of SMHIA owners/managers. The next session shows the result of the preliminary study and how it guided the focus of this study.

### 4.5 Preliminary Study

Quality Research International (2019) defines 'A Preliminary study is an initial exploration of issues related to a proposed quality review or evaluation'. This study conducted a preliminary study before articulating the research strategy and data collection method. The purpose of this preliminary study was to scope the extent to which performance is being measured and how in small and medium-sized independent hotels. This study is based on four semi-structured interviews with owners/managers of hotel SMEs in the Southeast of England. This study was carried
out to articulate the proposed PhD research study's objectives on understanding performance measurement in small and medium-sized hotels.

This study aimed to explore the theory and the practice of PM in small and medium-sized hotels. Previous studies such as Garengo et al. (2005) have highlighted that PM practice in SMEs is different from theories in the literature. It was also emphasised that the SMEs do not embrace the Performance Measurement System (PMS) as their attitude to strategic planning and management is poor. To establish the relevance of this study, the research involved the completion of semi-structured interviews with four organisations in examining what PM mean to the owners-managers and to explore the current PM framework used within their organisation.

**Preliminary Study Findings**

It was evident that performance measurement meant different things to the four interviewees, such as business growth, Key performance indicators (KPI), Performance metrics, and critical success factors. The SMEs are involved in several aspects of performance measurement as defined in the literature, which includes financial, customer and employee dimensions. Some activities are performed more frequently than others, albeit in an ad-hoc manner. The performance measurement process used is not systematic, sequential or explicit. They understand the need for PM, but the process approach is challenging. Also, they understood the need for a balanced approach to measurement, but they still rely heavily on financial and customer measures.

One of the interview questions was to explore the current performance measurement framework used within the sector. The research found out that none of the interviewees uses a particular framework such as Balanced Scorecard, Performance Prism, Result and Determinant Model etc. Some of them were not even aware of the existing performance framework. The managers adopted an ad hoc way of measuring performance with no link to individual measures. The measurements used are irrelevant, vague and financially focused. The triggers for the measurements are to
help managers to identify areas of improvement. PMS is developed reactively in response to problems to prevent reoccurrence.

**Implication on the future direction of this research**

From the preliminary study, it became apparent that there is a need for a clear understanding of what owners/managers perceive as a meaningful method of performance measurement to articulate the concept within the small and medium-sized independent hotel accommodation. It is also important to collect the informal approach and measures in use among practitioners within the industry. As a result of this, some of the research objectives were refined, as indicated in Table 4.1 below. It is also clear that if the owner/managers find it challenging to define PM and the measurements used, the implementation stage will be more challenging or not done correctly.

**Table 4.1 Evolution of Research Objectives**

<table>
<thead>
<tr>
<th>At Application Stage</th>
<th>After Preliminary Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To review current practices, models and theories of Performance measurement and management operating within Hospitality SME.</td>
<td>1. To seek a critical understanding of SME owner-managers perception of the concept of Performance and Performance Measurement.</td>
</tr>
<tr>
<td>2. To ascertain factors that contribute to the adoption of Performance Measurement systems</td>
<td>2. To explore how performance is measured in small and medium-sized independent hotel accommodation.</td>
</tr>
<tr>
<td>3. To identify current thinking on the existing challenges in the implementation of Performance measures.</td>
<td>3. To examine how and why criteria are selected to measure performance in SME hotels.</td>
</tr>
</tbody>
</table>
4. To investigate how these performance indicators can be linked with strategic goals to enhance organisational success and survey the possibility of the Balanced scorecard and Performance Pyramid as a tool to collaborate between Strategic management and PMM in order to enhance organisational success.

4. To develop a performance measurement framework suitable for hospitality SMEs.

Source: Author.

In conclusion, this preliminary study helped with the focus and direction of the research to understand what perception of owner/managers to PM and explore the metrics in use and the criteria for the chosen metrics adopting qualitative research methods as influenced by phenomenological approach. The preliminary study results incorporated a revised conceptual framework, research objectives, and interview questions to reflect the actual PM used and the criteria for the chosen metrics in the industry. This helped to develop a proposed framework for small and medium hotel organisations.

4.6 Research Strategies

The third aspect of the research honeycomb is research strategies. Collis and Hussey (2009) state that once the researcher has established the research philosophy, the next step is to develop the research design strategy. A research design strategy can be seen as a plan, structure and strategies to investigate and provide an answer to the research questions (Brotherton 2015). Moreover, Cooper and Schindler (2011) also describe the research design as a strategy that creates a plan for collecting, measurement and analysing data. Such a method includes an interview, survey, experiments,
observation, record analysis, or a combination. Also, Bryman and Bell (2011) explain research design as a framework that supports the collection and analysis of data. Punch (2005) suggests that research design helps to position the researcher within the empirical world. In other words, to accommodate both quantitative and qualitative methods in research design, he explained the theme of research design as:

"Connecting the research questions to the data, showing how the research questions will be connected to the data, and what tools and procedures to use in answering them. Therefore, it needs to follow from the questions and to fit in with data" (p.52).

Research strategy is a method of gathering and analysing data with specific goals in mind. It is a general plan for how to address the research objectives set by the researcher.

**Quantitative Research Methods**

The quantitative term is usually related to research concepts planned to deal with questions that have a relationship between regularly assessed variables in objective ways (Bryman, 2008). This approach engages the collection and analysis of data and the request of statistical tests (Wang, 2008). In other words, the quantitative approach seeks to measure or quantify results to explain phenomena rather than understand them, avoiding focusing on meanings, ideas and practices. This approach develops knowledge, simplifies statements regarding the study's objects from representative surveys, and later validates the results by standard statistical techniques (Bryman and Bell, 2011). Surveys also allow the researcher to replicate the same methods or statistical tests on different groups to check whether they are similar in the result or not (Saunders et al., 2016). Brunt et al. (2017) emphasised that this is the most commonly used methodology in the hospitality industry, involving a face-to-face or self-completion questionnaire.

**Qualitative Research Methods**

The term qualitative is a concept that addresses the questions of meaning, feeling, understanding and socially created reality (Thanh and Thanh 2015). Denzin and Lincoln (2011) state that qualitative research is concerned with qualities, processes,
and meanings, which are not experimentally examined or measured in terms of the quantitative approach; that is, quantity, amount, intensity or frequency. Mason et al. (2010) explained that qualitative data analysis reveals the respondent’s opinion; this may vary depending on the research problem and required information. According to Corbin and Strauss (2008) and Denscombe (2003), qualitative methods such as case studies, focus groups and interviews offer more in-depth insights into the topic, illustrating the information provided by fewer informants. Moreover, qualitative methods also help to investigate what happens behind the views of different institutions, organisations and activities (Silverman, 2004). Myers (2020) further argues that qualitative methods should be used in the context of participant observation and in-depth interviews. They present a wealth of opportunities that cannot easily be found by applying quantitative methods. Brunt et al. (2017) and Brotherton (2015) agreed that this method is also commonly used in the hospitality industry and it offers a rigorous alternative method to quantitative data collection. Some of the techniques used are in-depth interviews, focus groups, observation and case study approaches. According to Mackenzie and Knipe (2006), data collection in the interpretivism method can be through various tools and methods, such as interviews, observations, document reviews, and visual data analysis. One of the most common ways is interviews, which has also been implemented in this research and supplemented with document analysis.

Having considered the different research strategies, this study adopted a qualitative research strategy to achieve the research objectives. This is to understand the owners-managers perceptions of the concept of and how hotel accommodation businesses design and implement PMS as the research aims to gain richer insight into the PMS concept's perceptions and application. This research additionally adopted documents analysis and an in-depth interview approach to clarify the concepts, perception and practice of performance measurements in small and medium-sized hotel accommodation.
4.7 Research Design: Phenomenological Approach

Blaikie and Priest (2019) described a research design as a logic of investigation outlining a set of steps and procedures necessary for answering the research objectives. Wilson (2014) also defined research design as a framework or plan for collection and analysing data. This is influenced by the research philosophies and strategies. Creswell (2007) emphasised different approaches to qualitative research, such as narrative, phenomenology, grounded theory, ethnography and case study, as highlighted in table 4.2 below. The logic of investigation for this study is based on the phenomenology research design. This was established after conducting a preliminary study. The result emphasised the need to understand performance measurements from hotel owners/managers lived experience to establish the practicality of the system within the small and medium-sized hotel accommodation.

<table>
<thead>
<tr>
<th>Focus</th>
<th>Narrative</th>
<th>Phenomenology</th>
<th>Grounded Theory</th>
<th>Ethnography</th>
<th>Case study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Explore the life of an individual; tell their story</td>
<td>Attempts to understand or explain life experiences or a phenomenon</td>
<td>Investigate process, action or interaction to develop a theory “grounded” in observations</td>
<td>Describes and interprets an ethnic, cultural or social group</td>
<td>Examines episodic events in a definable framework; develops an in-depth analysis of single or multiple cases; generally explaining “how.”</td>
</tr>
<tr>
<td>Data Collection</td>
<td>Interviews and documents</td>
<td>Primarily through interviews, sometimes observation</td>
<td>Interviews with 20-30 individuals to gather enough data</td>
<td>Interviews, observations and immersion into the culture as an active participant</td>
<td>Documents of the case, archives, interviews, observations, physical artefacts</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>Stories, review of historical content, development of themes</td>
<td>Study and describe experiences, examine meaning and context, look for themes, classify</td>
<td>Open, axial and selective coding used to categorize the data and describe the implication of the categories</td>
<td>Describe and interpret findings by analysing data and developing themes</td>
<td>Develop a detailed analysis; identify themes; make assertions</td>
</tr>
<tr>
<td>Written Report Form</td>
<td>Detailed picture of person’s life; often a chronology or biography</td>
<td>Report of “essence” of the experience, description of the context of the experience or phenomena</td>
<td>Results in a theory, theoretical mode, or figure that represents the phenomena</td>
<td>Description of the cultural behaviour of a group</td>
<td>In-depth study of a case that describes the case, its themes and possible lessons learned</td>
</tr>
</tbody>
</table>

**Phenomenology Research Approach**

Phenomenology is a qualitative research methodology rooted in the 20th century philosophical introduced by Edmund Husserl and further developed by Martin Heidegger. This approach seeks to study the lived human experience and how they perceive a particular phenomenon or concept (Tuffour 2017). The term phenomenology is from the Greek meaning to let something be seen. Van Manen (2016:27) explained phenomenology as "what gives itself and how something gives itself". Social actors construct realities that deny the existence of the universal truth and consider the possibility of an unbiased inquiry as naïve (Denzin and Lincoln, 2000). Wilson et al. (2014:157) explain that phenomenology is the opposite of positivism that attempts to generate a "rigorous search for truth" report. Phenomenological research must be systematic, methodological, general and critical (Kirillova 2018). Interpretive phenomenology studies human perception and human experiences through which it becomes possible for the researcher to understand real situations.

*Source: Cresswell and Poth, 2016, p78-80, Sage Publication.*
The phenomenological approach in demystifying the practical experience of accommodation practitioners within the subject of performance measurement was explored in this study. Natanson (1973) explain that this is an approach within sociology; phenomenology seeks to expose how human awareness is implicated in the production of social action, social situations and social worlds. The accommodation organisations have their place in the category of both social and business organisations. Whether defined as social or business organisations, there is a close relationship between hotels and society. This study aims to understand the perception of owners/managers about the concept and practice of performance measurement by attempting to grasp the subjective meanings of actions and communication from the perspective of a particular agent. This is done by examining daily practices involved in the accommodation operation to understand further how society functions and which roles human beings are called to become engaged with professional level.

Moran (2000:15) explained that a phenomenological approach does not separate the research subjects from the research participants' social and organisational environment. It proposed that research relies on the participants' views of the situation in this study. It was emphasised by Burrell and Morgan (1979) that knowledge can be achieved through the interpretation of peoples’ accounts. The reality of the world becomes meaningful in terms of intentionality, consciousness and essential relationships. Therefore, it is necessary to understand the content of the experiences of hotel practitioners and the reasons that constitute those experiences. Accommodation operators hold two identities; one classifies them simply as human beings and another categorises them as owners/managers.

Phenomenology has drawn the growing interest in daily life experience around nursing, education, psychology, social work, and business and management. Kirillova (2018) highlights that the phenomenological approach can also tackle an array of issues in hospitality research ranging from customers, employees, management and entrepreneurship. Its foundation focuses on the individual as an actor through their lived experience. Tourism and hospitality research has seen a rise in using the
phenomenological research method to understand an experience, as emphasised by Kirillova et al. (2017) and Wassler and Schuckert (2017). It was highlighted that there is a lack of awareness and understanding of the approach. This can be attributed to the broad nature of the approach with limited researchers' guidelines (Fendt et al., 2014). In addition, Pernecky and Jamal (2010) and Szarycz (2009) stressed that hospitality and tourism researchers tend to incorrectly address ontological and epistemological assumptions of phenomenology, leading to confusion about approaches to data collection, analysis and interpretation.

Dahlberg (2006) explains that a phenomenologist's attitude should see a phenomenon in its pure form, free from routine assumptions. There have been a series of phenomenological research in tourism and hospitality. For example, Marschall (2015) uses phenomenology along with the auto-ethnographic approach to examine memory trips. She interviewed 20 individuals and coded data into "pre-designed thematic strands" (Marschall, 2015, p. 41). Cousins et al. (2010) investigated the phenomenon of molecular cuisine through interviews with 18 renowned chefs.

The potential of phenomenology in the hospitality sector is vast. Mancuso and Tonelli (2014) link phenomenology-based business intelligence to the firm's ability to innovate and compete. As hospitality is a people-centred industry, this research is anticipated to contribute to practitioners' greater appreciation of phenomenological knowledge of lived experiences in performance measurements. It became possible to explain why specific experiences and phenomena are essential with interpretive phenomenology, intensifying the meanings and understandings attached to owners/managers' relevant experiences. Interpretation of the phenomena expressed by accommodation operators indicates that they are constructed of numerous realities; this is where themes appear.

As this study aims to understand the concept of performance measurements that belong to specific social and organisational settings within the accommodation sector, it can identify how the reality constructed in the internal environment of
accommodation as working environments can be organised with the external environment social reality. Bititci, Garengo, Dörfler and Nudurupati (2012:36) stressed that "it is becoming increasingly apparent that performance measurement is a social phenomenon where behaviours (organisational and individual) are shaped by the values and perceptions of the individuals and the communities within which the individual operates". This, in conjunction with the preliminary study (see section 4.5 above), supports this research's justification for adopting a phenomenological approach to understanding performance measurement from the perspective of hotel accommodation owners/managers who regularly make management decisions.

4.8 Data Collection Methods

According to Mackenzie and Knipe (2006), data collection using a phenomenological approach can be done through various tools and methods, such as interviews, observations, document reviews, and visual data analysis. One of the most common methods is interviews, which will be applied in this research. Given this study's interpretive phenomenological nature, a semi-structured interview is regarded as an appropriate method to capture the data. This type of interview is considered the most common form of qualitative data collection (Brotherton 2015; Easterby-Smith et al., 2018). There are three types of interview styles: structured, semi-structured, and unstructured (Bryman & Bell, 2011; Saunders et al., 2012). Structured interviews are based on a series of pre-determined questions (Robson, 2011). While semi-structured interviews are also known as qualitative study interviews, the researcher has a list of topics and questions to cover during semi-structured interviews (an interview guide). It was highlighted by Sarantakos (2013) that semi-structured interviews are a predominantly qualitative research tool where the participant is regarded as an expert who will provide valuable information. This type of interview helps to gain an in-depth perception of social phenomena, to gather in-depth information and knowledge from the participants.
This method is appropriate as the study aims to obtain information about a particular topic on performance measurement. The semi-structured interview design allows freedom of expression of respondents' views and, at the same time, permit the interviewer to ask probing and follow-up questions according to the perceived significance of the answers (Bryman 2008 and Sarantakos 2013). Various data collection techniques are used in qualitative research, including interviews, documents, archival records, direct observations, and physical artefacts (Saunders et al., 2012; Easterby-Smith et al., 2018). This research used semi-structured interviews as the primary data collection methodology and supplemented with documentary analysis to improve the validity and accuracy of the data.

Furthermore, Saunders et al. (2016) and Myers (2020) stressed that documents are a great source of information, a record of what someone said or what happened. They complement the knowledge collected through interviews and fieldwork. In reality, one or more documents can contain the only empirical evidence available on a specific subject. According to Payne & Payne (2004), documents can be divided into three categories: personal, private, and public, based on who wrote them, rather than the document's ownership or accessibility to the general public.

According to Myers (2020), a qualitative researcher may use various documentary sources in business and management such as annual reports, press releases, meeting minutes, organisational mission statements, business policies and practices, blogs, and emails. This photographic documentation can be used to complement knowledge obtained through interviews and fieldwork. Documents also provide a wealth of background information that can help researchers frame interview questions, prepare fieldwork, or write up projects. Saldana (2003) proposes four guidelines for evaluating social science evidence's accuracy: authenticity, credibility, representativeness, and meaning. Documents make information available and trackable (Prior, 2003). Documents analysed in this study include evaluating financial data, targets, KPIs, evidence of customer metrics and competitors set.
4.8.1 Data Collection Justification: Small and Medium Independent Accommodation Room Classification

According to EU recommendation (2003), SMEs are defined in terms of two categories (a) staff headcount (b) either turnover or balance sheet total. The hospitality sector is classified as 81% micro business, 16% small, 2% medium and only 0.4% as the large establishment (Statista 2020). The People 1st (2015) used the employment criteria when providing statistics regarding sizes in the hospitality and tourism sector. Employability figures, turnover and balance sheet data are sensitive and confidential data. They might impact sampling selection criteria and the willingness of potential participants to agree to participate in the study. As a result of this, another means of categorising small and medium independent accommodations from public data, such as the number of bedrooms, is chosen as a criterion.

Radwan et al. (2010) articulate using the number of hotel bedrooms as a criterion for determining the hotel sector classification. There are some other studies with a sampling approach based on the number of hotel bedrooms. Main et al. (1997) indicated that small hotels makeup 90% of hotels worldwide and have less than 50 rooms. Buick et al. (1998) emphasised the lack of uniformity in hotel room classifications. Their study highlights small hotels with 50 bedrooms. Kirk (1998), on the other hand, regarded 20 bedrooms as the basis for defining small hotels. Also, Avcikurt (2003) used a sample with 100 bedrooms or less as small and medium hotels and in 2011, Avcikurt used hotels with 50 bedrooms or less as the basis for defining a small hotel in his study. Jones (2002) study on facilities management in medium-sized hotels in the UK used hotels with 11-50 rooms. Likewise, Bastakis et al. (2004) used the Greek hotel size classification as 1-20 Family hotels, 21-50 for small hotels, 51-100 for medium and over 100 for large hotels. Chen (2011) used hotels with 250 bedrooms or less as the sample for the small and medium hotels in Hong Kong. The variation of these classifications depends on different countries. The EU classified hotel room capacity as small hotels up to 150 rooms, medium hotels is 151-400 rooms, large hotels with over 400 rooms. The Ministry of Tourism, Government of India, based on classification, is a small hotel with less than 25 rooms, medium hotels with
26-100 rooms, large hotels with 101-300 guest rooms and rooms with over 300 are categorised as very large hotels.

Likewise, in the industry, Pride of Britain Hotels (2013); AA Hotel services (2019) state that smaller hotels with a maximum of 20 bedrooms. They will be personally run by proprietor and are likely to have limited function business. Visit Britain (2019) provides a distinctive basis on the number of bedrooms in their occupancy survey. The accommodation providers are divided into six categories in terms of room size: 1-3, 4-10, 11-25, 26-50, 51-100 and above 100 bedrooms. The UK Hotel Industry (2017) classified hotel size as small hotels with fewer than 25 rooms, medium hotels with around 26 to 99 rooms, large hotels with about 100 to 299 rooms, and major hotels with more than 300 rooms. Office of National Statistics (ONS, 2011) and Melvin Hotel Consulting (2016) showed that an average UK hotel has 16—17 bedrooms.

For this study, the following room classification will be used: Small hotels with rooms up to 25 bedrooms, medium hotels with rooms from 26 to 100 bedrooms and large hotels with rooms more than 100 bedrooms, as demonstrated in table 4.2 below. The study will consider accommodations with less than 100 rooms in the sample for the data collection.

<table>
<thead>
<tr>
<th>Table 4.1 UK Hotel Room Classifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishments</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>201+ rooms</td>
</tr>
<tr>
<td>101-200 rooms</td>
</tr>
<tr>
<td>51-100 rooms</td>
</tr>
<tr>
<td>26-50 rooms</td>
</tr>
<tr>
<td>11-25 rooms</td>
</tr>
<tr>
<td>(estimated)</td>
</tr>
<tr>
<td>Up to 10 rooms</td>
</tr>
<tr>
<td>(estimated)</td>
</tr>
</tbody>
</table>

Source: Melvin Gold Consulting Ltd.

The hotel industry has long since been characterised by the duality of independent and branded hotels. Independent hotels typically lack adequate resources due to a small
ownership model and no brands affiliation, resulting in poor performance (Yang and Mao 2017). According to Webster (2018) from Geronimo Hospitality Group, independent hotels had a higher average daily rate overall and faster growth than their branded peers, as reported by Expedia in 2017. Also, since the beginning of 2014, independent hotels have doubled the rate of branded Average Daily Rates (ADRs), proving that most of the market is occupied by these hotels. Unlike others, independent hotels are striving because there are no constraints of strict brand guidelines and they have the freedom to design their hotels in a specific way. In a way that is unique to their venue, they are able to personalise themselves. It is easy to quickly find where you are when you wake up in an independent hotel as there is undoubtedly no other hotel quite like it. The hotel industry is experiencing an increasingly competitive marketplace where smaller, independent hotels must compete with chain-owned hotels (Nazarian et al., 2017; Nazarian et al., 2019) that have access to more significant resources (Kempster et al., 2018). However, according to Harmer’s (2016) report, there was a slight growth in the number of independent hotels from 38,049 in 2015 as highlighted in table 4.2 and 4.3 below to 38,604 with 409,9134 rooms as opposed to 380,548 in the previous year and accounted for 54.9%, not 51% as in Figure 4.2 of the total UK service accommodation sector.

![Total Estimated Serviced Accommodation](image)

**Figure 4.2 Total Estimated Serviced Accommodation**

*Source: Melvin Gold Consulting Ltd.*
Table 4.2 Analysis of UK serviced accommodation sector by category, end-2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Full-Service brands</th>
<th>Mid-market brands</th>
<th>Branded Budget</th>
<th>Consortia</th>
<th>Independent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>605</td>
<td>709</td>
<td>1,669</td>
<td>555</td>
<td>38,049</td>
<td>41,587</td>
</tr>
<tr>
<td>Rooms</td>
<td>103,172</td>
<td>88,974</td>
<td>144,691</td>
<td>29,365</td>
<td>380,548</td>
<td>746,750</td>
</tr>
<tr>
<td>% of Total rooms</td>
<td>13.8%</td>
<td>11.9%</td>
<td>19.4%</td>
<td>3.9%</td>
<td>51.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Melvin Gold Consulting Ltd.

Table 4.3 Structure of serviced accommodation industry by number of rooms, end-2015.

<table>
<thead>
<tr>
<th>Rooms</th>
<th>No of establishments</th>
<th>No of rooms</th>
<th>Average No. of rooms per hotel</th>
<th>Full-Service brands</th>
<th>Mid-market brands</th>
<th>Branded budget</th>
<th>Consortia</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>200+</td>
<td>362</td>
<td>113,282</td>
<td>312.9</td>
<td>55,728</td>
<td>24,948</td>
<td>17,938</td>
<td>2,508</td>
<td>12,160</td>
</tr>
<tr>
<td>101-200</td>
<td>1202</td>
<td>165,391</td>
<td>137.6</td>
<td>35,066</td>
<td>43,370</td>
<td>56,676</td>
<td>4,846</td>
<td>25,433</td>
</tr>
<tr>
<td>51-100</td>
<td>1967</td>
<td>141,838</td>
<td>72.1</td>
<td>9,443</td>
<td>17,865</td>
<td>54,252</td>
<td>12,221</td>
<td>48,057</td>
</tr>
<tr>
<td>26-50</td>
<td>2341</td>
<td>85,751</td>
<td>36.6</td>
<td>2,778</td>
<td>2,507</td>
<td>14,518</td>
<td>7,435</td>
<td>58,513</td>
</tr>
<tr>
<td>11-25</td>
<td>6127</td>
<td>97,024</td>
<td>15.8</td>
<td>147</td>
<td>249</td>
<td>1,234</td>
<td>2,168</td>
<td>93,226</td>
</tr>
<tr>
<td>1-10</td>
<td>29588</td>
<td>143,464</td>
<td>4.8</td>
<td>10</td>
<td>35</td>
<td>73</td>
<td>187</td>
<td>143,159</td>
</tr>
<tr>
<td>Total</td>
<td>41587</td>
<td>746,750</td>
<td>18.0</td>
<td>103,172</td>
<td>88,972</td>
<td>144,691</td>
<td>29,365</td>
<td>380,548</td>
</tr>
</tbody>
</table>

Source: Melvin Gold Consulting Ltd.

The UK hotel and accommodation sector is divided into full-service, mid-market, branded budget, consortia, and independent hotels. The UK hotel accommodation rooms that fall within this study category are hotels with rooms 1-100, which total 468,077 rooms and represent 62.7% of the total number of hotel rooms in the UK. The
statistical information about the independent hotels in the UK supports the research approach to focus on the independent hotel classification.

4.8.2 Sampling Strategy

Qualitative research aims to provide an in-depth understanding of the world, as seen through the eyes of the people being studied. This method does not claim numerical significance, but rather comprehensive information gathered from a relatively small sample chosen purposely to generate rich information (Veal, 2011, Patton, 2002, Altinay and Paraskevas, 2008). However, the sample needs to reflect the characteristics of the entire population. Sampling strategy, according to Easterby-Smith et al. (2018:104), "sets out the criteria to be adopted by a researcher when selecting a subset from a wide population of individuals, organisations, industries (or whatever unit of analysis that is being investigated)". The difference in sampling strategies between quantitative and qualitative studies is due to each research approach’s different goals.

Sampling strategies for qualitative research are often referred to as non-probability sampling methods as it does not aim to produce a statistically representative sample or draw a statistical inference (Denscombe, 2010; Schutt, 2012). Non-probability sampling is based on selection by non-random means. Walliman (2017) and Patton (2002) highlight different strategies a researcher can use to select information conditions such as purposive, quota, convenience self-selection and snowball techniques. For this study, purposive criterion sampling and snowballing sampling will be adopted.

Purposive criterion sampling is a form of non-probability sampling design where the data sample criteria are defined. Researchers ensure that entities are checked to see whether they meet the criteria to be included in the sample (Gentles et al., 2015; Easterby-Smith et al., 2018). Criterion Sampling occurs when respondents are selected based on a key criterion or meet the study criteria (Patton, 2002; Veal, 2011). In order
to achieve a successful purposive sampling process, Silverman (2004) explains that a critical review of the parameters of the population should be conducted to inform the sample selection. This method is appropriate for this study; the respondents must be owners or managers of small and medium hotels and be involved in making strategic decisions in their organisation. This is important as they would be interested in deciding the performance metrics used in the hotels. Since this research focused on understanding the concept and implementation of PMS, there is a need to explore this with the hotel owners/managers. These people make the managerial decision for the organisation. The target interviewees are key leaders with strategic positions to set and monitor the hotel's key performance indicators. Other hotel staff who are not responsible for the hotel performance were not included in this study.

Furthermore, focusing the research on owners and managers helped identify the performance measurement in practices and discuss their approaches, criteria, and impact on the organisation's overall performance. Also, all the research participants were the right people to participate in the study because they possessed expertise in and experience of the hotel industry related to the issues investigated. They had an average of five to thirty years of experience in the hotel industry, so the researcher considered their knowledge and insight were quite valid for this study. The research sample will also encompass hotels with 1-100 rooms, which falls under the category of small and medium hotels in terms of room size. A list of the possible participants was identified and contacted to gain their interest in participating in the study.

More so, convenience sampling is where entities are included in the sample based on their ease of access. Snowball sampling is another form of non-probability sampling design. The criteria for inclusion in a sample are defined and entities will need to meet the criteria. Then the researcher asks whether they know others who also meet the criteria. This method alone is prone to be biased and is usually adopted to supplement other methods (Hair et al., 2019). The researcher used existing contacts in the hotel industry and asked if other participants could be recommended to meet the sampling criteria. Also, to supplement the number of research participants through the snowballing approach, the researcher randomly contacted about 70 hotel owners/managers through their company website and LinkedIn. This generated eight
positive interests to complement twenty-two existing and recommended contacts to participate in the study.

**Sampling frame**

A sampling frame is important to ensure the collection of appropriate data from the population of interest. Morgan (2008) explains that a sampling frame defines the members of the population who are eligible to be included in a given sample, in the sense of drawing a boundary or frame around those cases that are acceptable for inclusion in the sample. The purposive sampling process in qualitative research is logically similar to defining a sampling frame in quantitative research. In both cases, the critical goal is to specify the set of data sources within the general population eligible for inclusion in the study. For this research, as stated above in the sampling strategy section, the sample frame would include 20-35 respondents in small and medium hotel enterprises according to Creswell and Poth (2016) recommendation for sufficient data collection.

According to Wilmot (2005) and Mason (2010), an effective sampling strategy is as crucial for qualitative as it is for quantitative research. The research objectives must be linked to the sample population, sampling, and analysis techniques in designing the sampling strategy. The research design must feed into data collection methodology, sample criteria, interview length, sample size, sampling frame and recruitment method. An aspect that is fundamental to the sampling strategy is the choice of the sampling frame. It is important that a researcher obtain an appropriate sampling frame from existing lists as creating a frame can be difficult and time-consuming, except if there is no alternative. The sampling strategy and frame depend extensively on the study's nature and the target population (Wilmot, 2005; Gentles et al., 2015).
4.8.3 The relationship between the research objectives and interview guides and data collection

One of the most important aspects of interview design is developing appropriate research questions for the interview process. Designing qualitative research can be challenging. It is important to understand the relationship between the research objectives and the interview guide to establish the key focus of the data collection. As Creswell (2014) explained, the interview protocol is one of the most common areas of interest in qualitative research design. Interviews provide detailed information about participants' experiences and perspectives on a subject. Wilmot (2005) provided some idea of the scale of qualitative investigation, suggesting that the researcher might expect to achieve between 20 and 50 interviews for a one-to-one investigation and around 60 to 100 participants at the group interview the research question. This research adopted face to face interview approach. The study achieved 30 interviews which is within the planned sampling strategy as discussed above and in alliance with Wilmot (2005) recommendation.

To achieve research objectives, a funnel approach was be used during the interview — first, the general question about the participants and the organisation as indicated in table 4.6 below. This is to set the scene for a non-threatening and friendly discussion of performance measurements and business practice. The emphasis is to develop a rapport between the interviewer and the owner/manager of small and medium hotels. The interview questions were divided into three sections, namely (1) Participants general details, (2) questions about performance measurement and (3) additional questionnaires to capture the actual measures used in small and medium hotels.

<table>
<thead>
<tr>
<th>Research Objective</th>
<th>Interview Guides</th>
<th>Data Collection Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Semi-structured Interview</td>
</tr>
</tbody>
</table>

*Table 4. 4 Linking Research Objectives, Interview Guides and Data Collection Method.*
<table>
<thead>
<tr>
<th>General Questions</th>
<th>Q1. What is your position in this organisation</th>
<th>✓</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2. Are you involved in the strategic and operational decision making in your organisation?</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Q3. What is the size of your organisation (Rooms and Employees)</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>RO1. To seek a critical understanding of SME hotel owner-managers perception of the concept of Performance Measurement.</td>
<td>Q4. What do you understand by performance measurement?</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Q5. Does your organisation engage in the formal/ informal measurement of its business activities? Please specify how?</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>RO2. To explore how performance is measured in the SME hotel accommodations.</td>
<td>Q6. What specific measures does your firm use for performance measurement? Please state 8-10 most important measures/ Key Performance Indicators (KPI) used in your company.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Q7. How are the criteria used as the basis for the above measures selected?</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>RO3. To examine the criteria for the chosen performance measurements in SME hotel accommodations.</td>
<td>Q8. Which performance measurement model or tools are used in your company?</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Q10. What are the barriers to implementing performance measurement in your company?</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q11. Do you think your company uses a balanced approach (financial and non-financial measures) to performance measurement?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q12. How often is each measure reported/extracted?</td>
<td>✓ ✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q13. Do you feel that performance measurement has an impact on your organisation’s performance? Please explain.</td>
<td>✓ ✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q14. We are trying to develop a realistic Performance Measurement System model for Hospitality SMEs; what would be your advice?</td>
<td>✓ X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Wrap up Question**

Thank you for your time and for being part of this study!

*Source: Author.*

### 4.9 Data Analysis

Data analysis in the qualitative study involves searching for themes, patterns, and relationships among the data. This process supports the researcher's understanding of the research data. Kawulich (2004) explains that it entails using appropriate techniques to make sense of the data collected. Brotherton (2015) explains that the analysis of qualitative data is more challenging than in the case of quantitative data. As such, it gives room for the variable, flexibility and interpretation than numeric data. According to Myers (2020:206), "it is not enough simply to reduce the quantity of data; rather, the whole point is to come up with some insights that help others to understand or
explain the subject at hand”. Qualitative data analysis is an iterative process; this involves a series of stages for collating unorganised raw data to reduce data by focusing and processing key messages that the data reveals. Qualitative data analysis helps the researcher focus on the most important part of their data while ignoring irrelevant data. This enables the transformation of data into something meaningful to the researcher and reader (Wilson 2014). Trying to make sense of the research data requires significant effort and skills. Qualitative methods consider the meanings people create from their experiences are socially embedded (Johnson and VanderStoep, 2009).

Myers (2020) explains two approaches to analysing qualitative data is (i) top-down (ii) bottom-up approach. The top-down method suggests that the literature review content informs the analysis process, while the bottom-up means that the concept emerges from detailed data analysis. As this research is exploratory, examining the owners/managers’ perception of performance measurement within the small and medium independent accommodation, this study adopted the bottom-up approach where data analysis emerges from the data collected from the in-depth semi-structured interview with the hotel practitioners.

From a phenomenological perspective, it is assumed that researchers’ beliefs will affect the gathering and analysing of data. The questions to the participant should determine the answers received. The analysis will affect data and data will influence the analysis in a significant way. Myers (2020) and Gbrich (2007) emphasised that the data analysis phase is not significantly separate from the data-gathering phase.

4.9.1 Thematic Analysis

Thematic analysis is a data analysis technique for qualitative studies concerned with identifying, examining, and recording data themes (Saldana 2013). Themes are patterns explaining certain phenomena. Themes are generated through coding. Data analysis involves searching for themes pattern and the relationship within data that
Thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data. It simply organises and describes the rich data set in detail (Braun and Clarke, 2006). Crabtree and Miller (1999) explained that thematic analysis provides a framework to capture the richness of the data collected and structurally organise it. This type of analysis helps researchers produce codes that inform textual data (Cassell and Symon, 2004). There are two main options for managing qualitative data; these are manual or computerised methods. Silverman (2010) and Wilson (2014) explained that qualitative analysis mostly deals with a vast amount of raw data. There are different qualitative analysis methods, such as Wilson (2014) proposed the four analytical steps through the qualitative data analysis process. The steps are transcribing data, reading and generating categories, themes and patterns, interpreting findings and writing the report.

This research adopted thematic analysis based on a phenomenological tradition focusing on lived experience, which refers to participants’ perceptions of the world. As a result, there is a strong emphasis on lived experiences (Jackson et al, 2018; Nunkoo, 2018; Kirillova, 2018; Norlyk & Harder, 2010). In line with Sundler et al. (2019) suggestion, the research analysis begins with searching for the meaning of performance measurements and further identifies key performance indicators used in the participating hotels. The analysis seeks to comprehend the complexities of meanings in the data rather than to quantify their frequency. The analysis includes a search for meaning and patterns that can be further explored and determining how the researcher can organise such patterns into themes. As in the case of the study, the themes are defining, designing and implementing performance measurements in independent hotel accommodation.
Adopting phenomenological thematic analysis approaches focused on comprehending and describing meaning-oriented themes (Vasquez, 2016; Dahlberg 2006; van Manen, 2016). As highlighted by Jackson et al. (2018), the goal of the lived experience study was not to hear the stories that participants wanted people to hear but to get to the soul, the essence, of what it was like to experience a particular concept without being influenced by the researcher's or the participant's preconceived ideas. More so, Sundler et al. (2019) explain that meaning oriented themes can help to produce robust qualitative research findings, which was the case with this research. Furthermore, the analysis entails a reflective process intended to illuminate the meaning and practice of performance measurements within the small and medium-sized independent hotel accommodation.

**Transcribing Data**

Having undertaken 30 semi-structured interviews, this research followed the qualitative data analysis step highlighted by Wilson (2014) in the above paragraph. The interviews were tape-recorded with permission from the participants. According to Miles and Huberman (1994), recording an interview suggests providing a complete description of the interviews, responses and comments. All the recorded interviews were transcribed. Transcription has been argued by some researchers such as Bird (2005, p. 227) as "a key phase of data analysis within qualitative interpretative methodology". The first step is to transcribe all recorded interviews. Wilson (2014) suggested getting someone with the necessary experience to transcribe research data. The researcher transcribed half of the interviews recorded whilst an expert/professional transcriber was engaged to transcribe the remaining half. The researcher ensured the transcription's validity by listening and reading the documents to ensure that there was no alteration to the respondents' answers.

After transcribing all the data, the manuscripts were uploaded onto the Nvivo version (13) in order to organise the data into a manageable form, ready for analysis. For this research, the use of data analysis software was used at the initial stage and
subsequently manual coding to ensure that the researcher submerged herself in the data analysis and got a more significant understanding of the data collected. This was supported with the use of both electronic and manual coding references (Denscombe, 2007).

Bazeley and Richard (2000) explain that Nvivo helps the researcher manage, store and analyse large quantities of data. It is useful to categorise data into nodes and link data to emerging concepts and themes in developing the study's overall conclusion. Also, Morse et al. (2002) mentioned that using electronic software should not replace the researcher's role in analysing and interpreting qualitative data. As such, the use of both data gives a clearer understanding and interpretation of data as can be attested by the researcher.

**Reading and generating categories, themes and patterns.**

The second step in qualitative data analysis by Wilson (2014) is to read and re-read through manuscripts and begin coding. The researcher listened to the recording, read through the manuscripts and notes taken during the interviews in order to familiarise and start identifying the data. Extensive reading helps the researcher to begin generating the codes and themes in the data.

One of the simplest ways to qualitative data analysis is coding. According to Brotherton (2015), coding is a way of attaching operational and conceptual identities to the data to make sense of it by organising, categorising, breaking down, and reassembling it in a meaningful manner. It is the process of ordering, reducing and summarising data. Meyer (2020) explained that a code is a word that is used to describe or summarise a sentence, paragraph or whole aspect of text such as an interview. Coding is an essential part of qualitative data analysis, though the level of detail will vary depending on the approaches to analysis. Also, Mile and Huberman (1994:56) highlight that "codes are tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes are chunks of varying size- words, phrases, sentences or whole paragraphs, connected or
unconnected to a specific setting”. Also, Charmaz (2006, p. 45) noted, "coding generates the bones of your analysis… integration will assemble those bones into a working skeleton”.

After identifying the codes, the entire set of coded data were retrieved and downloaded from Nvivo to conduct more exploratory analysis manually by marking out text. The initial coding generated numerous codes through the reading of the transcript. In some cases, a piece of information and meaningful phrases were assigned to several codes. The subsequent coding stage involves the grouping of summaries into a smaller set of themes and categories. These coding procedures helped the researcher to consider alternative and different meanings of phenomena. On the third stream of data analysis, the researcher was able to draw the conclusion and verify the analytical analysis, as highlighted by Miles and Huberman (1994). These phases helped identify themes and relate the concepts used to the existing literature in performance measurements.

**Interpreting the findings**

This stage of the analysis helped the researcher to develop a meaningful understanding of the findings. This was achieved by engaging in interpreting the themes and considering the connections between the codes, themes, and categories of the research identified from the transcribed data. For this research, data were categorised into themes to analyse the data collected effectively. The themes identified were summarised as (i) defining performance measurement, (ii) designing the performance measurement and (iii) doing performance measurement.

The extracted themes were further interpreted to understand the main issues better, as highlighted in the research objectives. Doing this helped the researcher reduce the data to the most critical information to support the discussions and findings in the subsequent three chapters. Data reduction involves selecting, focusing, simplifying, and coding to consolidate the focus and direction of the study so that the research outcome will easily be arrived at and verified (Miles and Huberman (1994); Bell (2010); Saldana (2013); Easterby-Smith et al., (2018).
The research aims to explore what, why and how performance measurement will enhance organisational decision-making and success. Thirty respondents agreed to take part in the interview. The research adopted a snowball and purposive sampling technique, using recommendations from other participants. The snowballing method and contacting people directly was a success and allowed the researcher to contact more hotels, which enhanced more participation in the study. The interviews were conducted over ten months, all in hotel sites within the Southeast of England region. The researcher reached the saturation point at this level as no new information was gathered. The duration of the interviews varied between 35-75 minutes. The participants are gatekeepers, such as owners or managers of the hotels. They were chosen because they held strategic positions in the organisations and, therefore, are involved in strategic decision making, including the metrics used in measuring hotel performance. Thirty interviews were undertaken, of which twenty-seven were tape-recorded, and notes were taken for the remaining three interviews. After all the interviews had been completed, the recorded interviews were transcribed and analysed using Nvivo. The research findings were summarised into four themes and ten sub-themes after the first and second coding levels. The first level coding was done electronically on Nvivo, while the second level was completed using manual and electronic coding to consolidate the codes. Figure 4.2 below presents the themes and sub-themes generated from the coding analysis:
In summary, this research adopted an interpretivist research philosophy. Interpretivism integrates human interest into a study. It assumes that access to reality is only through social constructions such as language. Moreover, interpretivism studies usually focus on meaning and may employ multiple methods in order to reflect different aspects of the issue. This research aims to understand what performance measurement means to owners and managers of small and medium hotels. In addition, the research implemented interpretive phenomenology, which studies the human perception and experiences by which it becomes possible for the researcher to understand real situations. The use of documentary analysis and semi-structured interviews for an in-depth study of the understanding and practice of performance measures in small and medium-sized independent accommodations helps fulfil the research objectives. More so, the researcher used a purposive sampling technique to produce a logically assumed sample to represent the population. Hotel accommodation owners/managers who have the ability to influence performance measurement strategies were chosen as the sample criteria for the study. Qualitative data collection and analysis using Nvivo for coding and thematic analysis. A research process is a strategy that lays out the principles of the research methodology for a given study. The
This research was born out of curiosity after a previous study on revenue management in SMHA and one of the participants explained that he could give up to 80 per cent discount to customers. The question that came to mind was how then does he measure his business performance and are there any particular framework used within the accommodation section. A comprehensive literature review was conducted to understand the gap and establish the rationale for the study. Also, a preliminary study was conducted to articulate the research methodology and consolidate the research aims and objectives. Through the literature review and the preliminary study, it was obvious that exploration of the performance measurements and concepts and practices
is important from the perception of owners/managers in the small and medium-sized independent accommodation. As a result of this, the researcher decided to investigate the lived experience and practice by setting criteria and the focus of data collection as people who make strategic decisions in the organisation.

The study set out the sampling criteria (section 4.8.2 on pages 98-99) to guide the data collection process. The data collection took place between May 2019 and February 2020. The researcher adopted snowball sampling, one of the most popular sampling methods in qualitative research, central to which are the characteristics of networking and referral. The researchers started with a small number of initial contacts who fit the research criteria and were invited to become participants. The agreed participants were asked to recommend other contacts who met the research criteria and who potentially might be willing participants, who then, in turn, recommend other potential participants. The researcher used their social networks to establish initial links, with sampling momentum developing, capturing an increasing chain of 22 participants. The referral process was slower than anticipated because of the deliberate decision to exclude branded chain hotels since they are beyond the scope and sampling criteria of the study. Also, due to the availability and willingness to participate in the study, the data collection period falls within crucial busy times in the hospitality sector, such as summer and Christmas of 2019.

One of the barriers to using a snowball sample is when the snowball fails to roll. In other words, new participants are not recruited due to a lack of recommendations or a lack of willing participants. The researcher experienced this when networking and referrals did not gain momentum. Eventually, the researcher overcame the barriers by adopting another strategy. The researcher looked up some hotels that were within the category of small and independent hotels specified in the sampling frame and contacted the owners/managers through their website and LinkedIn. Some participants were initially approached in person to establish their interest in participating in the study and confirm that they met key sampling criteria. Other participants were sent an email explaining the research objectives and the reason for requesting their participation. Despite contacting about 70 different hotels, the researcher received positive responses from 8 participants willing to take part in the study.
During the interviews, the researcher gave conscious attention to letting each participant's experiences emerge as they perceived them while not letting my views dominate the perspectives that surfaced during the interviews. Throughout each interview, the researcher repeatedly acknowledged the importance of identifying and putting aside my perspectives as owners/managers answered the interview questions. There was also an acknowledgement that using a semi-structured approach might result in owners/managers' inability to articulate significant problems in their company's history, but set aside my concern. As it turned out, each person who took part in the interviews easily identified and explained their understanding and practice of performance measurement, highlighting some crucial elements that support the PMS process within their organisation. Glaser (1992:4) accurately captured the other significant challenge that emerged during the data collection process when he stated that while conducting interpretive research, "the researcher must have patience and not force the data out of anxiety and impatience while waiting for the emergent".

This need for "patience" became apparent as the researcher grappled with the seemingly vast number of transcripts to analyse before reaching a critical point of categorising and coding. The outcomes began to emerge clearly from each iteration of coding transcripts into meaningful groupings. Overall, the methodological approach to data collection and analysis outlined in this chapter gave me the necessary flexibility to adequately investigate the central questions of this study. The interpretive assumptions underlying the chosen research process allowed more exploration than would have been possible within a positivist paradigm. As a result, the qualitative methods used in this study enabled the discovery, understanding and practice of performance measurements.

While systematic data lay the groundwork for the theories, anecdotal data allows the research to construct them and develop the proposed framework- Performance Steering-Wheel for SMIHA. Furthermore, the analysis provided an insightful narrative of the findings, and the researcher concentrated on choosing quotes that accurately represented what the participants said about the themes. The researcher
ensured anonymity throughout the data analysis and write-up process in line with the study's ethical consideration.

4.11 Ethical consideration

Ethics are an important aspect of the conduct of this research. The researcher needed to fully understand and embrace the fact that research should be designed, reviewed and undertaken to ensure integrity, value and quality; it should cause no harm but instead benefit participants and that its results should benefit society either directly or by generally improving human knowledge and understanding. Bell and Bryman (2007) and Saunders et al. (2012) present the main ethical issues that need to be considered when conducting research. These include the integrity and objectivity of the researcher; respect for others; avoidance of harm; privacy of possible and actual participants; voluntary nature of the participation and the right to withdraw partially or wholly from the process; informed consent of the participant; ensuring confidentiality of data provided by individuals and maintenance of anonymity of the participants; responsibility in the analysis of data and reporting of findings; compliance in the management of data and ensuring the safety of the researcher. Bryman and Bell (2011) and Brunt et al. (2017) also outline four main ethical principles relating to business research as (i) harm to participants, (ii) Lack of informed consent, (iii) Invasion of privacy and (iv) Deception involved.

Thus, before undertaking research work, the researcher applied for ethical approval from the University of Plymouth, which addressed concerns such as how the confidentiality of interviewees, findings, and documentation would be maintained. The Research Governance and Ethics Committee gave their approval to this research (see Appendix 1). Participants were reassured at the start of each interview that the researcher would treat the details they provided confidentially and that they had the right to opt-out of interviews at any time during the process. Participants' permission was also acquired to record the interview and although most agreed, some did not. The
interviewer sent invitations and participants information (appendix 2) emails to hotels prior to the interviews, requesting their permission to participate in the report. All the interviewers acquired through snowballing and purposive sampling, as discussed in 4.7, signed the consent form (appendix 3) to agree to the study.

In qualitative research, assessing trustworthiness differs from quantitative investigations, which rely heavily on the demonstration of research reliability, validity, and objectivity (Morse et al., 2002). The four parameters as outlined by Shenton (2004) as follows:

i. Credibility – researchers try to show that they present an accurate image of the phenomena under investigation.

ii. Transferability – the reader is given enough details about the fieldwork's context to assess if the current scenario is analogous to another familiar situation and whether the results can be transferred to the other setting.

iii. Dependability – the researcher must make it possible for future researchers to reproduce the research.

iv. Confirmability – the researcher must prove that the conclusions are based on the evidence rather than their prejudices.

Ethical considerations are of paramount importance in social science research, emphasising the awareness of professional codes of conduct with close links with researchers’ morality and confidentiality of participants information.

4.11 Summary

Having carried out the relevant literature review to identify the research gaps in the hospitality industry's performance measurement system. As a result of this and in order to address the research objectives, a phenomenological approach with a qualitative research approach was adopted. This research strategy will facilitate a rich understanding of performance measurement through an in-depth study using semi-structured interviews and document analysis. Data was collected from owners and
general managers in independent accommodations, those with the managerial capacity to influence decisions within the organisations. This chapter outlines the research philosophy, methodology and strategy for this study following Wilson's research honeycomb process (2014).

The following three chapters (five to seven) present the findings and discussions from the data analysis as a result of the themes generated through Nvivo. Finally, chapter eight concludes the research by emphasising the contribution of the study theoretically, methodologically, and practical to hotel accommodation practitioners.
Chapter 5: DEFINING PERFORMANCE MEASUREMENT

5.1 Introduction

This chapter is the first of three that focuses on the research’s findings and discussion. These chapters present the results of this research, the aim of which was to present an understanding of the performance measurement system in small and medium-sized independent hotel accommodation. These chapters collate the findings and discussion from the literature review (Chapters 2 and 3), methodology (chapter 4) and research findings (chapters 5-7). This research aimed to explore the perception and understanding of SMH owners/managers about the concept and practice of performance measurement. The focus is to address whether and how owners/managers of small and medium hotels use performance measurement in their business operations/activities. This was to focus on the research objectives below:

<table>
<thead>
<tr>
<th>Research Objectives</th>
</tr>
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<tbody>
<tr>
<td>RO1</td>
</tr>
<tr>
<td>To seek a critical understanding of SME hotel owner-managers perception of the concept of Performance Measurement.</td>
</tr>
<tr>
<td>RO2</td>
</tr>
<tr>
<td>To explore how performance is measured in the SME hotel accommodations.</td>
</tr>
<tr>
<td>RO3</td>
</tr>
<tr>
<td>To examine the criteria for the chosen performance measurements in SME hotel accommodations.</td>
</tr>
<tr>
<td>RO4</td>
</tr>
<tr>
<td>To develop a performance measurement framework suitable for small and medium-sized hotel accommodations.</td>
</tr>
</tbody>
</table>

The analyses focus on the perception of owners/managers of the concepts, the performance measurement in practice, approaches and criteria for the selected measures. The primary data source for this research was collected via semi-structured interviews, and this main data source was supplemented by analysing documents used in some of the participating hotels. The use of different methods ensured that data from different sources were compared, which served to validate the findings.
One of the objectives of this research is to develop an understanding of performance measurement within SMIHA. This understanding cannot be gained through a questionnaire method as qualitative data allows for in-depth and robust data; semi-structured questions enabled participants to describe their experiences. The perception could only be obtained through sustained immersion within the system. The phenomenological approach allows the researcher to understand the concept of performance measurement for the experience of the owners and managers working in the accommodation sector. Face-to-face contact with key stakeholders involved in the definition, designing and implementation of performance measurement was studied. Also, as a performance measurement system is a visual system by nature, the process could be observed. A research approach using both in-depth semi-structured interviews and document analysis was considered appropriate.

All the hotels in this study were classified as small and medium-sized with rooms less than 100 in correlation to Avcikurt’s (2003) study as justified in the methodology chapter. All the hotels were within the category of 3* and 4* hotels. The participants’ location varies from rural (farm hotel) to urban (city centre hotel) and suburban area. The findings from the study have been presented based on semi-structured interviews with 30 participants and document analysis of 8 hotel accommodations. This research interviewed (10) owners and (20) managers, people with managerial positions, to design and implement performance measurement strategies within their organisation. The findings are summarised and explained using charts, tables, graphs, and diagrams, which helps in understanding the results. The responses from the interviews were analysed using coding and categorisation, and themes were generated. The relationships between the themes were explored in the following three chapters.

Documentary analysis was also used as part of the codes of words, phrases, and sentences written in the participating organisation’s documents. These were related to the research objectives and used to support the themes that emerged from the semi-structured interviews. The notes from the document analysis were also analysed to support the findings in the semi-structured interviews. In this analysis, the words and
phrases generated from the analysis through Nvivo that relate to the research objectives were considered.

5.2 The Research Participants’ Profile

The research data were collected mainly through face-to-face semi-structured interviews with key stakeholders such as Owners and General Managers in small and medium-sized independent hotel accommodations, and as discussed in Chapter 3 (Research Methodology; Sample criteria), there were 30 participants (see Table 6.1).

This section discusses the information of the 30 respondents. There were ten females and twenty males. The respondents also include 10 hotel owners and 20 general managers. Coincidentally, there were an equal number of 3- and 4-star hotels, 15 each in the study. The respondents have years of experience in the industry ranging from 5 to 35 years. This shows their knowledge of the sector and the concept and practice of PM. This study focused entirely on independent accommodation providers. Garengo & Bititci (2007) and Sainaghi (2010b) explained that demographic variables such as hotel size, hotel star rating, and ownership are key contingency factors for SME performance measurement. These variables are in the table (5.1) and chart (Figures 5.1 & 5.2) below - the star rating, room size and ownership type were considered to have an impact on measurement, though to varying degrees. These three key contingent variables will be used in analysing and discussing their influence on other aspects of the measurement practice.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Job Title</th>
<th>Gender</th>
<th>Hotel Location</th>
<th>Hotel Star rating</th>
<th>No of Rooms</th>
<th>Years of Experience in the Hospitality Industry</th>
<th>Interview Duration in minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>O-Owner</td>
<td>F</td>
<td>Canterbury</td>
<td>4</td>
<td>7</td>
<td>15</td>
<td>55</td>
</tr>
<tr>
<td>P2</td>
<td>GM</td>
<td>M</td>
<td>Canterbury</td>
<td>4</td>
<td>35</td>
<td>20</td>
<td>45</td>
</tr>
<tr>
<td>P3</td>
<td>GM</td>
<td>M</td>
<td>Folkestone</td>
<td>3</td>
<td>20</td>
<td>15</td>
<td>42</td>
</tr>
</tbody>
</table>
The research adopted document analysis to supplement the data gathered through semi-structured interviews. As indicated in Table 5.2 below, the participating hotels have created different spreadsheets, documents, have different subscriptions, which
helps with performance measurement. Some of the documents and software applications analysed by this research are compiled in the table below.

Table 5.2 Documents Accessed.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Booking Diary, Booking.com, Spreadsheets</td>
</tr>
<tr>
<td>P6</td>
<td>Green, Yellow and Blue Box Spreadsheet, Smith Travel Research, Training pack, OTA Insights, Guest feedback</td>
</tr>
<tr>
<td>P7</td>
<td>Medalia Report (Net Promoter Score)</td>
</tr>
<tr>
<td>P8</td>
<td>Report spreadsheet</td>
</tr>
<tr>
<td>P9</td>
<td>Smith Travel Research, KPIs and set targets.</td>
</tr>
<tr>
<td>P10</td>
<td>Revinate, Smith Travel Research (STR)</td>
</tr>
<tr>
<td>P18</td>
<td>Spreadsheets</td>
</tr>
</tbody>
</table>

Source: Author.

5.3 Research Findings Themes and Sub-themes

This research finding was summarised into three themes and nine sub-themes after the first and second coding levels. The themes generated are (i) Defining performance measurement, (ii) Designing performance measurement and (iii) Doing performance measurement. The first level coding was done electronically on Nvivo, while the second level was done using both manual and electronic coding to consolidate the codes. This was to ensure that the researcher was not distanced from the data and stop the analysis from becoming too mechanical. As Creswell (2012) explained, computer software may lead to loss of meaning and inferences; this may dissociate the researcher from the data.

The thematic analysis identified three principal themes that formed each of the findings and discussion chapters. Chapter five: Defining Performance Measurement; Chapter six: Designing Performance Measurement; Chapter seven: Implementing Performance Measurement. In addition, there were nine sub-themes, coincidentally,
three sub-themes for each theme generated. This can be seen in figure 5.1 below.

Figure 5.1 below presents the themes and sub-themes generated from the coding analysis:

![Figure 5.1 Research Themes and Sub-themes](Source: Author)

5.4 Defining Performance Measurement

The first theme that emerged was summarised under the heading of defining performance measurement. This section presents the findings on how the concept of performance measurement was perceived and understood by the participating hotels. This provides an in-depth understanding of the definition and approach of PM, particularly within small and medium-sized independent hotels. The aspects discussed in this section include the definition and approaches as perceived according to the participating hotels. The analysis is linked to the research objectives, which was to seek a critical understanding of SMH owners/managers' perception of the concept of
Performance and Performance Measurement, as highlighted in table 4.4 on pages 101-102. It is also based on the interview questions, in the phenomenological method — from your business perspective, how can you define performance measurement? What is your approach to performance measurement?

The findings were based on the primary data collection method (semi-structured interviews), which was supplemented by relevant documentation. The sub-themes generated consider the definition of performance measurement, approaches to performance measurement and the impact of PM on organisational performance, as seen in figure 5.2 below. This was in an attempt to address research objective 1, which was to seek a critical understanding of SMIH owner-managers perception of the concept of Performance and Performance Measurement.

5.4.1 Performance Measurement Definition

The research participants were asked to define performance measurement from their perception with regard to their business operations. The results from the semi-structured interviews revealed that the concept of PM was commonly used and understood among the participants. It showed that individuals had their approach and criteria for the set of metrics used within their organisations. All the respondents
confirmed that they understood the concepts, practices, and implications/benefits of their hotel performance measurements. They mentioned that their hotel performance was often based on past performance, and it was an indicator of future performance. The following comments were made in terms of participants' overall understanding of performance measurement. Some of the responses focused primarily on targets that provide results, for example (P17, P2),

“Performance measurements are normally snap-shots of results which indicate how successful various areas of the business are operating”, P17

“If you don't have a target, you're not going to hit it. And still my opinion” P2

This shows that performance measurements help owners and managers consider their targets, how targets are defined and monitored, as highlighted by Pun and White (2005), that performance measurement involves setting goals, standards, and targets. Likewise, performance measurements were considered a significant direction and focus for the business operations as explained by P10, P26 and P27 below.

“Performance measurements are the metrics against how you define whether the business is being successful or on track”. “So, from experience, they help define the pathway and I suppose the direction and journey of the business” “performance measurements the indicators of are we being successful on our journey or as part of our plan. They are kind of like the check points of the route to success in business” P10.

“But the more I’ve grown in the industry, the more I understand how they are an indicator of where we are and when we’re failing or what we’re doing right. So as a manager I think that they are very important, yes, definitely. It helps us to improve on something that we might not be realising we’re doing incorrectly or not doing it to the full potential of it. So yes, I know that they’re very important” P26.

“Performance are like goals that you set and your performance measurements are your KPIs ” P27.

From these responses, it can be summarised that the definition of performance measurement is diverse, as highlighted in the literature review in chapter two. Bourne (2004) stresses that the measures communicate the company's directions. The more specifically the metric is defined, the more precisely the organisation's goals are
conveyed to its members. This complexity is evident from the owners and managers’ perceptions and responses, as seen in the comments above. There are different aspects and considerations of the concept. The definitions from the participants suggest that PM deals with the evaluation of the target or outcomes/results set by the businesses. It ensures that set targets are achieved and monitored. Not surprisingly, all participants answered ‘yes’ that they were familiar with the term and concept of performance measurement. From the participants’ responses, there were different phrases (or words) which the participants adopted to define and identify performance measurement. Some of the terms which respondents commonly used include ‘monitoring’, ‘snapshot of success’, ‘target’, ‘indication of achievements’, ‘factors for success’, ‘improvement for better performance’, ‘the checkpoints of the route to success in business’, ‘measuring profits. Performance measurement includes activities such as developing metrics, target setting, collecting, analysing and reporting performance information. It is also about interpreting and assessing performance variances. PM terminologies used are inconsistent, leaving management perplexed before attempting to implement the system.

Performance measurement makes it possible for collecting, processing and delivering information on the performance of business processes and activities. It allows the organisation to plan, measure and control its performance and fosters the decision-making process within the hotels. The PMS tool was highlighted by some hotel managers in this study as a road map/guide on how organisational vision and goals can be accomplished, as emphasised from the participants’ comments below.

“So, from experience, they help define the pathway and I suppose the direction and journey of the business” P10.

So, for us the performance management of that report allows us to go. “It’s OK. We’re getting the rooms back on track. P8

So, all these facilities help you to look at your performance at a glance. You can quickly see what you’re doing, where you’re doing well where we can take advantage of P9.

Some of the participant (P20) echoed that the definition of performance measurements is subjective and depends on individual perceptions, management styles and orientation; this can be related to the comment below.
“Performance, well I guess if we’re going for a subjective definition of performance because performance really is, to say if you have performed is very individual, but a subjective description of the performance is that you are achieving what you set out to do, and performance measurement is the means by which you analyse those achievements”. P20

The subjectivity of PM makes it unique, complex and different from business to business and different industries. This also influences the factors measured by different owners and managers within the small and medium independent hotels, as highlighted by the research participants.

Many researchers suggest that there are various perceptions of the performance measurement, which are influenced mainly by the type of industry or business activities (Garengo and Bititci, 2007; Cocca and Alberti, 2010; Ates et al., 2013; Zaki, 2019 and Corluka et al., 2017). This makes performance measurement research worth exploring. The qualitative responses collected from participants did not contradict this idea as they explained the broad concept and interpretation of the concepts. From this, it was clear that there were different perceptions and understandings of the concept of performance measurement. This reflects the diverse nature of PM that was highlighted in the existing literature, as discussed in chapter two. There was a consensus among the participants that performance measurement was the driving force for achieving and improving business targets, aims and success. The research participants also agreed that they used different measures within their hotel operations, which suggests that the different measures help avoid over-dependence on measuring one aspect of the business. This means that the hotels use performance measurement for different purposes, both internally and externally. For example, P1 defined PM as “monitoring the constant different ways and changes in and around the business” P1.

Besides, PM understanding still focuses heavily on financial measures; the definition from some respondents relies on financial indicators such as:

“I’m taking that as you mean measuring our profits from this year compared to last year maybe, or this month compared to last month. How well we’re looking after the guests, I suppose it comes into that, improving the rooms, improving things on the property to give the guests the best experience possible”. P24
Some respondents indicated that the focus on financial measures performance is not overly helpful for the general management of hotels as all decisions were made on the financial outcomes of performance. Overall, understanding the concepts was clear from the participants’ definition; this research would summarise performance measurement definition as the indication of business activities that help organisations highlight where improvement is needed.

The above definitions from this study concurred with Kollberg et al. (2005:98), who stated that ‘performance measurement is a process of collecting, computing and presenting quantified constructs for the managerial purposes of following-up, monitoring and improving organisational performance’. Similarly, Bergin-Seers and Jago (2007:146) defined performance measurement as “the process of quantifying the efficiency and effectiveness of actions”. The varied definitions from both the literature and the research participants confirm that the definition of the concept is highly complex. It highlights that performance measurement evaluates organisational management and how services are delivered to different stakeholders. It supports the findings of Huang (2008) and Garengo and Bititci (2007), who argued that organisations manage performance through performance measurements and then evaluate different performance levels with pre-established objectives. PM is a process that enables businesses to plan, measure and regulate their business activities, for example, sales, daily operations and information technology resources, as highlighted by Altin et al. (2018); Assaf and Tsionas (2018); Sainaghi, Phillips, & Zavarrone, (2017); Camilleri (2019) and Melia (2009). However, according to Barr (2014:4), Performance measurement is treated as "bureaucratic and jumping through the hoops of planning process activity". It aims to provide objective data that depicts the organisation's current state accurately and reliably. This will ensure that the organisation's goals are appropriate. It is a system that supports management thinking. It enables owners and managers to define and keep track of performance indicators set for different activities within the hotel, as indicated by some of the respondents’ comments below.

“…with performance measure, when there is no target, there is no delivery”

P2.
“You’re monitoring your indicators and checking the targets and all that. But if you look at, in the long run, it is going to help to improve” P26.

Assaf et al. (2020), Simon (2000) and Zigan and Zeglat (2010) emphasised that this method allows management to balance and control business activities both in the short and long term. According to Barr (2014), organisations measure several variables, but not all of them are success indicators, and not all measurements are worth the same amount of time and effort. It was also highlighted that performance information makes the operational decision-making process possible; the increased competition and demand can also influence this in the hotel industry. As such, all the important aspects of hotel organisation should be analysed and measured. All the respondents agreed with this comment stressed that there is a need for PM tools to facilitate organisational success and evaluate the critical success factors as indicated in the comments below.

“For me, performance measurements are, there are various factors that we look in the business, those things that are core to our business. P8

And measurement is how well you perform that measurement, that performance in regards to maybe time or success. How successful it was, or unsuccessful, whatever be the case. That would be one of the measurements. How effective it was. So that could be another performance measurement. P26

Well, you've got, you've got to understand what the core of your business is P2.

Furthermore, Atkinson and Brander-Brown (2001) explained that traditional measures such as financial information have been considered an important control tool and extensively used in the hotel sector. That said, there has been recognition for a balanced approach, having identified the limitations and weaknesses of traditional PMS. The balanced approach has created lots of attention to developing a comprehensive and multi-dimensional view of the company’s performance. This is also evident from the interviewees’ comments above.

These definitions show that there are both internal and external reasons for pursuing a specific course of action to achieve defined objectives. The performance level within the organisation is seen as a function of the efficiency and effectiveness of past
activities (Kollberg et al., 2005; Köseoglu et al., 2013; Gray et al., 2014). Based on the above comments, it is apparent that performance measures are parameters used to quantify the efficiency or effectiveness of business processes.

In conclusion, as stated in the chapter two literature review on page 20, this research defines performance measurements as the set of measures used to determine how well a business is doing and give direction for the improvement and growth of an organisation. According to Kald and Nilsson (2000), previous research shows that performance measurement systems are mainly used as decision support for top management and contribute to the understanding of the organisation. Likewise, PM’s function and characteristics can be pulled out from the definition and understanding that PM is an essential tool that helps organisations achieve and control their goals and objectives, echoed by some of the research participants. This will be explained as part of the approaches to performance measurement in the next section.

5.4.2 Performance Measurement Approach

This aspect of the interview questions addressed the question on what the approaches to PM in the operations of the participating hotels are in small to medium-sized independent hotels accommodation (SMIHA). This question investigated owners/managers method and rationale for the particular measures used to establish the structure for using selected performance measures, identified best practices and investigated the influences on performance measurement in the management of SMIHA.

The findings in this section were in response to the interview question to understand the approaches to PM within small and medium-sized independent hotels. The results revealed in the following subsection that some issues impact the management strategies and PM approaches in independently owned hotels. The approaches to PM within the participating hotels range from an informal, hands-on approach to
structured, formal methods. The research identified three categories of PM approaches, which are (1) Informal (2) Semi-formal (3) Formal approach.

5.4.2.1 Informal Approach

The informal approach seems to be the most common approach among small hotels in this study, with up to 20 rooms and no food and beverage department. There are 9 participants in that category within this study. This approach is a convenient method as it does not require a particular way of evaluating performance and less capacity for a sophisticated management approach (Harris and Mongiello 2001; Atkinson and Brander-Brown 2001; Chen 2011). Pun and White (2005) and Parmenter (2013) explained that organisations may measure their performance systematically and thoroughly (formal) or on an “ad hoc basis” (informal). This latter approach will lead to distrust and uncertainty with hotel management about why, how and when performance measures are used within the organisation.

The informal approach has none or few measures in accessing their performance. However, Hudson et al. (2001) and Garengo and Biazzo (2012) argued that SMEs operate an informal approach to strategy and mostly focus on operations rather than strategy. There are differences in the formality of measuring methods or the focus of measurements. It was evident that some performance measurement approaches are financial and customer-focused and gather indicators only from the customer’s view. The informal approach suggests that the hotels have no formal measurement system, examples as stated in the quotations below.

Subconsciously, Yes, I set targets, but they’re not written… No, no, no format. No formal way of assessing it. P1

But definitely, informally, we get things done very well I’d say. P22

So, it’s kind of informal because we have a lot of communication. P28

They emphasised subconscious measures of finance, customer, employees, quality and business operations. They focus mainly on the categories of a hotelier is customer
satisfaction. Some of the factors inhibiting the processed method can be related to inadequate time, resources, lack of knowledge and poor administration, as highlighted by Bergin Seers and Jago (2007) and echoed by participants as highlighted in the comment below.

*You talk about the fact that you have set objectives for each department and mostly based on historical terms. So, because it’s a small hotel you run most of the things informally and it’s a small family-type so with yourself you have enough time to chat with the staff. There are 3 aspects that you look at, guest satisfaction, staff satisfaction and your budget, looking at your costs. So, prices they’ve done, you don’t do anything with these, but you get information daily. For the information you get daily, is this only from the ReviewPro, or do you get information about your revenue? P28*

Also, while there is acknowledgement among the smaller hotel operators, a larger operation would require a more formalised measurement system across more performance dimensions. These hotel operators do not feel the need for additional measures to be utilised in their small hotels. They consider that their hotels' limited size means that PM through daily observation and correction, a management style characterised by 'walking around' and their constant presence in the business is more appropriate than a formalised process. The ability to consider the critical success factors and KPIs are not considered paramount to management strategies. Evidence from some hotels suggests that there will be a need for someone to drive and enforce PM in the hotels for PMS to be effective within their establishment. According to R26, who states that “For key performance indicators to work, in my opinion, you need to have somebody driving it”. Delegating the task to someone will make performance measurements easy in independent hotels. Some of the participants in this study that indicated an informal approach to measuring performance showed that it is an easy way for them to get things done mainly because of their business size with few or no employees.
5.4.2.2 Semi-formal approach

This semi-formal approach, as highlighted by the research participants, is slightly more structured, customer-focused and has some support input from the employees in comparison to the informal approach. The method uses measures to focus on providing hotel management with information on customer satisfaction and essential operational performance. The hotels use only a few Key Performance Indicators (KPIs) to measure performance. About half of the participating hotels in this study adopted this approach and mentioned the following comments:

**Yes, most of these things are documented. P27**

*We don’t have a paper trail or an audit system of anything that we have to do for that, for the management of the performance, no, not at all. Obviously, each morning we have a 10.30 management meeting in the hotel, which oversees anything that’s happened in the previous day’s business and anything that’s leading up today and for the rest of the week ahead. So, we’re managing it on a daily basis. P18*

*Also, I make sure they know what’s going on in the business. I’m very transparent. So, they know how much things cost. I tell them how much things cost. I explain things to them really well. P11*

About 18 of the hotels in this study explained that they were small hands-on operations adopting management by walking around and do not need a large selection of measures (P2 and 16). This approach suggests that hotel owners/managers do not keep a log of every detail or piece of information but collect the relevant data for effective decision-making. This also suggests the need for flexibility and the ability to adapt quickly to the business's need is of high importance to hotel management.

P2 & P10, noted that there should not be “measuring for measuring’s sake”. As Gray et al. (2014) emphasised, organisations should not measure for measure’s sake but use the right metrics and information for effective decision-making. This was repeatedly mentioned by participants as the cornerstone of achieving business goals in support of Eccles (1991), Kaplan and Norton (1992). Also, it was stressed by the research
participants that if performance is not measured with the correct focus, issues that are detrimental to the business would be overlooked. Half of the participants believed that there was no point measuring anything that would mean nothing to their hotels but a waste of time and resources if the indicators were not used. This could be detrimental to the operation and its customers, which may impact customer satisfaction in terms of personalisation of service. Defining performance metrics at the business planning level appears to be almost arbitrary in terms of its relevance to the day-to-day performance of some hotels, especially B&B. The usefulness of such top-level defined measures is subject to questioning. There are two main operational measures used: the number of rooms/revenues per night (REVPAR) and customer satisfaction that link directly.

In addition, Anggadwita and Mustafid (2014), Antony and Bhattacharyya (2010) and Sousa et al. (2006) emphasised that SMEs are often people-oriented. Also, the working relationship is often a loose and informal and dynamic process to strategy. (Antony, Kumar and Madu 2005; Terziovski 2010; Zaman and Yoon 2016). The semi-formal approach allows owners/managers to implement some regulations and at the same time allow flexibility to business operations. The structured aspect focused on financial matters and giving flexibility in customer and day-to-day activities.

### 5.4.2.3 Formal Approach

The last category of the method used is the formal approach, where every detail and measure were used in making decisions that were not based on guesswork. Faria, Ferreira and Trigueiros (2018) explained that only a few hotels, mainly chain hotels, implement a formal approach to performance measurements. In their PM audits for SMEs, Barnes et al. (1998) recommended that structured PM and more formal strategic planning enhance the business's managerial control. In agreement with this literature, P10 echoed that performance measurement helps to drive the business forward, changing directions where and when needed. The interviewees in this category emphasised on doing every measure possible. Measuring and measurements mean a lot to business activities. Communication, daily and weekly meetings are vital
in getting the performance evaluation information relevant to all staff. These are evident in the responses below:

*Through daily/weekly/monthly reports. They are (employees) all aware of their own KPI’s. P17*

*Yeah, because they know it black and white, they should be doing Okay. Then the budget is written with those parameters. P2*

*Yes, we work completely transparently, our financial results are available to any member of staff because I think everyone needs to know where we're going and how we're doing it. I have a review once a month with each department head and essentially, they would have to talk me through their P&L. But they have full control over their P&L full accountability, and then once a month, they need to explain it. So, I'm a big believer in day-by-day reporting. P3*

Five hotels from this study had a formal, balanced approach to measurements considering a vast aspect of the business such as financial, customers, employees, safety, policies and procedures. The owners/managers understood the importance of a balanced approach and mentioned that focusing on financial measures alone will not accurately represent the business. It was emphasised that qualitative feedback from employees and customers were of more value in measuring their performance. The hotel practitioners explained that they were operating in a highly competitive and sensitive environment, demanding a formal and balanced approach to PM. There was an emphasis on ‘measure anything you can’ so far it will give you some indications echoed by P10 (see comment below).

*So, for me having all the metrics gives a multi-dimensional view of the business. It also means that you can always find a positive, so it’s actually quite motivating because even if one metric is down, you bet your bottom dollar that there’s going to be 10 other metrics that are going in the right direction that are saying that we are being successful.*

The formal approach implies that management use ranges of performance measurements dimensions. This can also be linked to hotels with restaurants; food & beverage outlets need a formalised process, as explained by Harris and Mangiello
(2001). The structured process in the food and beverage departments transfers to the accommodation aspect leading to a more robust approach to measurement. The hotels need several measures to enhance effective operations within the organisations.

The findings revealed that a couple of issues impact the management strategies and PM approaches in independently owned hotels. The approaches identified are classified into three categories, which are (1) informal, (2) semi-formal and (3) formal.

The findings from this study show that the PM approach differs within small to medium-sized hotels. It appeared that ‘management by walking around’ hands-on, obtaining regular feedback and information on an informal basis is perceived to be adequate and helpful in measuring performance, as highlighted below.

*And people need to walk around with their eyes open because it’s there. It’s not rocket science. Running hotels has not changed for 2,000 years. Clean bed, good food, hot water, end of. That’s it. P8*

The research findings show that the hotels with less than 10 rooms seem to focus on organisational financial performance measures (accounting measures). These measures emphasise short term management focus which lacks strategic thinking with less data or information on non-financial criteria. This approach relates to the emergent strategic method, responsiveness and flexibility (Antony & Bhattacharyya (2010); Haktanir & Harris (2005)). Also, the non-financial measures emphasised on effectiveness and outcomes rather than process. PM concentrates on operations management to measure efficiency and produce value for money services to customers. So, the approach is mostly about cost, profit and control, as indicated in the comment below.

*We do so many of the main balance scorecard that we have is on profit. We have a measure called theoretical profit. So theoretical profit is based on our budgeted numbers and it works on a formula. I won’t go through the detail because it’s like a big algorithm. But it works on a formula that if revenues drop, what proportion of profit should drop. So, drop-through is another way. So, for example, if our average rate has increased, that should really convert to profit. But if we’ve served and if we’ve cleaned less bedrooms, we shouldn’t spend so much P10.*
More so, all the participants agreed that they are operating in a rapidly changing, complex competitive environment giving Brexit as an example. It is crucial not only to focus on past performance in terms of financial measures but also on a balanced measurement system designed to ensure the embracing of both financial and non-financial measures to capture the hotel objectives.

It appeared that most of the participants were aware of some performance measurement frameworks, especially BSC. It was highlighted by Verweire and Vanden Berghe (2004) that the PM approach used in an organisation depends on different functional backgrounds of the management and their perception of performance. The findings show a significant consistencies approach to PMS in the business for over a period, demonstrating awareness among owners/managers within the respective hotels.

Also, all the participants emphasised the use of different approaches stating that the PM approach that would be suitable for the hotel sector would be a non-prescriptive framework. This will give the owners/managers the flexibility to consider their core business area and the best indicators to measure their performance. The framework cannot prescribe a particularly appropriate measure as most independent hotels want their organisation to be operated in a way suitable to their business model. It may be challenging to have one defined approach: not one size fits all. Every hotelier would like a tailor-made measurement that suits their business approach/strategies/objectives. According to Micheli and Manzoni (2010) and Phillip and Louvieris (2005), there is no universally appropriate balanced system that applies to all organisations; not one size fits all.

In determining the Performance measurement approach, it is important to decide the measurements/metrics the owners/managers want to use, what suits their business operations. The research findings emphasised that the management team must be clear about its performance priorities and how to achieve them. P2 emphasised that there
should be a close link between strategy, measurements and outcome. The adoption and implementation of the right measures are important to management strategy in meeting the hotel objectives.

It was obvious that some practitioners adopt a semi-formal method where fundamental drivers of PM in the hotels are not established. Some of the metrics used lack statistical validity and reliability, making it difficult for managers to effectively outline the qualitative results and relationships among the metrics echoed P4.

*As I said, we have the budget, which has been created. But then we have a strategy meeting where we look at what we're focusing on that particular point in time. And we can change our strategy depending on the business demands. You should not fly. A lot of people write their budget and say this is what we're sticking to all year. You got to be flexible, you got to be able to change things. And that's what we do quite well.*

Also, the approach to PMS adopted in small and medium-sized independent hotel accommodation, as highlighted from this study, coincided with previous research, which explained that the informal approach is the most common approach to performance measurement in the hospitality sector (Bergin Seers and Jago, 2007; Altin et al. 2018; Asaaf and Tsionas 2018).

Evidence from the literature such as Atkinson and Brander Brown (2001); Wadongo, Odhuno, Kambona and Othuon (2010); Haktanir & Harris, (2005); Kala and Bagri (2014); Onyango et al., (2012) shows that performance measurement system lacks a balanced approach and heavily dependent on financial measures. They also emphasised inconsistencies with strategic objectives and claim that PMSs lacks a holistic view of the business activities. However, the research findings show that management is striving to maintain a formal approach with great emphasis on linking performance measurement to the strategic objectives of the hotel. Broadbent (2010) posed that the PM process should be considered in its totality in order to understand the interconnections between the different dimensions. The participants explained that the performance using the traditional approach but also emphasised the sphere of customer, quality and staff, as important.
I have a variety of performance measures which I look at. So, you look at financial performance, revenue, profitability, profit. Depending on where in the business you’re looking, you might be looking at covers, you might be looking at bedrooms occupancy rates, you might be looking at the wider market, so you’ll be looking at RGI, your Revenue Growth Index, so how your revenue per room is performing versus the wider market. You may be looking at guest feedback scores; you may be looking at audit scores; there are so many performance measures. P17

This broadens the perspective on the conventional performance measurement system as posed by Kumar and Nirmala (2015). Some respondents (P6, P3 and P18) explained how they designed several reports/spreadsheets in a contemporary manner to continuously monitor the company, the management, business activities against set plans. In agreement with Ates et al. 2013, Aloulou and Fayolle 2005, this study found that flexibility and responsiveness as key to applying PMS within the SMH. Wadongo et al. (2010) established that owners/managers have adopted an indicator group called “Flexibility”, which has been evident in discussion with the participants (P1 & P5)

\textit{Listening on the ground. P5}

\textit{some of the reasons why we use the measures that we have is to be able to adapt to the current trends, be flexible to understand your customers’ needs but not all needs and necessarily something that you will change to. P1}

\textit{I do it because I believe businesses are constantly changing. And there's no such thing as a static business. It's evolving either positively or negatively, that the customer is changing, and you have to be able to, to adapt to them, or at least choose to have the information in order to make the decision whether you wish to adapt to them in various ways. And I don't believe that you should necessarily always adapt to how they want if it's only a few people. Because you cannot be everything to everyone. P1}

As most of the participating hotels in this study are striving to implement a semi-formal process to manage operations, this finding is contrary to that of previous studies. Ates et al. (2013) stressed that SMEs would less adopt a performance measurement system due to its less structured systems and approach to decision making and business operations. Melia (2009) concurs from the literature research that there are challenges to a balanced approach to performance measurement and difficulties in measuring performance due to the wide variety of available measures. Kellen and Wolf’s (2003) work reflected that there is a need for small to medium-
sized hotel operators to adopt a more structured approach to performance measurement to provide a more comprehensive indication of the real complexity of the organisation and its operating context.

The documentation of the approaches and dimensions as seen in this chapter 5 indicates that all the hotels focus on several factors such as financial, customers, employees, operations, competitors, operations, quality of service and staff training. The findings suggest that some respondents emphasised that they are not keen on having a particular method of evaluating performance. It is subconsciously done and part of business operations. While others stressed that performance measurements are written, and staffs are aware of their task, which is registered as part of their job description.

Yeah, because they know it black and white, they should be doing Okay. Then the budget is written with those parameters. And those parameters that are specific to them are using their appraisal to measure their performance. They know for their annual appraisal what targets they should be hitting; it is written in their job descriptions. That's what they're responsible for. P2

Also, Melia (2010) and Artley and Stroh (2001:21) argue that a balanced approach allows the organisation to consider all the critical operational measures simultaneously, evaluating whether an improvement in one area is achieved at the expense of another. Key measures should indicate how the organisation is doing. They will probably change over time to reflect shifting organisational goals.

The approaches to PM depend on lots of factors in the organisation. It can be as a result of their understanding of the concept, the flexibility of operations, the involvement of employees and their attitude to measuring performance. The most common approach identified from this study is the semi-formal method; this gives room for structure and flexibility to meet the complex need of hotel accommodation customers. The research participants echoed that understanding the performance measurements within an organisation will also impact on the performance of the hotel operations.
5.5 Performance Measurement Impact on Hotel Performance

The study also explored how PM impacts the overall performance, as emphasised in research objective three. Performance measurement is a vital part of the management planning and control system of the organisation. It impacts on business environment and operations. Kollberg (2007) highlights that the implementation of PMS incorporates the activities involved in transforming the structure into work practice, from the initial introduction to the full integration of the process in the organisation. As a result of this, performance measurement impacts every aspect of business operation, making it an important management strategy.

It has been established in the literature by Franco-Santos, Bourne and Neely (2003) that one of the most significant issues with the study of PM is that there has been contradictory evidence whether measurement of performance does really impact the performance outcome. It is suggested that measurement has become such an accepted approach that few organisations genuinely challenge why they should measure in the first place, concentrating instead on what can be measured and how to measure it (Robson 2004). Another issue in the performance measurements literature is the predominance of research into large organisations in the manufacturing sector. Although the service and small and medium enterprise (SME) sectors are beginning to receive scholarly attention (Garengo et al., 2007; Jääskeläinen et al., 2012). However, the findings from this study suggest otherwise; for example,

*I think yes. I think absolutely. I think without sounding and without quoting the really corny things like ‘what’s measured gets done’ you have to have like I said at the start, you need to know are you doing well, I think. And it does vary. With an independent business, you might not want to know. I know some independent businesses are frightened to have too much information because they might question it and they are happy with how they’re going. But for us, or for me in this business and other businesses I work in, having measurements really helps, like I said, knowing if we’re doing well or not. P10*
In addition, previous research on the impact of PM, for example, Hall (2008), shows its influence on managers’ cognition and motivation. The study emphasised that a performance measurement system may also positively impact an individual’s performance and employee satisfaction. This concurs with the participants’ explanation below.

*I think anyone, regardless of the size, will benefit from key performance indicators. The only thing I’m concerned is that some may not put it in place because of those constraints that they have. But I think everyone, in the long run, would definitely be benefitting from having those performance indicators because, without them, you don’t know where you are and where you stand and whether you’re progressing forward or backwards.* P26

Some of the participants explained that a successfully implemented performance measurement system encourages a more inclusive and consultative management style. This promotes employee participation and innovation, leading to improved service delivery and quality, as highlighted by P4 below. In agreement with de Leeuw and van den Berg (2011), Hall (2011) and Saunila (2016), performance measurement practices influence and improve some behavioural factors within the organisation. This coincided with (P10, P26 & P4) comments that the multi-dimensional dimension of PM motivates business activities.

*Your performance measurements must align with your strategic goal what you want to achieve to your budgets; all staff needs to focus on the monthly budget. So, if everyone does their role, then we will succeed in the end goal. Every department head responsible for achieving it. And if we’re not achieving it in one area, we need to achieve a number of areas. So, we’re fully aware of what the target is.* P4

*So for me having all three metrics gives a multi-dimensional view of the business. It also means that you can always find a positive, so it’s actually quite motivating.* P10

*You’re monitoring your indicators and checking the targets and all that. But if you look at it, in the long run, like you said, it’s going to help you to improve.* P26

Furthermore, previous research, such as Kald and Nilsson (2000), shows that PMS are primarily used as decision support for top management and contribute to the understanding of the organisation. Performance measurements have become an
important element in managing hospitality businesses. The research participants explained their perception of PM impacts on their performance, giving the comments below.

So, we’ve looked at the things that you measure. You have a comprehensive package that you look at and how you do it. You do regular meetings. And why you do it? You said it helps you to understand how the business is. P6

... your KPIs do have an impact on your performance. P2

So, all these facilities help you to look at your performance at a glance. You can quickly see what you’re doing, where you’re doing well where we can take advantage of it. P9

In congruence with previous research by Denton and White (2000); Gambi et al. (2015); Melnyk et al. (2004); Jääskeläinen et al. (2012), the participants explained that performance measurement provides the organisation with a structure that increases the understanding and meaning of improvements within the organisation. This helps increase the knowledge of owners and managers on how an operational performance measurement system impacts attitude to business improvement.

This research reflects the findings of Said et al., 2003; Neely, 2005; O'Donoghue and Luby, 2006 highlights how performance measurement contributes to the effectiveness of the organisation by drawing on budgetary expenditure, documenting progress towards established objectives. It identifies areas of both strengths and weaknesses, providing an ongoing assessment of the current business environment and driving business improvement using appropriate measures. It was emphasised that performance measurement provides the information that is collected, analysed, reported and ultimately used to make sound business decisions. Therefore, it is possible to argue that performance measurement supports the organisation's strategic intent, as highlighted in the comments below.

By using all these tools, it helps you to understand what you are in the market, where you are and your trans... every member of the team. P6

Well, because you have to have, it’s important for me to know that I’m actually growing the revenue and I need to see that you know, I need to make a comparison with previous years P11
For us the performance management of that report allows us to go, “It’s OK. We’re getting the rooms back on track. P8

From this, it is evident that participants perceived several benefits to PM for their hotels. However, the critical importance was that it provides information to help the operators forecast and plan their future business strategy. This is not particularly surprising given that this is the key rationale that researchers want to promote the use of performance measurement in organisations. Also, research participants agree to the need for performance measures that impact the business performance:

Okay. So, whether I’m publishing, I will continue to work in that way. If I went to another independent hotel, I would set up the same processes. Because I think it’s, it's worth the time, you see tangible results. P2

Yes, exactly sure that everything is actually working well for you. It is a tool; you are not a slave to the KPI is a tool for you to tell if you’ve got a problem. You know, it's like a yellow light. P2

Well, it’s cyclical. So, you perform, measure, review, adapt, perform, measure, review, adapt. So, in that respect, yes, whether it's the measurement system, whether it’s the reviewing, whether it’s the adapting, whether it’s the performing, it will all impact because you will constantly be going around. Some decisions that you make will be the wrong decision, so your performance will go down, which you will see when you measure, you’ll review what went wrong and you’ll change your decision. Then your performance will go up, which you’ll see when you measure, you’ll try to repeat it, you’ll change something and then you’ll go round like that. P17

So, you know, last year we achieved more than 90% occupancy for the year. We were coming from 70, you know, five or six. So, yeah, by giving a definable target, we exceeded repeatedly because they were focused on it. Okay. So that would be an example. P2

The impact of performance measurement from this study and the literature shows that it cannot be underestimated. It is critical to the business decision-making process to understand where a business sits in the market. It also serves as a motivating factor for employees as they feel encouraged when the performance outcome shows their commitment to the business activities.
5.6 Chapter Summary

This research aimed to better understand the perception of performance measurement in small and medium-sized independent hotel accommodations by capturing the definitions, approaches, and impact on hotel operation. This research conducted thirty semi-structured interviews to explore the real-life practices of owners and managers. This chapter addressed and discussed the research findings to theme 1, which was focused primarily on defining performance measurement.

The purpose of PM was highlighted as the ability to control and direct business activities, providing feedbacks to adjust targets/performance and drivers for continuous improvement. The research finding summary for theme 1 shows that PM should be purposeful, defined, designed intentionally to measure all business activities at different levels. It should be integrated with all functions and processes within the hotel, transparent for all necessary stakeholders, especially to all relevant staff who will be accountable for the actions and results of the hotel. The study concludes there is an understanding of the concept from the participants' definition, as such, this research would summarise performance measurement definition as the indication of business activities that help organisations highlight where improvement is needed. Also, the approaches to PM within the participating hotels range from an informal, hands-on approach to more structured, formal methods. The research identified three categories of PM approaches: Informal, Semi-formal and Formal approaches. It was also pointed out that communication is key to successful PM implementation. The fluidity of information collection, analysis and reporting is also of paramount importance to the successful implementation of PM. The next chapter focuses mainly on the practice of performance measurements in SMIHA. The chapter discussed the design, criteria and elements of the key performance indicators emphasised by the research participants in detail.
Chapter 6: DESIGNING PERFORMANCE MEASUREMENT

6.1 Introduction

Having discussed the definition of performance measurement in chapter five, this section presents findings relating to how participating hotels measure their performance. This chapter aims to address and analyse the findings relating to RO2 and RO3, which was to explore how performance is measured in the SME hotel accommodations. The criteria of performance measurement in practice include the key performance indicators and influencing factors. The first step was to explore how respondents evaluate their performance, then consider the list of KPIs identified. This section aimed to understand the choice and application of KPIs used by owners and managers of small and medium-sized independent hotel accommodation. This was to determine the indicators that owners/managers draw upon regularly to define business success. The question asked was to elicit the key indicators at the forefront of owners/managers minds.

The purpose of this phase of the research was to gain a greater understanding of the choice and application of key performance dimensions and measures and establish the rationale for using selected performance measures in small and medium-sized independently owned hotels. To assess understanding of PM in these hotels and determine why the hotel operators decide to use particular dimensions and measures. The purpose of this chapter of the research was also to show the result from the findings on the practice and usage of performance measurement in small and medium-sized accommodations as indicated in theme two diagram Figure 6.1 below, showing the themes and sub-themes.
6.2 Performance Measurement in Practice

In response to the research question about the practice of performance measurement in their business operations, the owners/managers in this study indicate the use of comprehensive indicators covering both financial and non-financial dimensions. They echoed that the following dimensions were important: financial, customers, operations and employees. This aligns with findings from (Harris and Mongiello 2001; Kaluthanthri and Osmadi 2020; Corluka et al. 2017). However, the financial and customer dimensions show greater use, while some participants explained that they are striving to improve on using the other two dimensions. The comment below by P17 shows the diverse areas that owners/managers evaluate in measuring performance.

*I have a variety of performance measures which I look at. So, you look at financial performance, revenue, profitability, profit. Depending on where in the business you’re looking, you might be looking at covers, you might be looking at bedrooms occupancy rates, you might be looking at the wider market, so you’ll be looking at RGI, your Revenue Growth Index, so how your revenue per room is performing versus the wider market. You may be looking at guest feedback scores. You may be looking at audit scores; there are so many performance measures.* P17
The hotels in this research embrace a balanced measurement approach focusing on customers, employees and quality. They operate less sophisticated techniques to measure and control business performance and activities due to the competitive and challenging environment. The management control system is still heavily influenced by accounting functions. Yet, there has been an awakening to consideration for non-financial measures, especially considering metrics because of a sudden surge in technology use (Faria, Ferreira and Trigueiros (2018); Kaluthanthri and Osmadi (2020); Onyango, Edwin, Ouma and Lucas 2012). Corluka et al. (2017) explained that the most crucial hotel business performance indicators in literature are revenue per available room, average room rates, price stability. Business efficiency, length of the business season, the occupancy rate of accommodation capacities, business stability expressed by rate of occupancy and customer satisfaction. These are essential parameters that are increasingly important in hotel performance measurements.

Also, Vankatraman and Ramanujan (1986) reviewed different types of hotel measurements and classified the finding into three categories: financial performance, business performance, and organisational effectiveness. This study will also classify PM in small and medium accommodations into three categories: financial performance, customer performance, and operations performance, in line with the comment by P4 below.

*P&L is important but remember, your customer feedback, quality of Service, employees are crucial.*

As agreed by Kaplan and Norton 2001; Madritsch and Ebinger 2011; Anggadwita and Mustafid 2014; McDougall and Hinks 2000; Lai and Choi 2015 and Anter and Elnagy 2019, business performance is mostly measured using key performance indicators. Also, as emphasised in the literature review, in chapter 3, KPIs provide vital information to the organisation for tracking and predicting business performance against strategic objectives in a way that compliments financial measures. This study concurs with Wadongo et al. (2010) finding that non-financial measures were important in providing owners/managers with valuable information for their business operations. More so, this does not mean that non-financial indicators should replace
financial measures as both dimensions are important. The financial dimension shows both economic and financial indicators; according to Pnevmatikoudi and Stavrinoudis (2016), it is the first basic level of classification of indicators. However, the two dimensions (both financial and non-financials) should complement each other with the aim of a rigorous indication of business activities.

The hotel business environment is complex, fast-paced and competitive (Tajeddini, Martin and Ali 2020 and O’Cass and Sok, 2015), leading hospitality businesses to consider various economic, financial and sociocultural challenges to deliver exceptional value to customers thereby, impacting their performance. From these research findings, it can be concluded that owners/managers of SMIH have embraced the use of both financial and non-financial measures. However, the level and approaches (as discussed in chapter 5) to performance measurement systems vary among participants based on the owners/managers' perception and attitude to performance measurement. KPIs in hotels measure the results of their operation efforts and applicable for internal control. As highlighted by Bergin-Seers and Jago (2007), the major significance to firm survival and success is the ability of small enterprise owner-manager to monitor operations performance. Monitoring performance could be challenging, but it is important to identify key performance indicators to monitor results, as well as to understand the most suitable measures to use (Hudson et al., 2001; Garengo et al., 2005).

6.3 Hotel Key Performance Indicators

According to Atkinson and Brander-Brown (2001); Fatima and Elbanna (2020), the traditional PM dimension, such as occupancy rate and profitability, alone are not valid or sufficient in a competitive business environment. Other measures such as customers, employees, service quality that gives real-time information should be considered. Koufteros et al. (2014) explained the use of performance measures as either “diagnostic”; to maintain, alter or justify patterns in organisational activity or as
“interactive”; to orchestrate business resources towards competitive advantage. They emphasized that the purpose of performance measures influences the performance of organisations. As such, this research explores PM in practice in small and medium independent accommodations to articulate the effect of performance measurement on hotel activities.

All the participants in this study stressed that the sole use of the financial dimension was not a fair use of judgement of business activities and success. As such, the use of both financial and non-financial measures was recommended. They emphasised the financial indicator criteria as profitability, turnover, liquidity ratio using RevPAR, ADR and occupancy rates.

*The key areas that we are used to measure in certain bedrooms is occupancy, average rate and then RevPAR. I write the budget per day programme, so, we have an income total.* P2

*Average daily rate, so obviously, REVPAR but to me that's essentially the same thing you're looking at, it's just two things to describe what money you are making for few rooms basically.* P3

*Hotel performance is quite clear, it's gauged on occupancy, average rate, REVPAR and then total revenue. Hotels is broken between rooms revenue, food revenue, beverage revenue.* P4

*Yes, ADR and RevPAR and occupancy. That's the three things I look at.* P6

*They are occupancy, average room rate and RevPAR. So, the average rate per available room. Now more than that there are more measurements which some hotels, and the bigger you get the more detailed, these bigger hotels break it down. They look at things like even TrevPAR, you know the total revenue per available room.* P7

In addition, Kaluthanthri and Osmadi’s (2020) study’s key finding emphasised that competitiveness and financial performance were the top two dimensions. Hotel practitioners need to focus on financial leverage while maintaining a sustainable competitive advantage to ensure high performance. This research analysed the critical success factors and key performance indicators highlighted by the participants in this study to explore the PM in practice. The terms Performance Measurement, Critical Success Factors and Key Performance Indicators were sometimes used interchangeably by the participants. Kellen and Wolf (2003) and Flanagan (2005)
explained that CSF needs to be identified to provide a focus for PM. Melia (2010) stressed the need for the identification of a consistent set of CSFs. Participants in this study were asked to outline their CSF and KPIs. Table 6.1 below highlights the diverse factors considered by the participating accommodations.

**Table 6.1 Compilation of CSF and KPIs within the small and medium-sized independent accommodations from the research participants comments and documents.**

<table>
<thead>
<tr>
<th>CSF</th>
<th>KPI</th>
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</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Purchase from local suppliers</td>
</tr>
<tr>
<td></td>
<td>Sales growth %</td>
</tr>
<tr>
<td></td>
<td>RevPAR, Occupancy rate</td>
</tr>
<tr>
<td></td>
<td>Average Daily Rate</td>
</tr>
<tr>
<td></td>
<td>Profit % (GOPPAR, TRevPAR)</td>
</tr>
<tr>
<td></td>
<td>Food cost %</td>
</tr>
<tr>
<td></td>
<td>Food and Beverage Sales %</td>
</tr>
<tr>
<td></td>
<td>Room turnover</td>
</tr>
<tr>
<td></td>
<td>Seat cover</td>
</tr>
<tr>
<td></td>
<td>P&amp;L, Balance Sheet and Bank Statement</td>
</tr>
<tr>
<td></td>
<td>Return on Investment</td>
</tr>
<tr>
<td></td>
<td>Sleeper to dinner ratio</td>
</tr>
<tr>
<td></td>
<td>Payroll %</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Number of complaints</td>
</tr>
<tr>
<td></td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td></td>
<td>Repeat customers.</td>
</tr>
<tr>
<td></td>
<td>Conversion of inquiry to sales %</td>
</tr>
<tr>
<td></td>
<td>Market share %</td>
</tr>
<tr>
<td>Quality</td>
<td>Compliance with Health and Safety requirement</td>
</tr>
<tr>
<td></td>
<td>Mystery Guest</td>
</tr>
<tr>
<td></td>
<td>Benchmarking</td>
</tr>
<tr>
<td></td>
<td>Maintaining star rating</td>
</tr>
<tr>
<td></td>
<td>Service quality and delivery</td>
</tr>
<tr>
<td></td>
<td>Monitoring employees’ satisfaction</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Flexibility with staff, process and business operations</td>
</tr>
<tr>
<td></td>
<td>Management observation (walk round management)</td>
</tr>
</tbody>
</table>

*Source: Author.*
The information from the compilation in table 6.1 shows that hotel operations have a diverse component of metrics. All the participants highlighted different dimensions measured within their hotels, as demonstrated in the comments below. It was evident that KPIs identified by participants are broad, including finance, customers, employees, quality control, competitors benchmarking and legal requirements. Also, not all participants measure all these dimensions because of their complexity, but they consider the factors that suit their day-to-day activities, for example,

*I have a variety of performance measures which I look at. So, you look at financial performance, revenue, profitability, profit. Depending on where in the business you're looking, you might be looking at covers, you might be looking at bedrooms occupancy rates, you might be looking at the wider market, so you'll be looking at RGI, your Revenue Growth Index, so how your revenue per room is performing versus the wider market. You may be looking at guest feedback scores, you may be looking at audit scores, and there are so many performance measures. P17*

Despite the awareness of the owner/manager of their CSF/KPIs, they did not measure all dimensions formally. As discussed in the PM approach in chapter 5, the metrics used by owners and managers depend on the size of their hotel and the core business activities. Another KPI highlighted is the level of customer care and satisfaction. This was emphasised as central to business success as repeat business is paramount to business survival and growth. All the interviewees pointed out that customer care and satisfaction are critical to organisational success and should be carefully measured. The third most highlighted indicator is the employees themselves. The accommodation staff contributes to the overall guest experience and business operations. This suggests that staff are a key performance indicator and are critical to hotel success. This constructs a triangle of financial, customer and employee perspective to hotel success as indicated below.

*Because ultimately, we have a responsibility to the shareholders to deliver the most profitable business that we can. We have a responsibility to our employees to deliver the most positive experience to them that we can. We have a responsibility to our guests to deliver the most positive experience to them that we can, so that triangle, the external stakeholders, the internal stakeholders and guests, they form the basis of everything. If one of those walls of the triangle collapses, then the business will collapse. P17.*

*Well, with the KPIs, it is a three-pronged stool, you know. Without the customers coming through, without the staff retention, you never get the third*
stool which is then the actual, yeah. The investment as well. Because obviously, once you have got those two, it actually helps the investors think within that. P12

So mainly the three areas that we look at are customer, financial and staff. P29

The participants' comments showed that PM must be considered to evaluate an organisation's success, both financial and non-financial, which agrees with Haktanir and Harris 2005; Kaluthanthri and Osmaldi 2020 studies. There is a need for owners/managers to know what increases the performance of their organisation. This can be done by identifying key performance indicators. Each interviewee identified key performance indicators that are critical/relevant to the success of their hotel operations.

Your performance measurements must align with your strategic goal what you want to achieve to your budgets; all staff needs to focus on a monthly budget. So, if everyone does their role, then we will succeed in the end goal. Every department head responsible for achieving it. And if we're not achieving it in one area, we need to achieve a number of areas. So, we're fully aware of what the target is. P4

The gradual process of integrating the non-financial measures into the PMS is evident in hotels. The managers commented that these measures are now viewed as essential to providing valuable information to control the operations. This does not mean that non-financial measures are or should replace financial measures. However, the non-traditional approach to performance measurement should combine both non-financial and financial measurement activities to maximise the benefits of the system (Wadongo et al., 2010). The research stressed that owners/managers interviewed recognised their KPIs/CSFs even if they are not using all the dimensions that will benefit their organisation. Also, some indicators are specific to each operation, such as blue, yellow and green box as highlighted by P6. The colour-coded boxes are spreadsheets used to analyse cost on weekly, month and yearly basis.

So, we also have a green box as well. But the green box also includes your costs on as well. So, you know it will show your costs of sales. So, for your food and beverage, what your costs of sales are. And it will show your payroll figures and it will show any other maintenance cost or repairs or anything like that. So, the yellow box will link into the blue box. And the green box will be our four-year forecast. P6
I look at how busy they are in comparison to us, what the prices they’re doing are, we look at competitors and then work out if there are holes why aren’t they filled? Or if we’re full and other people aren’t, then have we charged too little. So, yes, it’s basically looking at everyone around us and trying to find the balance. P22

The participants' response echoed that almost all the information needed for the comparison is available online. Some participants use technology and subscribe to marketing performance tools such as STR, Madelia, Expedia and Booking.com. The hospitality sector and its environment are dynamic with regular changes in technology, service quality and delivery, as emphasised by Tajeddini, Martin and Ali (2020), also indicated by some of the participants.

So, let me say first, this is the customer performance-wise, how we monitor the reviews, the guest reviews, and of course, we have the guest feedback through something called Medallia, that’s where we monitor the guest satisfaction. Financially, of course, we have an overall budget that we compare year-on-year. We do EBITDA levels. P29

So, we work with a company called STR, Smith Travel Research and that’s or barometer of how we’re doing compared to the market. And that’s probably the most important dynamic because it doesn’t matter what our PNL says; it doesn’t matter what our balance score card says. How does that compare from a room perspective with what the market is saying it’s doing? P10

And that’s interesting for benchmarking, for measuring performance for benchmarking. Apparently, I just found out last month that STR are working on a new tool which I think is going to be called STAR and it’s going to be called a STAR report and it’s going to be based on forecasting. P7

It is apparent that owners/managers of accommodation operations are making connections between KPIs, CSFs and PM. All participants suggested that limited consideration of KPIs will have positive impacts on hotel performance measurements. Previous research has highlighted that CSF needs to be part of the PM model (Dekker et al., 2013 and Parmenter, 2015).

This aspect of the research aims to understand and identify the key performance indicators for measuring business activities with SMIH. KPIs are indicators of performance that focus on the critical aspect of business success. All the participants...
stated that a manageable number of KPIs are important for the effective use of resources and enhancing the systematic analysis of performance. The method of collecting the data should be simple and understandable by all users of the information. Success is always a debatable topic; what constitutes success or growth differs and depends on different perspectives.

Yes, like me, I have picked and chosen the things that are specific to my business and the number that makes me able to use it and still deliver the standards that are there. So, I've disregarded some things. But just pick, you know, half a dozen to a dozen that you can manage the entity. And that means something to your business. P2

All participants explained that the functionality of these indicators should be highlighted for effective use and practice in the accommodation sector. Previous researchers such as de Waal 2007; Brander-Brown and McDonnell 1995; Atkinson and Brander Brown 2001, Harris and Mongiello 2001 have pointed out the reluctance of the hospitality industry to use balance measures. They emphasised that the hotel accommodation sector relied heavily on financial measures. Performance in the hospitality sector has traditionally only focused on financial measures such as profit, revenue using financial ratios.

In contrast, non-financial measures help managers to recognise changes in the business environment, determine and assess progress towards business objectives and affirm achievement of performance goals (Faria, Ferreira and Trigueiros (2018); Hoque, 2004). It was highlighted by all participants that customer satisfaction with a high level of service quality will result in a competitive advantage. So, in satisfying customers, hoteliers should strive for good quality service to remain in business. This concurs with studies by Mohsin and Lockyer (2010); Su (2004); Rather and Camilleri (2019) that explores the interrelationship of service quality, customer satisfaction and business success. This was articulated in the comments below from the participants.

If you are measuring the property as a whole, then you would choose probably your profitability. You would choose your health and safety audit and that would include an internal audit and an external, or a couple of external audits probably. You would look at your guest experience and that would be measured through a system like ReviewPro, perhaps, something that collates online review presence, that sort of thing. P17
So, let me say first, this is the customer performance-wise, how we monitor the reviews, the guest reviews, and of course, we have the guest feedback through something called Medallia, that’s where we monitor the guest satisfaction. Financially, of course, we have an overall budget that we compare year-on-year. We do EBITDA levels. P29

The performance measurement in practice varies; different organisations look at diverse areas of the hotel. However, the most critical aspect and key commonality in all the participating hotels are financial, customer, and employees’ dimensions. These are done using lots of software and programmes such as STR, Review pro, Revinate, Medallia, Review Pro. Below are some quotes from the research participants indicating the different focus areas of performance measurement used on a day-to-day basis.

I think for independent hotels and the key metric that I would, I really advocate is looking at market data. Otherwise, any other metric they look at, at their business, you’re looking at it in isolation. You don’t have any context. P10

What we consider is obviously we have a budget and the budget in fairness is a forecast and that’s a guest estimate, you know, a fairly accurate guess because if you look at this sector business predominant that's booked in advance, so you've got a good idea, their occupancy, we have got a good lead-time. So, you've got a, you've got a really well-educated guess, guessing them. And in the lead up to it, we do look at revising our forecasting budgets on a weekly basis. P3

In agreement with Zigan and Zeglet (2010) and Tan et al. (2014), the research established that in measuring customer performance, indicators such as customer satisfaction, market segmentation and customer profitability should be reviewed.

We work on prior year, and that works well for cost for payroll because whereas we have fixed staffing, so we always have staffing for breakfast, whether we know if we’re going to have done this or not. But there are trends in staff in terms of conference banquet in business, additional rooms business, so it’s a good benchmark to work against. And by and large this year, we just finished off our fourth month and we are up in terms of profit, up in terms of conversion. Revenue, we’re about standard and cost way down. And that’s
because we actually measure this on a daily basis. So, we are really alert with it. P3

We do look at performance in terms of customer feedback and the dreaded reviews, whether that’s an internal comment card or an external third party, TripAdvisor, Google review, OTAs reviews, Booking.com, Expedia. And then into things like Hitched reviews for weddings. We’re looking at performance across feedback from all our customers. So, at every touch point that the customer has in our business, we are also seeking feedback. And that is performance to us. P8

To remain competitive, organisations need to consider non-financial or operational results as measured by competitiveness. To survive the ever-increasing competition in the hotel accommodation industry, small and medium-sized independent accommodations have to embrace financial and non-financial performance measurements in effectively managing their businesses. Financial performance measures basically concentrate on annual or short-term performance against accounting yardsticks. This, in the long run, may affect the future prospect of the organisation. In contrast, non-financial performance measures provide businesses with feed-forward information that is forward-looking and more relevant for planning purposes. A good blend of both performance measures considers the information from the past to influence future decisions. This provides a holistic view of the business dynamic information and operations. The next sub sections give the findings on the different dimensions as emphasised by the research participants.

6.3.1 Customer Dimension

Customer dimension is an essential measure of PM (Assaf, Josiassen, Cvelbar and Woo 2015); hoteliers need to listen to customers through which they will be able to identify the new trends in the market, which will impact their performance. Customer measurements are the compilation, analysis, and reporting of quantitative data regarding an organisation's existing and future customers. It elucidates how profit is made by analysing consumer actions. The metrics should be a carefully selected set of metrics that are important to the company. According to P19, "People tell you these"
days, but people aren’t shy anymore. And we live in a review driven world”. “As I say, 20 years ago there was no review sites, no Trip Advisor, people didn’t leave reviews and now they do”. The information from the customers will help your business to continue to exist.

Also illuminating is, the comment from P5 emphasised on the importance of customer dimension to performance measurement. “Again, it’s just listening to customers... Everything has to be customer orientated if it’s going to be constructive because otherwise, without customers, we won’t have to performance management because we’d be closed”.

In addition, the comments below give the participants’ perception of the customer dimension to performance measurements. Findings from customer satisfaction metrics suggest that a more refined customer segmentation process is needed to meet different target market expectations. This coincided with the findings of Mjongwana and Kamala (2018) on the use of non-financial performance measurements in small and medium hotels in Cape Town. Customers are classified in terms of visitors, events guest or business customers and measurements using different methods, either online or paper versions.

My guest experience is measured through the various websites through TripAdvisor, booking.com, Expedia. But we do use that we have our own guests’ books in the rooms P1.

I have got feedback forms in the rooms, which I can give you one as well if you’d like to. My team are collating the results for that every day, so we’re putting that into graphs and things so that we can analyse that, and that gets sent out to myself and the directors weekly so we can analyse that and all the feedback from there” P20.

Ok, so we’re on various booking channels. We have our own website and then we also are on Booking.com and we are on Expedia and you can also find us through places like Trivago and TripAdvisor; there are links on there that go to our own website, P24.

with our customers, we talked to them; obviously, when a customer leaves, we send randomly an online survey to them. And we do that as a benchmark... our two biggest benchmarks will always be overall satisfaction for clients and conversion of profit. We also look at customer retention. Customers respond well to personalisation. P3
The above perceptions of customer dimensions summarise the perception of owners/managers about customer metrics. As this section aims to understand PM in practice, it is unsurprising that management extensively considered this dimension. All these comments from participants show that customer satisfaction is a key aspect of attention for management. It was highlighted by most of the participants that customer satisfaction in conjunction with service quality results in competitive advantage, for example,

*Obviously, we look at other reviews for other businesses and what they like about other businesses, other B&B’s and how we can improve our standards to help improve our service to the customer, I suppose P24.*

*We use feedback forms, we answer on TripAdvisor, Hotels.com, Expedia and Travelzoo and we’ll also send out feedback forms on social media as well. We answer all social media. Anything that comes through on Facebook we answer within a day or something like that. Any emails that come through directly, I answer myself, anything, as I say, that comes through OTA’s, apart from TripAdvisor, which I do myself, will be answered by the reception and then we have a HOD meeting every Tuesday and part of that meeting is feedback. P6*

In meeting customer satisfaction, hoteliers strive for good quality services to remain in business. This concurs with studies such as Kaur et al. (2020); Kandampully (2006); Huo and Miller (2007); Lagrosen and Lagrosen (2003), Kandampully and Menguc, (2000) that explores the interrelationship with service quality, customer satisfaction and business success. Customer satisfaction is a subjective evaluation of the customer service delivery experience (Assaf & Magnini, 2012). It is considered as the relationship between the attributes of the product or service and customers' perceptions. Another definition is that it is a customer's overall evaluation of the performance of a service and their consideration as an effective component that is created in the usage of a service (Antony & Bhattacharyya, 2010). Overall, customers’ satisfaction and service quality are key factors linked to performance, as highlighted by the research of some of the participants.

*The other side of performance measurements that we have within the hotel is with regards to customer satisfaction. So, customer satisfaction has become more and more important ever since the internet has really become the main*
channel of booking. And ever since, the likes of Trip Advisor and the other platforms have got their open review sources so that people can basically leave feedback and everybody can read what other people think about your business. So, since that grew and grew and the research showed that it actually did have an effect on bookings because the average potential guest was doing research. When they were looking at destinations, they were looking at a number of properties. And they weren’t just looking and comparing based on price and facilities or location; they were also looking at the reviews. And based on the satisfaction that also played a crucial part in decision making for customers to decide, to choose which hotel or bar or restaurant they wanted to go with.

It was emphasised by Hasegawa (2014) that customer satisfaction facilitates the relationship between quality dimensions and operations management practices and performance. Customers’ perception of the service determines customer satisfaction; it affects the service organisation's competitive success. The reason for that is that a satisfied hotel guest is more likely to return, but they are also likely to recommend the place to others explain P16.

But I’m very hands-on with all my customers, all my guests. So, I’ll talk to them; I’ll find out as much as I can without being too evasive. And I know when my customers are happy, which most of them are. Because half of them, they come through the gate and they go “Wow, wow! Oh my god, this place is amazing. I’ve told all my friends,” This is the feedback I get. P16

Understanding the needs and expectations of customers from the hotel service is critical and challenging due to the difference in customers cultures and backgrounds (deWaal, 2007; Ćorluka, Krešimir and Ivan, 2017). This makes the task of the owners/managers complex as to the impact of customer dimension on performance. Also, identifying the metrics to measure customer satisfaction seems daunting. Some participants (P5, P19 & P24) explained that some customers may look satisfied and happy with services while on the premises yet leave a negative review.

Again, it is just listening to customers... Everything has to be customer orientated if it's going to be constructive because otherwise, without customers, we won’t have to performance manage because we’d be closed. P5

But these days we live in a much more open society and people are able to be much more vocal and leave their point of view, which can be savage sometimes. P19
Yes, I suppose so because some people are very open and honest about things. Obviously, we get quite a few compliments, but you also get the odd complaint, so you have to deal with them. P24

Firstly, if you do not have customer service, you are behind the trend, you need to give customers the best and that’s how you can differentiate from your company’s competitors. P29

In measuring customers’ dimensions, the owners/managers of independent accommodations need to measure customer satisfaction and make sure that what is provided results in satisfactory customer perception. The participants highlighted the use of guest questionnaires as the prime key or tool for hotel managers to evaluate the service quality of their organisations, as emphasised by Harrington and Akehurst (1996) and Mohsin and Lockyer (2010). It was mentioned that a satisfied guest is not only more likely to return, but they are also more likely to recommend the place to others; this reflects the findings of Stickdorn and Zehrer (2009); Mjongwana and Kamala (2018).

Customer satisfaction is essential for the success of hotels as it leads to an increase in profit (Zabkar, 2010; Claver-Cortes et al., 2007; Morgan and Rego, 2006). It has been considered in many studies as one of the key factors for business success and in gaining customer loyalty in today’s competitive environment (Morgan and Rego, 2006; Mjongwana and Kamala, 2018). Customer satisfaction is a subjective assessment of the consumption experienced by customers. It shows the relationship between customers’ perceptions and the features of the product or service (Ullah et al. 2016) and highlighted by P3 quote below.

with our customers, we talked to them; obviously, when a customer leaves, we send randomly an online survey to them. And we do that as a benchmark... our two biggest benchmarks will always be overall satisfaction for clients and conversion of profit. We also look at customer retention. Customers respond well to personalisation. P3

It was pointed out by the participants in this study that owners/managers should consider customer satisfaction because it directly affects profits and performance. This metric is highly valued by participants as some viewed it as highly ranked than
financial indicators. The study of Kuo et al. (2013) showed the correlation between customer satisfaction and profitability. The customer's satisfaction is considered to be a measurement for a service's quality. Measuring customer satisfaction tap into feedback loop ratings. Customer measurement, according to Bourne (2004), falls under the remit of marketing. To support the company's interpretation of its customers' full view, hotel owners and managers should ensure that the metrics are connected simultaneously. According to P4 and P10 comments below, customer's metrics include listening to the customer's voice and opinion in evaluating the quality of the service when giving suggestions and recommendations, facilitating customers and building loyalty programs.

And the key metrics we look at within that is overall satisfaction; it is out of 10. And likelihood to recommend. They are the 2 metrics. So, within that, there’s a whole myriad of metrics in terms of speed of service in the restaurant etc., quality of sleep. P10

“The guests inform us, so they’re our best critic. And sometimes they say, oh, by the way, we try to use the kettle, but it doesn't work? We would replace it straight away. We are not saying we are perfect, but we use customers to help us and work with us because we want them to have a great stay. If they have a great stay, our business is easy”. P4

However, there have been some criticisms about using service quality as a metric for customer satisfaction. Moreover, Gilbert and Horsnell (1998:451) explained that service quality is the provider's means of achieving customer satisfaction. Customer satisfaction is the customer response to the quality of the service. Where customer satisfaction is user-defined, service quality is provider-driven. All the participants overwhelmingly echoed this. To achieve good customer feedback, the aspect of service quality from management must be met. This makes customer satisfaction metrics a crucial one for owners/manager within the small and medium independent accommodation, as indicated by P11 below.

You can’t really know whether your guest is going to like it or dislike it unless you’re talking to them. There is no other way. That’s your performance indicator. P11
The idea to keep customer warm and appreciated was highly emphasised. As stressed by one of the owners, P11 in this study, “You can no longer have an attitude of “I don’t care” you have to care. The competition has become stiffer because everybody’s trying to do their best which is great”. The key metrics for customer dimension are overall satisfaction and the likelihood to recommend service to other users.

However, some of the critical concerns raised were that even though measuring customer satisfaction is an important KPI, the metrics construct is disproportionate among different properties and platforms. There are changes in the algorithm, which makes the measurement confusing, as mentioned by one of the participants below.

> But in hotels, we are not as organised. We do not have the mega bucks as a small independent of doing that sort of thing. But as I said, we are based it on last year. We look at last year. We try and improve the guest offering, of course. So, we have got many faults. But we try and get over it with personalities and staff and then you get forgiven. It is getting more and more difficult with online reviews and things like that. And they are not fair either sometimes because Trip Advisor, for example, I mean this hotel was number 2 in Canterbury, but Trip Advisor changed their algorithms overnight and we went down to number 6. Overnight. Which is not really quite fair, but no point arguing about it. You cannot do anything. P5

This raises the issue of fairness for management as some platforms allow customer rating and feedback even without using the property. This affects the measurement of the customer dimension. Likewise, three participants in this study have not fully embraced the effect of technological advancement on PMS design and implementation.

Customer measurement is an integral part of making good decisions and growing a business. Customer perception of a high-quality product or service combined with outstanding customer service justifies the price gap accordingly (Camilleri, 2020; Asaaf et al., 2015; Bourne, 2004). Furthermore, when a company receives high customer reviews and outperforms its rivals, revenue and profit increase. Also, from the managerial point of view, if customer satisfaction is measured and managed
carefully, it will impact on profitability, return on investment, market share, repeat business and competitiveness, which concurs with the studies by Edvardsson and Strandvik (2000) and McCole (2004).

*And reputational management is the key as well. So, getting return visitors as well which is obviously a good benchmark. P5*

Another important aspect for the practitioners is the benefit of measuring customer loyalty and its impacts on business performance as more revenue from existing customers increases market share, reduces marketing and operating costs. It was also highlighted that customer satisfaction metrics should not be measured in isolation or should be part of a much bigger construct such as loyalty or service quality. There is a need for a more precise definition of the concepts, framework, theories and construct for effective measurement. The metrics on customer satisfaction should not just be about data capturing; it should be getting the most relevant data to impact performance measurement. From a management perspective, there is no uniformity in the metrics used in the service quality and customer dimension. One participant (P16) said, my measurement of service is walking around.

*To me, success is that it is getting booked all the time and people love it. That’s success in my mind. It’s not a successful bank account. It probably never will be. But I think one day I’ve created something that has value ultimately to sell and then we’ll see. P16*

*So, before people are having their shower in the room, walking out and getting in the tub. So, I was always like that it would look so cool to have an outdoor shower. And now you can have your shower here. That’s my quality control. This place is run from the soul. Form the heart, from my heart, from our hearts. 100%. And having that creative kind of creativity is the joy, the deep joy I get from running this place. My quality is me going round every day and making sure is everything how I have it. P16*

The customer dimension is measured based on customer satisfaction indicators such as comments on guest cards and customer feedback after checkout either online or face to face and repeat business. Hotel accommodation that understands guests’ demands will know how to attract and retain customers, which will, in turn, lead to
more repeat business (Kala and Bagri, 2014; Chen, 2011). Customer performance dimensions are of paramount importance to the survival of hotels in this competitive business environment. This section has addressed customer indicators’ value in the business world and offered examples of how hotel management took them seriously.

6.3.2 Employee Dimension

It appeared that this dimension of PM had not been fully embraced within the small and medium-sized independent hotels. However, most of the participants emphasised the contribution and impact of employees on hotel performance. Simons and Hinkin (2001) reveal that employee turnover is a cost to the hotel. The approach to measuring employees’ performance is daily, weekly, monthly or annually appraisals, job chat. With some independent SMH, they have few staffs that they relate to as families with the business and walk-through management approach (regular conversation). This makes an effective method, stated P28 in the comment below.

Normally the head of the department, each manager just to do a meeting with the staff and they always give us. Actually, being as this is a small hotel, we have several moments during the day or during the night that they can give us feedback about how the staff is.

Also, it was highlighted that this aspect of PM is the most neglected and hoteliers need to do more about employees’ satisfaction. Employees who interact with customers regularly provide key services representing a crucial aspect of the hotel processes. The way employees feel collectively in the workplace and perceive their work unit is a core issue in creating a service culture. Managers must pay attention to employees’ motivation to guarantee future service competitiveness. Simons and Hinkin (2001) reveal that employee turnover is a cost to the hotel. This can also be seen from the participants’ comment below.

The biggest headache we have at the moment is staffing. It really is difficult. P7
That is something we do. We also praise, recognise and rewards staffs. The biggest thing you see and you can have a look yourself at them is the staff and the customer service. And they are our biggest attributes that we manage to succeed and hold on to. P18

It is apparent from the discussion that the employee dimension renders different opinions from the participants. Some owners/managers have a close relationship with their employees and do not consider performance appraisal an important management criterion. However, according to Kaplan and Norton (1992, p. 71), “What you measure is what you get”, this means that the organisation’s PMS affects the behaviour of employees and managers. Moreover, O’Donoghue and Luby (2006:305) suggested that “to be successful an organisation must be able to measure performance and through an appraisal and evaluation process identify areas that need improvement while building on achievements”. The reviews of human resource appraisals should be formulated for the organisation to progress, as highlighted by one of the participants below.

Satisfaction, we do have appraisals every now and then. We need to probably do them more often; I think we have had a couple while I have been here. So that goes through a lot of questions like generally ‘‘How happy are you within the company?’’ ‘‘Is there anything we can do to help you?’’ ‘‘What are your strengths, what are your weaknesses?’’ ‘‘Do you need more training?’’, all that kind of stuff. I think the reason we do not do that as much is, we try to have a very open attitude to speak to me whenever there is an issue, and everyone does. It is very much as soon as a problem comes to me, and I think we have a very wholesome and, it feels like, we have a very close-knit group. P22

Performance measurements help employees to focus on critical success factors of the business daily. The participating hotels also stressed that staffing is a crucial component of hotel performance measurement. They serve as frontline staff, and they need to be happy to keep the customers’ content. This coincided with Mjongwana and Kamala (2018) study. It was emphasised that hotel employees’ duties involve interaction with customers and delivery service qualities. When employees are engaged, happy and involved in the business, they share common perception of the O/M in terms of providing quality service in all areas of the hotel, stated by P26 below:
Well, you also have to look at external customers as well as internal customers. If you need to take care of your staff because if they are not performing well or they are lacking in motivation, or they are lacking that drive, then that’s going to be impacting our guests’ perception of them. And that will impact their stay with us. Let us say we had a grumpy receptionist who was checking a guest in and was like; it does not show a good first impression. So, you also have to look into how you manage your staff. So, for me, it is one of the most important things. P26

It is important that staff perform well with customers, who will report/review favourable employee performance. There have been several pieces of research on the relationship between employee’s satisfaction and organisational performance (Onyango et al. 2009; Petrou 2017 and Fernandes Sampaio et al. 2020), especially within the hospitality sector, where employees are involved in the customer experience. As a result, the participants stressed that building positive interactions and relationships between employees and customers will impact organisational success and increase customer loyalty.

An engagement survey. So, again, from a quantifiable data point of view, you look at an engagement survey and you look at your employee turnover on the basis that the lower your turnover, in theory, the more satisfied your team are. The only problem with that is that it does not take into account progression, which is a key driver for a lot of employees. There’s a six-monthly performance review which is a very formal document. So that’s where all the KPI’s are broken down. P17

They understand where they’re working, what they understand and they’ve bred into it in that belief. So, the performance is very key. P18

According to Arif (2021), Altin et al. (2018), Grant (2008) and Wang (2008), there has been a radical shift in management thinking essential for the twenty-first-century organisation. There is a recognition of a democratic, open, participative and fear-free management being. Both the interviewees and evidence from the literature show increasing emphasis on improving performance measurement systems and performance management practices to enhance employees’ engagement levels and eventually performance (Bourne et al., 2013; Sorenson, 2013). However, the understanding has not been replicated in practice, as discussed by P10 and P6.

We do an annual engagement survey for the team for all the associates. And really, we are just about to do that now. Again, we do that with a third party,
so it is confidential, so it is not collating information so the teams can say what they think. And really, we are looking at, at the moment, indicators and measurements for likelihood to stay, to see if people are happy where they are. Yes, if I am honest, that is probably one we are less good at. The once-a-year snapshot is through employing an engagement survey. P10

How do we know if they are happy? They are never happy. So, the employees, it is a good question actually we probably need a lot more. We try and have two staff parties a year and we try and have an open forum. I have meetings every morning with my team. P6

According to Salanova, Agut and Peiro (2005) and Blackburn et al. (2013), it is crucial for management not to wait for their employees to feel unmotivated and less engaged and then take corrective measures. Instead, O/M should encourage employees to feel engaged in their work, thus creating a conducive business environment to work effectively. Consistently with this research, the participants emphasised that they treat their employees as family and can tell if something is wrong. They also encourage a business relationship where staff feel comfortable and motivated to work, as indicated by the participants in the comments below.

Normally the head of the department, each manager just to do a meeting with the staff and they always give us. Actually, being as this is a small hotel, we have several moments during the day or during the night that they can give us feedback about how the staff is. P28

Yes, we have staff meetings...Yes, well, I mean I keep in contact with them. I do not necessarily. Only with my full-timers do I do appraisals. And I do those annually. Unless I feel that there is something not quite right and then we will sit down, and we will have a one-to-one meeting. Generally, I know my team so well that I feel that there is something not quite right I will call a meeting with them and it will be one to one. Sometimes I will see that someone is in a really bad mood all the time. The other staff feed it back to me as well. P11

Furthermore, the research findings show that owners/managers will need to take decisive action to avoid losing employees’ creative energy for effective management. Building and sustaining an organisational environment that supports engagement at work makes an organisation attractive to potential employees. Implementation of
employees’ indicators brings required results if all business O/M continuously keep an eye on all human resources processes as shown below.

We do annual appraisals once a year. But it is also about the coffee chats are the most important things. 10 minutes with somebody saying, even if they have worked here for 30 years. My accountants worked here for 37 years. Head housekeeper 36, deputy head housekeeper 27. P8

There have been different scales to measure employee performance; Parasuraman, Zeithaml, & Berry (1985) developed empathy and excellent job performance scales, representing expected behaviours for contact employees. It was argued whether the efforts to measure employee satisfaction were worth the outcome and would be beneficial to service delivery and quality. All the owners/managers emphasised their relationship with their staff and believed they would observe the view of employees without having some measuring construct for the dimension, as highlighted by P11.

Generally, I know my team so well that I feel that there’s something not quite right I will call a meeting with them and it will be one to one. Sometimes I’ll see that someone’s in a really bad mood all the time. The other staff feed it back to me as well. “So and so is being in such a bad mood recently” And I will bring them into the office and just have a little chat and just find out if everything’s OK. I try not to reprimand. I try to, because generally if there’s something not quite right there is usually a story behind it. And I just try to find out what the story is before I make any decisions. P11

Several researchers such as Harris and Mongiello, 2001; Atkinson and Brander-Brown, 2001; Mjongwana and Kamala (2018) advocate for hospitality practitioners to adopt both financial and non-financial dimensions such as competitiveness, service quality, customer satisfaction, organisational flexibility, resource utilisation, and technology. It is also necessary to direct attention to non-financial factors as service quality and customer satisfaction, as highlighted by Fitzgerald et al. (1991).

Employee dimensions of non-financial performance measurements are also receiving attention, albeit limited; participants echoed that this aspect should be given more attention. Employee performance measures are crucial to management as they help owners/managers to understand their staff and how that quality can be demonstrated
in their performance (Arif 2021 and Karimi et al. 2011). Small and medium-sized hotel accommodations consider their employees as family members and manage staff in an informal approach. Effective PM will help to reduce cost and gain a competitive advantage. This is essential for managing employee performance and motivations, thereby resulting customers’ satisfaction. It also supports informed decision making and innovation management as highlighted by Safavi and Karatepe (2018). This study found out that all the participating hotel accommodations measure employee performance using regular discussions, appraisal, effects of training, and employee quality criteria. Poor measurement design may result in inappropriate behaviour, which will jeopardise the organisation's ability to execute strategies. This study has shown the need to emphasise the fact that performance measurement requires collaborative work among all parties within an organisation.

6.3.3 Financial Dimension

Financial measures are the quantification of an activity that has taken place. It is about placing value on activities within an organisation. Studies such as Murimi et al. (2021), Atkinson and Brander-Brown (2001), Harris and Mongiello (2001) have shown that most hotels almost exclusively monitor financial dimensions of performance with little or no attention being paid to non-financial dimensions. According to Keown et al. (2008), financial ratios or metrics are one of the best methods to evaluate financial performance. Managers and financial analysts should be able to recognise the shortcomings and strengths of a company’s results using these ratios, which should be based on standardised accounting statistics. Financial measures such as occupancy rates, average daily rates, revenue per available room are highlighted as key performance indicators for hotel accommodation practitioners. This dimension is seen and perceived as the core aspect of performance measurement in hotels, though respondents emphasised that it should not be the only measure of success.

*You can tell your past occupancy rates, your sales and also, we are obviously it is not just about sales and turnovers. It’s about profits. P19*

*the key areas that we are used to measure in certain bedrooms are occupancy, average rate and then RevPAR. So, I write the budget per day programme, so we have an income total. P2*
Bagnera (2017) also mentioned that most common performance measuring techniques rely on numeric and financial ratios considering system inputs/outputs resulting from the technical efficiency metrics. However, the evidence from this research shows that there has been a move from the sole focus of financial performance to embracing non-financial dimensions. However, the use of the balanced approach is gradual and not at the same degree in all the participating hotels, for example,

*I have a variety of performance measures which I look at. So, you look at financial performance, revenue, profitability, profit. Depending on where in the business you're looking, you might be looking at covers, you might be looking at bedrooms occupancy rates, you might be looking at the wider market, so you'll be looking at RGI, your Revenue Growth Index, so how your revenue per room is performing versus the wider market. You may be looking at guest feedback scores, you may be looking at audit scores, and there are so many performance measures. P17*

*Last year’s figures as a base to write a budget for the following year because obviously everybody likes to see things going forwards, not backwards. P5*

In measuring the performance of an organisation, it was agreed by all participants that the financial metrics are important but not the only aspect critical in identifying the effectiveness and efficiency of the business activities. Other elements such as people commitment, customer satisfaction, management, and the social aspect are considered to impact the organisation's success. The need for a balanced approach was emphasised by all participants in support of Kaplan and Norton (1992); Haktanir and Harris (2005); Chen (2007); which highlights that financial measures alone are not enough to explain organisational trends or make effective decisions. The Profit and Loss Account (Income Statement), the Balance Sheet Statement, and the Cash Flow Statement are examples of accounting statistics. Brander-Brown & McDonnell (1995); Chen (2010) explained that the traditional financial performance dimension and indicators used by hotel management such as occupancy percentages, profit indicators and return on investment are not valid in a competitive business environment. Whatever happens in an organisation affects different causes such as services quality,
competitiveness, and resource utilization. All these causes are influenced by its stakeholders such as customers, employees and owners.

Also, Harris and Mongiello’s research (2001) and Sainaghi et al. (2019) suggest that financial measures are notable but not dominant in accommodation operators’ decision making. It was noted by participants that performance measures must shift attention to non-financial factors such as service quality and customer satisfaction. Several research findings (Harris and Mongiello, 2001; Atkinson and Brander-Brown, 2001; Fitzgerald et al. 1991; Wadongo et al. 2010; Claver-Cortés et al. 2006; Pnevmatikoudi and Stavrinoudis, 2016; Assaf and Tsionas., 2018.) in PM are advocating an emphasis on both financial and non-financial dimensions such as competitiveness, service quality, customer satisfaction, organisational flexibility, technology and resource utilisation.

_I think for independent hotels and the key metric that I would, I really advocate is looking at market data. Otherwise, any other metric they look at, at their business, you are looking at it in isolation. You do not have any context. As I said, lots of independent owners I know will look at what cash is in the bank and how much has been going into the bank, which ultimately is important, particularly if they’ve loans of debts and finance that they rely on. P2_ 

There was a collective and growing understanding of the limitations of financial measures among participants and the recognitions for change to a balanced, diverse approach to incorporate internal and external factors in measuring hotel performance.

_Whether I work in an independent hotel or work in a chain hotel, the chef will have these, for instances, food GP target as a percentage. So that will be a key performance indicator, the same as the food and beverage manager will have a beverage, we have a time per room for housekeeping stuff, okay, you know, you can say that those key performance indicators can be benchmarked, but I can still use them as an independent hotel because I can run my budget with them. I write my budget on the basis of how long it will take to clean it. P2_ 

_To illustrate, we budget daily. The budget that was written for the hotel, i.e., the journey, is written for the year ahead, 365 days, for the everyday part in absolute detail. So, there is the detail of. We would have decided last year how many coffees we were planning to serve in the bar today. Lots of measures. So, within that, so the profit and loss account will have all our details of average spends at a low level. We will have cover quantities. We will then have, for the room side, the usual occupancy, average rate, RevPAR. We then have_
Another interesting observation from the documentation is the use of year on year (YOY) analysis supporting financial dimensions. This describes business activities figures in comparison to the last year, months or weeks. This heavily relies on financial information, which does not indicate a related target for the year. The YOY approach is used to benchmark current performance. The weekly, monthly and yearly reports are designed for upward reporting, which may impact on how owners/managers design the metrics to suit the delivery of their business operations. Daily measurement of REVPAR, STR and Medalia report shows that the organisations are sales driven with the goal to meet daily/monthly report. The measure of financial information provides a link between the revenue turnover plan and the objectives of the hotels set in their annual strategic plan (Pnevmatikoudi and Stavrinoudis 2016; Nunes and Machado 2014).

One of the fundamental concepts underpinning performance measurement is the need to change from the overreliance on financial measures and shift towards a more balanced form of measurement (Eccles, 1991; Kaplan & Norton, 1992, 1993; Kennerley & Neely, 2003; Kaluthanthri and Osmadi 2020). The research participants’ comments show that financial performance metrics are the dominant activity formally measured by SMIH with a striving case for a balanced approach to embracing all areas of business activities.

*I just look at the bank account. So, for me, we are a small business and I have to do absolutely everything, everything...P16*

*So that is quite an in-depth process. So, our PMS system in the hotel collates all traffic data, footfall, bookings, names that go onto our system. That is expressed out of there or extracted from the system. I have a manual system that is on my desktop and it is an Excel spreadsheet that works. It is our hotel profit and loss report. E-bit ...level, so that is before any arbitrations and taxes from the business. But an operating performance platform is what I am responsible for as the general manager. So that is I have the data, put that data into spreadsheets to then audit whether that is worked on a daily basis or not, on a profitable basis. So, we see, as I mentioned earlier, our occupancy, room rates, food sales, liquor sales, spa treatment sales, any accessories additional*
that have gone through that are incomes for the day, so that is audited on a daily basis and input into a spreadsheet and generates me a profit and loss report for the business. P18

This study argues that a balanced approach to performance measurement can be achieved and practised by owners/managers by covering both financial and non-financial dimensions and indicators. This emphasises the importance of a multidimensional approach for the successful measurement of business activities. Financial data are no longer leading performance indicators with the hotel sector; other non-financial measures such as customer measures are considered paramount to organisational success. Not considering non-financial indicators might prevent the PM framework from being an effective tool. This was also widely highlighted by the participants. Also, the participants discussed the need for PM to be aligned to the strategic plan in order to improve overall performance (P2).

The result from this study showed that owners/managers of independent hotel accommodations use performance measurement frequently for improving business activities, effectivities and better decision making. The overall goal of an organisation is improving performance; this can be achieved by embracing both financial and non-financial performance measures.

6.4 Performance Criteria

The research participants were asked to explain the reasons for the use of performance measurement within their organisations. In terms of their reasons for carrying the process out, participants felt, unsurprisingly, that it provides them with an overview of organisational performance. The criteria for the PM used are its simplicity and the ability to give relevant information needed at the right time. The measures work to the owners/managers advantage, as indicated in the comments below.

It works the way we do our performance. P18
As a manager, my answer is because I know they work. Because I have been in the industry a long time, that is why I stick to what I know works. It is clear from my point of view, the reason I do what I do from that it works. P4

And that is way simpler. You go by the book. Here I go with what I need to do to get that job done. Is that right? Is that wrong? I prefer to be an independent than a big corporate hotel. P4

Well, we do have, or being privately owned, they do provide services if you wish. You know more analytics if you want to go into it into great detail. But I have got a general manager in Eastbourne who loves his Excel spreadsheets with his room rates and he is always doing this, this and this. It does not do you anything; I do not think. It is over-complication. Unfortunately for a lot of people, I am a big subscriber to the KISS theory, which is Keep it Simple, Straightforward. And that works. P5

There is also a need to know the importance of each criterion and PM dimension. Owners/managers in this study emphasised the use of up-to-date information to measure business performance. According to P1, in her explanation, she recalled that the hotel used to measure the number of customers turned away when they were applying for site extensions.

\[ I \text{ had three years of documents, which would show how many times I had had to turn people away and what lost revenue that was and how I could, therefore quite justifiably give for permission for extra accommodation. I stopped doing that because I no longer require it. P1 } \]

However, the hotel realised that the time when the metric is no longer needed had come and stopped the measurement. There is a clear emphasis on not measuring for measuring’s sake, but rather on using the right parameters to give the correct information to move the business forward at the right time (Parmenter 2015). Hoteliers need to review their current measurements to ensure that they are still relevant and appropriate with their business activities.

In discussing the criteria for PM in hotels, the respondents explained that business must focus on the key (many/few) metrics that are fundamental and support the overall goals of the organisation. It was stressed that efforts are wasted if measuring things
that are not important to the business. It will be detrimental to the organisation by focusing on particular metrics which are not given a true picture of the business operation. Also, there could be some critical aspects of the business that are neglected if metrics are not defined and designed strategically. As a result of this, hotel businesses should consider performance metrics that support the overall goals of the company in an integrated and realistic manner, as emphasised by Corluka et al. (2017); Parmenter (2015); Zaki (2019).

Overall, the purpose of measurement should remain the key focus and criteria for chosen metrics; this is because unclear metrics could impact or mislead the conclusion drawn for managerial purposes. Still, the participants explained that not all needs are necessarily something that managements need to change. Adaptability and flexibility are some of the reasons why the respondents use the measures that they have. It helps to adapt to the current trends and be flexible to understand your customers’ needs.

Some factors highlighted as criteria for choosing performance metrics are the ability to evolve, reflecting changing trends; for example, P1 states that *I do it because I believe businesses are constantly changing*. Also, to understand the changing needs of customers, according to Corluka et al. (2017:73), “Hotel long-term survival in a competitive and seasonally characterised environment depends on the ability of companies to identify the environmental factors that determine their performance and to adequately measure their business performance”. Asaaf and Cvelbar (2011), Drucker (2006) and Buhalis (1996) suggested that management need to look at the organisation from an outside-in view to get performance right. He emphasised that leaders/management must constantly look into the future from the customer perspective. This is how management can easily identify warning signs, make painful decisions, and refocus on new business areas to achieve competitive advantage.

_the customer is changing, and you have to be able to adapt to them, or at least choose to have the information in order to make the decision whether you wish to adapt to them in various ways. So, I think it is important to listen to customers because you need to see where the new norms are going. P1_

*I mean, our two biggest benchmarks will always be overall satisfaction for clients, and conversion of profit. P3*
And reputational management is the key as well. So getting return visitors as well which is obviously a good benchmark. P5

And the only other last measurement that I would mention is with regards to benchmarking with our competitors P7

In addition, providing feedback and benchmarking business activities was one of the key criteria. This research seeks to understand the process of the design of PMS and the criteria for the chosen metrics. The drivers and purpose of every performance indicator should be explicitly defined at the design stage and communicated to all necessary staff before the implementation stage.

feedback, I suppose feedback, feedback from guests, and from seeing what other people do in the industry. P5

Timing has been highlighted as an issue in implementing PMS as stated by (P1). This is because most managers struggle to find time to reflect on their business, strategies, and measurement system, as most independent SMH managers and owners have less staff and are heavily involved in practically every business area. It appears that it will be difficult to set out time to design and evaluate appropriate metrics. This demeans the importance of PM within the sector. However, P2 suggests that it should be a habit, perpetual way of life of hotel management. As such, they will not find it challenging to implement. It will only take a few minutes of their time and the outcome of doing so outweighs the effort and failure of not doing so. Also, the chosen criteria make it suitable for hotel practitioners to use a convenient approach, be it informal, semi-formal or formal, as highlighted in chapter five and some hoteliers settle for off the shelf or pre-packaged solutions. They are especially using ideas from previous jobs to sort out the metrics they deem relevant.

PMS improves communication between different levels of an organisation. PMS have an impact on management practice within an organisation. Most of the hotels in this study are striving for a balanced approach, but some have not yet achieved that. It was evident that while financial measures seem to be heavily relied upon, the customer and
employees’ indicators are shaping the perception of the owners and managers in this study.

According to Bourne et al. (2018), there are several criteria for performance measurement in the literature. It refers to using a multi-dimensional set of performance measures, including financial and non-financial measures, internal and external performance measures reflecting past and future actions. In explaining the performance indicators in practice and the criteria for the selected measures, the hotel accommodation practitioners explain the measure, why they are measured and how often the metrics are considered. These are summarised in the table below. Table 6.2 below shows the key performance indicators as stressed by the owners/managers.

Table 6.2 Identified Key Performance Indicators in Small and Medium-sized Independent Hotel Accommodation.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>KPIs</th>
<th>When Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL</td>
<td>P/Y, GOPPAR, RevPAR, ADR, Occupancy rate, Sales revenue, Budgets and Management accounts.</td>
<td>Daily</td>
</tr>
<tr>
<td>CUSTOMER</td>
<td>Customer satisfaction, return customers, Benchmarking, Mystery Guest</td>
<td>Daily, Weekly, Monthly</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>Satisfaction, Payroll, Staff opinion</td>
<td>Monthly, Quarterly</td>
</tr>
<tr>
<td>OPERATIONS</td>
<td>Walk around management, Health and Safety</td>
<td>Daily</td>
</tr>
</tbody>
</table>

*Source: Author.*

The variety of performance indicator tools used by owners/managers is increasing, thereby enhancing confidence in strategic PM design and implementation. The understanding of PM concepts seems greater than emphasised in the literature, which impacts business operations and practice in small and medium-sized independent hotel
accommodations. Performance measurement choice is a dynamic process, as explained by the participants. Some measurements may be suitable today but not relevant in a few days. As such, owners and managers must ensure that they continually reassess their measures to suit the evolving and changing environment.

6.5 Chapter Summary

The research findings reveal that most organisations adopt performance measurement in some form or the other, be it through spreadsheets, scorecards, dashboards or a simple framework. However, small and medium-sized independent hotel engages with PM differently both formally and informally. The measurement that does occur within the sector is predominantly financial in nature. It appeared that the hotel sector is striving to achieve a balanced measurement contracting the evidence from the literature.

Hotel accommodation owners/managers need to consider the definition and design of their performance indicators. They need to combine both financial and non-financial performance measures in their performance measurement systems. This will help to integrate a balanced variety of measures, linking with the company’s objectives and strategies. It was also highlighted that each hotel's PM framework needed to be designed differently according to their customers and facilities. Interesting comments from the participants explained that PM has an important role in monitoring past achievements and providing the basis for planning and decision control. It was further stressed that if PM are not related to particular business activity, it may undermine its purpose. The unique characteristics of hotels and the measures used to access performance reflect the specific activities related to the products or services offered, especially in small and medium independent hotels.

The definition, design and implementation of PM need to be assigned to various people in the organisation. The study shows that it is important to have people committed and full-time involved in the implementation of the process. Also, the
criteria for selected metrics can be found in their simplicity, understanding what works of each hotel. In addition, it should be flexible as trends and changing competitive environment in the industry influences business operations. Performance measurements are only successful when they are used correctly. A good implementation of performance measurement is a powerful communication tool that guides the management by analysing what is relevant directly. The next chapter explains the research participants view of the factors that affect the implementation of PMS and their perception of future performance measurement strategies. The chapter also established the PMS framework (Performance Steering-Wheel) developed as part of the research findings.
Chapter 7: IMPLEMENTING PERFORMANCE MEASUREMENT

7.1 Introduction

Every organisation should have a process for capturing performance data. The method of processing and distributing the results of the PM exercise within an organisation is required no matter how simple the approach. It should be emphasised that the unique characteristics of the service sector (hotel) makes it difficult/challenging to transfer the concept of PM as applied in manufacturing to service contexts. The hotel sector is an open system where customers and employees work together to produce service. It mostly has a flat structure and management focus on empowering and supporting operational staff to deliver service rather than top-down control.

This chapter presents findings on the factors that influence the implementation of performance measurements in small and medium-sized independent hotel accommodation. It reports findings on factors that influence such as revenue management, use of technology and business operations. The chapter also provides answers to questions such as the participants’ consideration for a new performance measurement system and advice about the approach and features of a suitable PMS for independent accommodation. This is demonstrated in Figure 7.1 below.

Figure 7.1 Doing Performance Measurement

Source: Author.
7.2 Influencers of Performance Measurements

There are some factors that influence the implementation of the performance measurements system. These factors give an indication of how owners and managers of small and medium-sized independent accommodations respond to motivating factors that are significant to achieving their business values and objectives.

Previous studies such as Sampaio et al. (2018); Santoro (2015); Chung-Wen (2008) and Bourne (2004) have shown that PM evolves to fit the changing economic and business environment; the ongoing PM revolution is unavoidable, mainly because there are so many environmental changes to come. The business environment is constantly changing. There is a need for business processes to be flexible to the changing needs of the customer as highlighted by Guillet (2020), Tajeddini, Martin and Ali (2020) and P1 in discussion in the performance criteria section (chapter 6; page 196). The management needs to adapt and choose the most relevant information required for your decision making. Likewise, it was highlighted that it would be difficult to meet all the demands and adapt to all changes, but organisations need to understand the best fit for them. “You cannot be everything to everyone”. Owners/managers need to be sensitive and position themselves correctly in the marketplace.

I do it because I believe businesses are constantly changing. And there is no such thing as a static business. It is evolving either positively or negatively, that the customer is changing, and you have to be able to adapt to them, or at least choose to have the information in order to make the decision whether you wish to adapt to them in various ways. And I do not believe that you should necessarily always adapt to how they want if it is only a few people. Because you cannot be everything to everyone. P1

Some of the factors that influence PM implementation are the role and experience of owners and managers. Changes in management may imply changes to the organisation’s performance measurements due to different experience as owners/managers perception plays a vital role in defining the organisation measures.
The experience, length of time in the industry, and type of accommodation have a knock and effect on the performance indicators measured and the likelihood of embracing PM. Management practice influenced by owner/managers lifestyle and experience affect the approach to managing employees, customer satisfaction and hotel performance (Wong et al., 2015; Brown et al. 2014; Haji Masri et al., 2012; Sit et al., 2009; Merino-Diaz, 2003).

The first part of this chapter will discuss the factors influencing the performance measurement implementation from the participating hotels' perspective. The influencers identified from this research were revenue management; technology; business operations which were further divided into lifestyle and experience.

### 7.2.1 Revenue Management

In addressing the factors that influence the implementation of performance measurement in small and medium-sized hotel accommodation, the participants highly emphasised the concept of revenue management. Revenue management is defined to be selling to the right customer at the right price at the right time (Tranter et al., 2009; Camilleri, 2018). The owners and managers in this study have embraced this concept of revenue management in making relevant decisions. This has helped to synchronise pricing, customer and service delivery. There are many platforms supporting hotel practitioners with this service; examples will be explained later in this session. This support allows small and medium independent hotel owners/managers to have a balanced view of performance measurement. Revenue management drivers such as pricing strategies, benchmarking, customers segmentation and the use of technology as identified by Osinaike (2021) are evident in the performance measurement criteria, approaches and practice of the participating hotels.

According to Padhi and Aggarwal (2011), revenue management (RM) refers to the strategy and tactics used by several organisations to manage the allocation of their capacity to different willingness to pay end-users over time to maximize revenue.”
The studies of Haynes and Miller (2011) and Rouse et al. (2010) show that revenue management aims at improving an organisation’s performance, profitability and cash flow by obtaining the best revenue streams possible from its resources. Selmi and Chaney (2018) explained that RM encompasses the use of different techniques to optimise profitability despite limited capacity within the hospitality sector. This is reflected by P1 comments that “You almost have to create your own because there are systems in place, for example, for booking systems, and the like”.

*There is the study of revenue management and yield management, getting the most out of your accommodation sales. But from a general performance metrics point of view, the KPIs that we use in our sort of hotels are basically average room rate, occupancy and RevPAR. So that is on the financials. P7*

The implementation, development, and effectiveness of the system designed to enhance operation depend on sophisticated information and the presence of established and motivated teams (Cetin, Demirçiftçi, & Bilgihan, 2016; Wang et al., 2015; Yeoman & Watson, 1997). Hotels make varieties of strategic decisions on how and what to implement in their properties in order to improve performance. The participants espouse that the RM system and procedures are an effective tool that they rely upon while performing this task.

The increase and advancement in technology and online distribution channels have increased competition, awareness and growth in the hotel business. This has impacted the customer perception of service expectation and satisfaction. All participants in this study agreed to use online travel agencies (OTAs) to maximise revenue and manage inventories and room rates. OTAs such as booking.com, Expedia are among the popular platform used by the hotels in this study. This has changed both management and customers’ behaviour, as highlighted by the respondent below.

*Well, definitely it has improved the products without a doubt. You can no longer have an attitude of “I don’t care” you have to care. The competition has become stiffer because everybody is trying to do their best which is great. There is still a lot of naivety in the industry. P11*
The strategic aim of RM is to influence consumer choices by setting different prices across differentiated products, thereby influencing the level of output provided in each market segment such that the firm’s revenues are maximised. All the participants indicated that a good understanding of customers’ needs and booking patterns would help management explore the potentials for these platforms and formulate distribution strategies that help hotels increase their market share and performance.

*I do it because I believe businesses are constantly changing. And there is no such thing as a static business. It is evolving either positively or negatively, that the customer is changing, and you have to be able to adapt to them, or at least choose to have the information in order to make the decision whether you wish to adapt to them in various ways. And I do not believe that you should necessarily always adapt to how they want if it's only a few people. Because you cannot be everything to everyone.* P1

The distribution channel, either using OTAs or hotel websites, enables hotels to maximise revenue and thus meet set targets for the hotels. According to Di Foggia and Lazzarotti 2014; Talluri and Van Ryzin, 2005 and Chiang et al., 2007 firms that show a higher performance understand the importance of analysing the market and know the path to follow in order to gain and maintain a competitive advantage as highlighted from the comments below.

*Well, just the rate of the level of commissions we are running at now, whether it is not just OTAs. It is corporate booking agents. You have got group wholesalers who have got a mark-up the charge commissions and this, that and the other. I mean, my experience of talking to people around, I was at a meeting of hoteliers last, a couple of nights ago and we are all around 15% of revenue now.* P5

*No, here we are. OTA. So, we use OTA and then we compare our rates against obviously other hotels that are in our sector.* P12

*So how we judge ourselves or how we give our rates. So, we use a site called OTA Insight. And that will tell us what other hotels in our area, what their room rate is, what their occupancy is by percentage. So, if I go on to OTA Insight now.* P6

As perishability is inevitable in the hotel business, any rooms not sold will lose value on that day. This has been a focus for hotel owners/managers, thereby using dynamic pricing to get as much from their sales revenue as they possibly can. The desire to
avoid losing sales prompted the owners/managers to define and design measures to achieve targets and plans for hotel success, as seen from the respondents’ comments below.

*Is looking at are we getting the best price at the right time depending on our competitive set and depending on our availability. That is what if you like the black science, you know, the hidden formula of trying to work out, your management is trying to work out those combinations. And then you throw in variables like strategic decisions like minimums of stay, you know, on the closing out shoulder dates, for example, low season, high season. So those sorts of variables are what allow you to either maximise or potentially end up with periods where you have got empty rooms because you might have sold a room one night.* P7

*I look at how busy they are in comparison to us, what the prices they are doing are, we look at competitors and then work out if there are holes why aren’t they filled? Or if we are full and other people aren’t then have, we charged too little. So, yes, it is basically looking at everyone around us and trying to find the balance.* P22

It was highlighted that there are improvements in performance in the hotel industry because of implementing a revenue management system. These are because of better management of the existing trade-off between the average daily room rate (ADR) and room occupancy (RO). These improvements may vary over time; in high-demand periods, a high ADR can be achieved with high occupancy levels. However, in low-demand periods, the ADR would be lower, and thus, the aim would be to improve occupancy. This means that the relative contribution of ADR and occupancy to improved hotel performance may change over time depending on differences in the sensitivity of demand to price changes between the high and low seasons. This, in turn, may affect the way that RM act as hotel performance levers could vary in high-demand (peak) and low-demand (off-peak) periods, explained P7.

*Smaller properties do even less. Smaller properties if you go down to sort of boutique hotels, 20 bedrooms or B and Bs, 10 bedrooms, for example, they do very little performance management in such a structured way. They basically, they know their market, they know year on year more or less. They will do a quick look on Booking.com or Expedia top see, they will look at their availability and they will basically set a rate. They will not be as dynamic as we are with the pricing. They will have more or less a flat rate Sunday to Thursday, Friday and Saturday and then different weeks and they’ll fluctuate it based on that basis. They will not go in-depth and they will not monitor so
many things like we did on gross profit margin because they are much smaller, of course, so that the percentages will change a lot more based on the different turnovers. P7

This study also emphasised that revenue management has now moved from checking pre-determined rates to optimising hotel prices. This is an attempt to manage an organisation's overall revenue stream, suggesting a shift from revenue orientation to profit orientation (Wang et al., 2015). Likewise, P10 highlights that RM has changed from inventory focused paradigm to a customer-centric paradigm and other comments from the participants as:

This is OTA Insight. So, this will tell us where we sort of are in the market. And then, from this, we make a document called the pricing tool. This will tell me what all the rates. P6

Well, so what we looked at is our guest reviews. We have a big guest review platform. Trip Advisor is named as probably the most globally branded recognised one. Our online travel agents, OTAs, commonly known as from Booking.com, Expedia, any agencies, they always get following their stay a review of how their experience was via them or via our sales directly as well. And we manage that, certainly we establish quarterly reviews with our management team to sort of go through how they have been and then we sort of cherry-pick anything out of that, that we feel needs a bit of attention, whether it was the arrival process, whether it was the general surroundings of the hotel. P18

The changes to the focus of revenue management show that it is no longer a simple tactic but a strategic orientation that involves understanding customers, the associated distribution costs to reach them, and overall resource planning. Selmi and Chaney (2018) and Osinaike (2021) support that RM strategic orientation reflects the firm’s ability to maximise profitability by fully dedication from the entire organisation. This helps to maximise revenue and establish the lifetime value of both current and potential customers. This approach helps hotel practitioners to understand customers buying patterns, needs and desires. The participants stressed the link between revenue management strategies and performance measurement as key to management approach in this competitive business environment; as seen in the comments below.
We are getting a daily review of reports every day, so we’re looking at that every day, how we have performed. In that report, we have year-on-year figures, last month’s figures, last year how did we do, and this year what is the variance. P29

We do check the rates; it is easy now that there are things online you can check the rates, so we do it every day. We do ring around, we call it to ring around, and we call all the competitors and check how many rooms to sell, what is the rates. Some people say the correct data, some people don’t but having said that, we have a report called STR report, so we use this. P29

Furthermore, Chand & Ranga (2018) also mentioned that the variety of performance measurement techniques creates another ambiguity in further benchmarking purposes. The online review has made room for owners/managers to benchmark themselves against competitors easily. The main purpose of measuring performance is to evaluate the current situation of an organisation then compare its result with market competitors (Zaki, 2019). The hoteliers sometimes use positive comments from other hotels to improve their standards and service delivery to customers. If you do not have good customer service, you are behind the trend. Listening and responding to customers makes performance measurement tasks easier for owners/managers.

And that’s what customers want. We’re allegedly in the hospitality business but it’s listening to the customer and making it easier for them. P5

So, performance management of staff is about being on the floor regularly, listening to customers. P8

It is obvious from this study that Smith Travel Research (STR) hotel performance daily data is used to understand the effect of business segments and activities on the total hotel market performance. Consistent with the literature, evidence shows that revenue management positively influences an organisation’s performance (Mohammed et al. 2020; Osinaike 2021; Altin 2017; Ortega, 2016; Wang and Huang 2021). It was emphasised that RM aims to maximise revenue and ultimately profit by improving sales, increasing operating efficiency and effective management of pricing and inventory control. Revenue management using dynamic pricing seeks to increase revenue and profit. The hotel practitioners explained that they use dynamic pricing to adjust prices, maximise profits, meeting customers’ need based on what they are willing to pay. RM plays an increasingly important role in determining the financial
success of hotels, stated Chiang et al., 2007 and as highlighted by P17, P5 and P26 below.

So, there is the study of revenue management and yield management, getting the most out of your accommodation sales. But from a general performance metrics point of view, the KPIs that we use in our sort of hotels are basically average room rate, occupancy and RevPAR. P7

So, in terms of financial aspects, we look at RevPAR, average room rates. We use STR to benchmark. P5

Yes, and of course, we measure that against our competitors to see how they are doing. Unfortunately, we do not have the STR global here, which would be the perfect measurement tool to be able to do that. So, we rely more on Booking.com figures, Expedia figures that we are supplied complementary by being with them. STR Global’s different. It is more you have to pay a little bit extra which perhaps with the size of the hotel might not be worth it now but perhaps as we develop will definitely want to look more into detail and see how we are performing, not just as our own company but what about the rest of Canterbury. Because we may be going up in performance by 1%, but what if the rest of Canterbury’s doing about 5%. So that is something that we need to measure against and not just measure against yourself. P26

As part of the revenue management approach, the hotel pricing strategy improves the revenue per available room (RevPAR). Therefore, this study shows that a revenue management-oriented firm will achieve superior performance because the organisation strategy will be dedicated to the positive implementation of RM and using the right performance measurement criteria. This supports the idea that revenue management influences the Owners/Managers approach to measuring and achieving performance. Revenue management should not just be considered as tactics but also integrated with the firm’s strategy to define targets and goals for the hotels and the different departments within it. In addition, Capiez and Kaya (2004) explained that revenue management is essential for greater visibility in the future because of its ability to forecast, as stressed in the comments below.

Yes, ADR and RevPAR and occupancy. Those are the three things I look at. And then from this, I am going to bore you now. From that, we have our pricing tool, so we make a pricing tool daily which I get done for me, which is great. So, if I go into pricing tools. So, this will tell me where I am against my compset. That tells me everything I have got on here. It tells me what is going on this half term. It is telling me about the French Summer holidays. It is telling
me when the graduation weeks are. So, I can look at what other hotels are doing. P6

So, this is OTA Insight. So, this will tell us where we sort of are in the market. And then, from this, we make a document called the pricing tool. So, this will tell me now what’s...So this will tell me what all the rates P6

Furthermore, given that RM allows firms to make more accurate forecasts of future levels of demand, these systems enable the firms to match this demand to appropriate levels of resources, for example, staffing, which then enhance the firm’s efficiency (McMahon-Beattie et al., 2000; Thakurta, 2016; Murimi et al., 2021; Osinaike, 2021). Maximising revenue from customers is key to hotel businesses, especially with the competitive sensitive environment and constantly changing customer trends and demand. Creating revenue management and performance measurement culture within small and medium-sized independent hotels requires everyone understanding and acceptance and not limited to few people, explained P26 & P7.

Smaller properties do even less. Smaller properties if you go down to sort of boutique hotels, 20 bedrooms or B and Bs, 10 bedrooms, for example, they do very little performance management in such a structured way. They basically, they know their market, they know year on year more or less. They will do a quick look on Booking.com or Expedia top see, they will look at their availability and they will basically set a rate. They will not be as dynamic as we are with the pricing. They will have more or less a flat rate Sunday to Thursday, Friday and Saturday and then different weeks and they’ll fluctuate it based on that basis. They will not go in-depth and they won’t monitor so many things like we did on gross profit margin because they’re much smaller, of course, so that the percentages will change a lot more based on the different turnovers. P7

According to Noone et al., (2017); Sainaghi et al., (2013); Rogers, (2019), revenue management also involves reviewing operational performance. The accommodation operation primary performance indicators are revenue per available room (RevPAR), average daily rate (ADR). However, Lee (1987) highlights how RevPAR does not consider other revenue streams within a hotel, such as spa, food & beverage or conferencing. Recently, gross operating profit per available room (GOPPAR) and total revenue per available room (TREVPAR). GOPPAR deals with the limitations of RevPAR and as hotels look to diversify their revenue sources from other departments,
GOPPAR and TREVPAR is a tool that can help revenue managers to measure performance (Kimes, 2011). This is reflected by P8’s explanation below.

So, performance management when it looks at a rate, we obviously look at occupancy, we look at average room rate, we look at yield, occasionally we look at TrevPAR do total revenue per available room. However, hoteliers get fixated on average room rate and TrevPAR. At the end of the day, we have got to sell the room because then they have a coffee, they have a glass of wine. So TrevPAR is probably much more beneficial than the average room rate. Because if the person buys the room and then spends £200 in your restaurant, fantastic. Whereas if they spend, if the room rate is high and then they only spend £25 in the lounge, where is your, which is the better way? Is it better to have £200 on food and beverage or a higher room rate? P8

Another dimension of revenue management is that benchmarking allows a business to study the best methods, adopt ideas, and become quickly and effectively the best within their sector. The effort to choose an appropriate comparator set contributes to organisational success stated by (Zhang and Weatherford 2017; Wang and Huang, 2021) and echoed by the participants. This benchmarking factor serves as an evaluation function in terms of how the owner/manager performs established guidelines relative to supply and demand patterns, rate sensitivity, and room allocation procedures. All the hoteliers in this study mentioned that they compare themselves with their competitors in terms of price, service delivery and quality. This process of comparison is benchmarking, another driver of revenue management, according to Osinaike (2021). According to Rostamzadeh et al. (2021:175), “Benchmarking is an effective method for organizations to increase their productivity, quality of products, reliability of processes or services”. This benchmarking process has been made possible and more accessible with the use of technology. Many respondents (P1, P10, P17, P29, P27, P12, P3) commented on the use of mystery shoppers to explore competitors’ business approaches and learn how to improve themselves. This shows that benchmarking is used to improve business performance and serve as a crucial influencer for implementing PM in small and medium independent hotel accommodations as shared by the participants.

A mystery shopper will give you a true feel of what your business is doing. P12

So, it's like mystery shopping like mystery shopping to an extent. Yeah. And we also look at our competitors, TripAdvisor, their social media; everyone's got a
digital footprint these days. It's freely available information. So, we do look at it. P3

And if I go away, which I probably do about twice a year for a weekend or so that of course, I then become the customer. And you see your industry in a different way. And you so sometimes think, oh well actually I could do just that or that's a good idea. So, it's the sort of DIY mystery shopping. P1

It's monitoring that inflow of information. Your reviews and your mystery guests are really the only quantifiable data that you have; otherwise, it's all anecdotal. P17

What it is we have an annual quality audit from the management, so it's like a mystery guest. They come and they check everything from paperwork to service to food, everything. P29

Mystery shoppers. So, we have two types of mystery shoppers. One evaluates our service offering, then that's a phone call service sign. And they'll come in and they will produce a report and by and large, that works really well as always very, very good feedback. P3

The research participants explained that the mystery shopping activities are done either internally or employ an outside company to review their business operations. This allows an organisation to compare its performance and that of the contemporaries, thereby recognising its advantages as well as disadvantages Rostamzadeh et al. (2020); Chiu & Lin, (2018); Chen (2002). Also, the owners/managers practice of benchmarking competitors helps to understand and predict the market. It was mentioned that they carry out regular checks on competitors through mystery shopping and website checks. This method helps them gain a competitive advantage, determine prices, and forecast demand for the period or season.

In summary, revenue management is a crucial management strategy that influences consumer choices by setting different prices for differentiated products/services, affecting the level of business outcome provided in each market segment and increasing the firm's revenues. The participating hotels' use of RM has helped to support dynamic pricing, benchmarking, and allocation of business perishable assets. Implementing revenue management strategies is influencing how hotel owners/managers design and implement performance measurement. This has raised more awareness in the industry of the implication of revenue management on business
performance. One of the main drivers of RM is an effective decision about demand management through demand forecasting, understanding the characteristics, needs and demands, pricing and capacity control.

7.2.2 Technology

In addressing the factors influencing the implementation of performance measurement, this study found that performance measurement systems and practices are being implemented and development within small and medium independent accommodation despite previous research emphasising its lack in the sector. This can be attributed to competitive dynamics in the industry (Jeffrey and Barden, 2001). Also, the availability and advancement of technology for marketing information tools make data readily available for hotel practitioners. According to Corluka et al. (2017:73), “hotel business monitoring gathers useful information on the operations, which are the basis for business decision-making and a prerequisite for improving the business”. As commented below, the business environment is experiencing increased and regular changes in technology activities, influencing attitude to performance measurement.

“Well, on our website, we have a dashboard built in where you would have statistics. How many bookings are coming in that day? And how many people are looking at your website where these people are coming from, even what device they are using. So, it is very detailed because of technology. You can see how many people how busy is. So, I like graphs, and there is a graph”. P13

Well, it is a bit like the front office PMS systems. Hotels have evolved over time, so probably from the late 80s for the earlier systems to moving forward and forward and forward. But you know now we are on cloud-based systems and all this sort of thing. P5

Yes, everything now is online. P19

Reporting performance requires an understanding of the data. Data can be display visibly for easy use. This process of data visualisation helps to make information readable, visible and useable for users. Data visualisation is a growing area in reporting measures using the dashboard (Camilleri 2019; Kellen and Wolf 2003). In both business and academia, data visualisation techniques are used to aid decision-making.
It is beneficial for keeping track of all activities and making timely decisions. It is handy in analysing business activities, analytics such as understanding the company's marketplace, consumers, future markets, and rivals to arrive at early strategic warnings. Creating data visualisation through infographic dashboards, graphic and multimedia designs is essential, as highlighted by P13 in the above comments. It could take the form of infographics or interactive dashboards. Data, scales, lines, bars, and coloured formed sizes are some of the elements that make up these dashboards (Telea 2014). More so, Gray et al. (2014) and Buick (2003) explained that the ways organisations operate are changing, in terms of their capacity to do the planning, budgeting and forecasting, as well as the management of processes and supply chains through “big data” has radically improved, also echoed by the participants.

I have identified some of the key things that you do reference and move financial aspects money, what is money, what is happy, you compare your sales and the things that you do here on year monthly as well to see if they follow the same pattern and with products. If the phone keeps ringing, you are very busy. And you have some you are on your dashboard, which gives you an opportunity to track the number of people that are visiting to see the traffic on your website. And how you measure your business is seen from time to time.

P13

Revinate... That is better. So, it looks like that. This is just a simple dashboard saying that we had 54 reviews in the last 7 days. What our review rating was, what it was compared to our competitive average and then some actions. In the last 30 days, we have had 170 Booking.com reviews, 40 Trip Advisor, 36 Google. Hotels.com etc., 8 on Facebook. Then it gives us some sentiment analysis P10

It was also evident from the study that with the help of software subscriptions and different online platforms such as STR, Medelia, Revinate, Booking.com and Expedia, owners/managers get daily, weekly, and monthly information about their business activities. This has helped to define the measures and the key areas of indications to focus upon. This represents detailed information mostly in terms of financial and customer dimensions are available for practitioners’ use. R19 emphasised that it is now a review driven world.

But people are not shy anymore. And we live in a, also a review driven world. People just write stuff about you all the time online. P19
Customers, well, it is more to do with the financial side. The STR does not give you customer satisfaction or anything; it gives you the figures, the rates and how you are doing better or worse compared to your comp set. Basically, it is mainly used to analyse your performances and of course that gives you information on how you can up or down the rates. P29

Technological advancement has caused significant improvement in the use and processing of data (Varini and Sirsi 2012). All the participants emphasised that technologies are changing the way businesses capture, analyse and use data from the daily activities and its impacts on the performance of their hotel. The findings show an increase in the use of data-driven technologies that are sometimes used in advertising, targeting customers both online or through their websites. This is a data-driven world (P11). Most O/M are now aware of the systematic way of capturing, analysing and distributing data. This act aids customer-centric focus, thereby improving the ways to meet customer expectation.

When they look for revenue management in the airlines in probably not a huge amount has changed. Yeah, it is still the same, though they have got more advanced techniques of getting more income and better software and better more goals of the similar. Right? Yeah, that is where it all started. P2

These findings agree with Camilleri (2019), which found that smaller enterprises are cautiously and practically gathering, storing and using data for every customer transaction. The use of data to analyse exogenous variables has broadened the economy, competitive offering, customer engagement, and organisational performance. Although they may be perceived as disruptive, technologies have given hotel practitioners opportunities to network with each other, revealed valuable insights to customers, and gain a competitive advantage. Wang, Kung and Byrd (2018), Buhalis and Leung (2018), Chen and Zhang (2014) and Osinaike (2021) explained that the use of data analytics improve productivity and enhance business financial performance. This has a significant impact on hotel operations effectiveness and efficiency through the use of information on consumer behaviour. Information technology helps boost the revenue management system as the tool includes the ability to get, store, process and share information relevant to the management process (Varini et al., 2012; Thakurta 2016 and Selmi and Chaney 2018). The hotel
Owners/managers want to use technology to ease the pressure of daily operations and act effectively, as explained in the comments below.

*Something that is concise, something that is really easy to get that information. I want to work smart, not hard. I want something that tells me, I do not want to have to go digging around for things and something that is easily accessible in terms of like it would be great if something were maybe pinged to me in an email or something that I could access from my phone would be great if it were something that fed all the information into an app or something. So that would be great because then you could have real-time information as well, not something that you know, a lot of businesses probably for a performance measurement just use their profit/loss account, which is once a month, well actually that might be too late because that is very reactive.* P20

*In terms of room rates, everyday rate, cetera. That is pretty much in the moment. So that is pretty useful, but all this information is at our fingertips. We get it first thing every morning. And if there is a course correction, so we haven't had the business we anticipated. Therefore, our cost is higher than it should be. We have in the moment opportunities to pull that back.* P3

*So, I have got feedback forms in the rooms, which I can give you one as well if you would like to. My team is collating the results every day, so we are putting that into graphs and things so that we can analyse that, and that gets sent out to myself and the directors weekly so we can analyse that and all the feedback from there. We are lucky that we are in a position at the moment where we need that information to make the changes now. In contrast, in an existing business, it might be a bit harder to make drastic changes because they’re already open and running, whereas I’ve still got the builders here.* P20

Owners and managers in this study stressed the importance of having relevant data to manage business operations. They need to regularly examine the information report for use within different dimensions, including customer engagement, service usage, and performance metrics. The data information ranges from pictures, reviews, video clips, cards and weblogs. The outbreak of online and mobile activities from online booking, sales and social media has led to the widespread use of meaningful data to improve hotel performance (Li et al., 2017; Camilleri 2019; 2020).

*Yes, information is key. You really need to know what is happening around for you to be able to build your business as well. Information is key.* P8

*We use feedback forms, we answer on TripAdvisor, Hotels.com, Expedia and Travelzoo and we’ll also send out feedback forms on social media as well. We answer all social media; anything that comes through on Facebook, we answer within a day or something like that. Any emails that come through directly, I answer myself, anything, as I say, that comes through OTA’s, apart from*
The study asserts that review sites and personal blogs provide rich information of customer opinion and perception. This should be carefully explored and play a critical part in the decision-making, target setting, and performance metrics. These are echoed and articulated by the participants' comment below. Social media capture fast-breaking trends in customers choice of products and services (Kim and Chae 2018; Ali Qalati et al. (2021). Management uses its database to design product/services that could result in a new revenue stream and build long term customer loyalty. Many hotel businesses realise the value of a data-driven organisational culture as they are dealing with a high volume of data regularly; thus, influencing the performance metrics of their organisation.

So, all these facilities help you to look at your performance at a glance. You can quickly see what you are doing, where you are doing well where we can take advantage of P9.

Both the participants and Camilleri (2019) agree that technology is a business instrument for ongoing interaction with stakeholders, be it customers or suppliers. The introduction of General Data Protection Regulation (GDPR) was mentioned as a cautious means of processing personal data. The consent of customers to data usage is important and must be communicated to customers. If not, the gathered data will not be relevant without consumers’ permission. However, information from different platforms such as TripAdvisor and Expedia are pre consented and voluntarily given and can be used by management.

The owners/managers explained that there is an increasing need to use data-driven technology to target and promote online and mobile activities. The available technology for small and medium-sized independent accommodations is transforming how businesses capture, analyse and use data from online activities (Shkrepa and Kruja 2021; Ali Qalati, 2021). This approach is facilitating business customer-centric
operations, hence, contributing to the measurement of customer, operations and financial performance dimensions as previously discussed in chapter six.

“People tell you these days, but people aren’t shy anymore. And we live in a review driven world”. “As I say, 20 years ago there was no review sites, no Trip Advisor. People didn’t leave reviews and now they do”. P19

Social media are capturing data that promote trends in the business environment, brands and customers need and want. Camilleri (2020) explained that successful businesses regularly analyse their customer service records; this was evident in this research when participants stated that customer feedback takes a considerable part of their daily routine. Both paper and online feedback are attended to on a daily/regular basis. This gives the right perspective of customer view of the organisation’s service quality.

And then it goes on to our social media as well. Sorry our, where is our customer tab? Customer. So, this will tell us with reviews. So, we look at Booking.com, that is where we are compared to last month. Trip Advisor, where our ranking is, where we are to last month and we look at Expedia as well. So, at the moment, 4.3/5 Expedia. 4/5 Trip Advisor. 8.5/10 on Booking.com. P6

Well, obviously, I look at all of it. I compile the figures, the monthly summary that we send out to the staff and I have a member of staff who looks after the feedback on social media so they will reply on Trip Advisor. But yeah, I’m obviously looking at all the questions. P2

with our customers, we talked to them. Obviously, a customer leaves, we send randomly an online survey to them. And we do that as a benchmark. We respond to all of our Trip Advisor reviews and respond to all of our social media reviews, and if you look at our Trip Advisor page, we are doing very well, but we talk to our guests. P3

It was further emphasised that the advancement of technology is growing faster than its actual legislation and deployment. There are different regulation legislations, interpretation which remain geographically fragmented (Camilleri 2019). GDPR in the UK specifies that people/customers have the right to receive confirmation from data holders about their personal data usage and process. Customers can request for their personal data not to be processed and erased from business information.
Another barrier to the use of technology is the owners/managers attitude toward and knowledge thereof. Therefore, organisations are seeking to develop, train and recruit people with digital literacy. Some of the participants who have been in business for decades have to quickly adapt to the growth in technological influence on the business. They recognised the use of the data to predict better decision options and improve their business operations, as explained below.

*Customer satisfaction has become more and more important ever since the internet has really become the main channel of booking. And ever since, the likes of Trip Advisor and the other platforms have got their open review sources so that people can basically leave feedback and everybody can read what other people think about your business. So, since that grew and grew and the research showed that it actually did have an effect on bookings because the average potential guest was doing research. When they were looking at destinations, they were looking at a number of properties. And they were not just looking and comparing based on price and facilities or location; they were also looking at the reviews. And based on the satisfaction that also played a crucial part in decision making for customers to decide, to choose which hotel or bar or restaurant they wanted to go with. P7*

However, some of the participants highlight their dissatisfaction with technological influence on their business operations, for example,

*Technology now is giving us more work than less work and it is becoming worse as we go along because you have got to, you know, somebody automates something and then you have got to learn a new system to respond to it. It actually takes longer than talking on the telephone or sending an email. I am a firm believer that you can save 10 emails by picking up the telephone sometimes. Because English can be read 4 different ways. Somebody can get upset even though you did not mean it like that. But sometimes you cannot beat talking. Bu as far as systems go, it just needs to be sensible and as simple as possible. P5*

*I think, you know, there are some technology changes, but the whole concept is you have got bedrooms, and once the day is gone, you cannot solve the same with the meeting space. It is gone; it is gone. It cannot be recovered. P2*

*No, no, no, we do not. I do not really like reviews. On media, social media, I do not go for that. Because we are quite an old-fashioned company. And I like all my complaints to happen while someone is there. P13*

Technology is increasingly becoming a critical source of viable competitive advantage in the hospitality industry. This study shows that organisations' performance measures are influenced by strategic intention, competitive environment, technology use,
revenue management, market orientation, and service delivery process to effective implementation. This study concurs with Ali Qalita (2021) and Camilleri (2019) that technology advancement significantly impacts hotel SME performance.

7.2.3 Business Operations (Lifestyle and Experience)

This research has found that the approaches to measuring performance in small and medium-sized independent hotel accommodations are also influenced by owner and managers’ experience in the industry and their lifestyle-business attitude. Smaller properties do even less or no performance measurement in a structured way; this was identified in chapter 5 as an informal approach to the process. They are aware of their market, use year on year data information. Some of them use Booking.com or Expedia to check their availability and set a rate. They are not as dynamic with the pricing. They will not go in-depth to monitor profits, customer satisfaction and quality. According to previous literature on small businesses in the hospitality sector, owners usually enjoy having a close relationship with customers, and intimate service interaction is handled directly by the owner (Zaman and Yoon 2016; Higgins and Aspinall, 2011; Getz and Carlsen, 2005). These research findings also agree with existing literature as demonstrated by P7, P28, P5 comments.

They do all the jobs and maybe they have got one or two people that work with them to do breakfast and maybe doing the bedrooms, cleaning the bedrooms. And that is about it. So, they do not really need more. They have not got time neither to do any more than that because they are so hands-on. They are more owner-operators and they work 6/7 days a week in the business rather than actually on the business. So, it is a different style from the smaller hotels. I think it’s a completely different style of ownership, different structure. When you get to the medium-sized, in particular, the larger size hotels, that’s where there’s more a system requirement because you’re employing a lot more staff because you’ve got more bedrooms to fill; that’s where you need the systems in place. P7

So, because it is a small hotel, you run most of the things informally and it is a small family-type so with yourself you have enough time to chat with the staff. P28

But in hotels, we are not as organised. We do not have the mega bucks as a small independent of doing that sort of thing. But as I said, we are based it on last year. We look at last year. We try and improve the guest offering, of course.
So, we have got many faults. But we try and get over it with personalities and staff and then you get forgiven. P5

And if you are small, it is harder to run a small hotel today than it is a big one. P2

This research reflected the findings of Melia (2010) who found that small and medium-sized hotel accommodations are taking steps to refrain from using only short term, internal focused financial indicators but embrace the use of the medium-long term, non-financial indicators considering the external environment. This encourages linking strategic goal to operational activities. It is evident that understanding an independent hotel's PM practice requires a good knowledge of the business operations, its environment, flow of information, and impact on the decision-making process, as discussed in chapter 5. Leadership and culture are considered as factors influencing performance measurement system. PMS has been found to have a positive impact in helping management to focus on what is deemed to be important to the organisation (Tajeddini et al. 2020). It contributes to the organisational strategy process and allows owners/managers to engage with strategy formulation and implementation and improve strategic alignment P2 as discussed in chapter 7. The session will consider the influence of owners/managers lifestyle and experience in their implementation of performance measurement.

7.2.3.1 Lifestyle

Five of the participants in this study can be classified as an entrepreneur with lifestyle-oriented motivation, according to Marchant and Mottiar (2011). This classification of hotel owners tends to place a significant value on lifestyle choices than on their firm’s profits. Their business decisions show the values, attitudes, and motivations of running the business. The main aim of this approach is to achieve a work-life balance. According to Sweeney, Hughes, and Lynch (2018) and Boohene et al. (2009), entrepreneurs choose a certain quality of life while earning a living. This coincided with (P1 and P25) motivation and method of operating their hotels. Lifestyle entrepreneurs intend to improve and sustain their quality of life.
Without a shadow of a doubt. But there again, the business does affect your lifestyle. P1

Well, yes, that is basically how it started, being able to work from home and not having to childcare and that sort of thing. P25

So, basically, we were living in London and then we got married and our first child came along. So, we were looking for somewhere obviously out of London for us because it became a bit too claustrophobic. We were looking to spend more time with the children. My husband saw it advertised online and we knew Canterbury because my husband was at university here. So, we just thought that would be nice because a) we could get out of London. It would not be such a busy, hectic, crazy life for us anymore and then b) we could spend more time with the children. So, he saw it online and we just thought yes, we will go for it. P24

Studies such as Ateljevic and Doorne 2000; Font, Garay, and Jones 2016; Thomas, Shaw, and Page 2011 explained that Lifestyle-motivated tourism entrepreneurs value maintaining the quality of life over maximising economic profits. These non-economic motivations show in their attitudes toward social, cultural, and environmental relationships to their business. It was emphasised that they seek closer relationships with the natural environment, with opportunities to initiate inclusive community relationships that stress social worth rather than material wealth. All the participants under this classification in this study operate accommodation with an emphasis on farms, nature and scenery (seafront). They select their location as their place of work because of the favourable natural environment. For P16, the seafront served as motivation for their location.

And I think my website does that. You look at my website. It tells you what we are. You can see straightaway that we are a pretty bohemian kind of laid-back, beach kind of B&B. P16

We are part of what is called Farm Stay UK, which is sort of all rural type properties and has been very good over the years. It is like a co-op; it is owned by us all basically, so they do marketing and brochures and websites. P25

The participants explained that they escape the busy lives of metropolitan cities to live where they know their neighbours and establish long-term relationships because of their young family. They also want to work and live in the same place. A home-based business helps them obtain a work-life balance while maintaining a certain amount of
control of their lives and earning money. So, as a result of this, some hotel owners operate their business below VAT level, determine the pace of business and are satisfied with the profitability level that meets their needs.

They tend to express their lifestyle through their businesses model; for example, they decorate the accommodation rooms according to their taste and background. They are heavily involved in delivering services to customers (Sweeney, Hughes, and Lynch 2018; Ma and Xu 2016). They communicate and relate with their customers as families. They get familiar with customers by communicating and engaging with them; they also obtain emotional rewards for themselves. Their service quality measurement is based on the perception of the accommodation and what they want to offer (P1, P16 and P24). All these attributes are related to the participants’ comments below.

As a key motivation for setting up a small accommodation business, lifestyle owner attitude may significantly impact their performance. Still, it is important to evaluate the performance according to the business owners’ intentions. The entrepreneurs’ expectations and achievement are measured whether or not they have the financial resources to survive; for example, P1 comments, “Lifestyle influences business and business does affect your lifestyle”.

Because it is also about a way of life for me...without a shadow of a doubt, but there again, the business does affect your lifestyle...And there comes a time where you want to manage it your way. Which is, I think, why I am not so interested in what facts and figures I can compare now. P1

Yes, we are not corporate. I don’t’ walk about with a shirt on. Most of the time, I have got flip flops and surf shorts. That is what we are. And we are as I; we are a handmade hotel. We made it all ourselves. You know, I made that bed. I made the floor. I made the chair. We built the bathroom ourselves... This place is run from the soul. Form the heart, from my heart, from our hearts. 100%. And having that kind of creativity is the joy, the deep joy I get from running this place. P16

Well, yes, that is basically how it started, being able to work from home and not having to childcare and that sort of thing. P25
I do not want to operate the business that way. It is not purely about getting money off people. There is it is more about offering a service. P1

It is apparent from this study that those hotel accommodation providers with an entrepreneurial mindset and motivated by lifestyle have an informal approach to performance measurement. Their lifestyle influences their perception of business operations and growth. Their business model differs from the regulated, structured way; they find satisfaction in what they do instead of the business's financial outcome.

7.2.3.2 Experience

Choosing performance measures is a challenging exercise for owners and managers in the hotel sector. Performance measurement choice is a dynamic process. The research participants stressed that the measures that may seem appropriate today need to be continually reassessed as strategies and competitive environments evolve. Management is responsible for making a strategic decision on the adoption and use of various performance measures. Several studies (deWaal 2007; Wang et al., 2012; Martin and Javalgi 2016; Petrou 2017; and Kelindos 2020) have illustrated the importance of the managers' experience in influencing various organisational strategic decisions and outcomes. The assumed impact that managers have on the operational performance of their organisation and affects the decision-making process.

Just about 30 years. I started my career as a mechanical engineer, and I got bored. So, I came into the hotel industry. My background is also as a qualified accountant. That helps. And I used to work for Millennium & Copthorne Hotels. And then, 20 years ago, I went to work for independent hotels. And I have always seen work for Jewish people. And I think working for independent is very different to working for corporates, not I think I know. P4

I started as a porter and worked my way through apprenticeship to be the general manager. P3

The comments above showed that quite a number of the respondent started their career early in the industry, giving them a chance to grow and learn from different hotels,
including chain and independent hotels. As a result of this, they are familiar with PM and are able to design and develop the metrics suitable for their hotels. Some respondents have created a spreadsheet that helps meet that business obligation because of the importance they attached to the use of performance measurements in hotels irrespective of the size. These are evident in the quotations below.

“Yes, I would say my past experience influences what I do; like me, I have picked and chosen the things that are specific to my business and the number that makes me able to use it and still deliver the standards that are there. So, I have disregarded some things.” P2

“I did 6 years in Handpicked. I got my report from Handpicked. A very simple spreadsheet. Again, keeping it simple. But it all comes down to the more knowledge we have, the easier it is to run a hotel.” P8

“Before that, I worked in a large casino/hotel in Australia and before that, I was in contract catering so in restaurants. I have been in hotels for about 15 years. But to be quite honest with you, everything here, everything I have shown you, is on an Excel and Word document. We have not actually paid, apart from OTA Insight which anyone can join. Anyone can join STR for a fee; everything I have shown is Excel documents which you can do yourself. So, everything has been designed. I am sure it has been pinched from Marriott or Thistle or De Vere or something like that and been adapted. But there is nothing there that anyone that’s quite reasonable at Word or Microsoft Office couldn’t do.” P6

This suggests that management experience significantly influences the approach and criteria of PM used within the hotels in this study. This supports the approach of either formal, semi-formal or informal, as discussed in chapter six. Some hoteliers have gone further by analysing the data using graphs and charts to illustrate the different dimensions from customer feedback and the outcome discussed at the weekly meeting, therefore informing the performance metrics set for management. Also, some of the participating hotels subscribe and use of STR, which provides great insight and support for the hotel management.

To improve the PM of the hotel industry, hotel owners/managers need to have a good knowledge of and critically understand the dimension of financial and customer indicators alongside the business through their management practices González-Rodríguez et al. (2019). The reason for highlighting management practices is that it is
essential to measure their perception of the performance of the organisations. Essentially, the managers should be able to define and identify the dimensions and their approach to PM. In addition, managers need to know the performance measurements, criteria and evaluations.

The difference between corporate and independent shows that you have an available manual with corporate hotels, showing how you do it. You do have set ways and approach to business operations. On the other hand, as an independent accommodation provider, you have to figure out everything much like an entrepreneur. The managers have the task to ensure revenue and business systems are working properly to measure business success. Improving overall service is the key to service quality and enhancing performance measurements Murimi, Wadongo and Olielo (2021).

Yes, definitely, but because I’ve come from a very structured business before this, what’s key for me is that I feel essentially, I want to bring all the structure of that big PLC here so I can put the flair and the personality into the business but still ensure that it’s run efficiently with the structure that I’ve taken from my old job. P20

I think it does. Unconsciously I do sort of still look at things where previously I was looking at key performance indicators like making sure that… P26.

The industry experience of the owners/managers influences their attitude to self-critique and remain competitive. This can also be linked to their approaches to performance measurement. For those with previous experience at corporate hotels, they were able to devise a semi-formal approach where they develop some documents and at the same time allow flexibility in terms of business operations. This relates to the research participants comments below.

Certain the idea of Balanced Scorecard from my corporate environment has been transferred to what I am doing, things like the guest questionnaires. Yes, so we learn where we’ve come wrong without, but we haven’t got the facility or the tool to have a balanced scorecard, which is great… P4

I have worked in Thistle and Forte before and they worked differently. The KPIs are different. They have different platforms that we work with. Much different. P9
So, because it is a family run business, before I worked for Revolution, the Vodka Bar, which is like a branded national company. So, a lot of the things that they had, there was balance score cards, everything was assessed and measured. Everything was open...Well, I’ve kind of picked the best parts of what I think works well. P27

So, 25 years. My family have owned this hotel for 25 years. So, I have been directly sort of involved for 25 years, albeit I did have a few years whilst I was at university. So even though I would come every now and again and help out the odd weekend or in the holidays. I was studying at the same time. I have been full-time working in the industry for 19 years. Prior to actually owning and managing the hotels our family, I had worked in other hotels and bars and restaurants just as a sort of experience where we had family friends that had bars and restaurants. P7

But I think it is just decades of experience of people. I can pick up bad vibes quite quickly... And they have given, and we actively canvas for reviews as well. We have got a really nice template that we send out to customers. It is a little bit; I copied it from a big hotel in America, actually. P5

In summary, this research has revealed that the experience of owners/managers influences their criteria and approaches to PM, be it formal, semi-formal and informal approach. Furthermore, factors such as competition, benchmarking, revenue management, technological advancement, owners' and managers' experience, and lifestyle have continued to influence contemporary performance measurement thinking.

7.3 Anticipated Plan for Performance Measurements

The second part of this chapter considers the anticipated plan for performance measurement in the participating hotel accommodations. This next aspect findings focuses on the owners/managers anticipated plan for performance measurement in their organisation. In response to the research question on advice for performance measurement plans in small and medium-sized independent hotels is highlighted in table 4.5 on page 117-118. The research saw a mixed reaction to this question from the participating hotels. Some participants felt they were happy with the approach that has been designed in their organisation, while others suggested that they need a more defined approach to measuring performance. However, even the participants who said
no to the future implementation of performance measurement emphasised the importance of having suitable performance metrics and dimensions. Some of the participants also mentioned that they would consider the approach in future if there were changes in circumstances. More so, a lot of the respondents suggested a need for PM in small and medium-sized accommodation as it is considered a useful tool that will help their business even if it is a unified/generalised approach. It was evident from the comments below by some of the participants that irrespective of the hotels’ size, a PMS is needed to improve business activities.

*I think anyone, regardless of the size, will benefit from key performance indicators. The only thing I am concerned is that some may not but, it in place because of those constraints that they have. But I think everyone, in the long run, would definitely be benefitting from having those performance indicators because, without them, you don’t know where you are and where you stand and whether you’re progressing forward or backwards.* P26

*If I went to another independent hotel, I would set up the same processes. Because I think it is, it is worth the time, you see tangible results.* P2

*I think that there is a need for performance measurement structure to be put in place in any business really, regardless of whether it is in hospitality or anything, because everybody needs to know how well their business is doing and if you do not have measurements in place to know if you’re doing well then really how can you say if your business is even worthwhile continuing? Or how would you know where to further your business, or how would you know how to adapt to the market you are in? It is essential to know how to measure the performance of the business that you are in for a multitude of reasons.* P20

*Everybody needs a measurement system of some sort. Yes. Some properties have tailormade systems.* P17

In the same vein, a few owners/managers, for example, P1 below, claimed that they are satisfied with their performance measurement approaches as either informal or semi-formal. This can be attributed to some factors such as timing and monetary resources, as indicated below.

*No, I am not. Because, of course, all these things take time...But when you are an independent business, everything seems to be needed, it needs to be more tailor-made for that specific place.* P1

*No, I do not think so because that is why we are independent because you can build those frameworks to suit your business in particular. It is not having to conform within, because if you go to a Hilton or a group chain hotel, you expect the same price, same room, the same standard, the same breakfast, the*
From the comments above, the research now explores the interest and advice of participants to about a practical framework that they would be willing to incorporate into their day-to-day business activities. Most of the participants expressed their interest in a simplified tool that could support their management approach.

*Yes, if that is something that is out there, then I would definitely be interested in having a look and seeing if there’s something useful. I am always happy to take something on if it is helpful.* P22

### 7.4 Consideration for Practical Performance Framework

In order to address the need for performance measurement future framework suitable for the small and medium-sized independent hotels. The research asked the participants for their advice on defining, designing and doing PMS. There was an overwhelming suggestion by the participants for the need for a PM system specifically for small and medium-sized independent hotels. However, there will be lots of challenges to having a uniform approach “not one size fit all”, as different hotels have different business operations and motives. The proposed model/framework should ensure that both financial and non-financial measures are used and effectively integrated into the business operations to provide a balanced approach to measurement. There are many comments from all the participants about their future perception of performance measurements; please see comments below.

*P&L and revenues and profits will tell you everything you need to know. Because let us be honest, if your business is growing, you are the delivering service. If your profit is growing and you have got all your controls in place. Your business is growing, you are providing the service. You are controlling the trust of your customer.* P4

*it is going to be simple. If something is really important to you and you can't measure it easily.* P2
I think with us because we are so busy, something quite simple and straightforward and straight to the point really helps us. P24

So, my advice for you is to keep it simple, customer focused. P5

Another thing that you said is the fact that most independent hotels will want something like tailor-made, bespoke for them. We need to do something bespoke, time conscious, cost-conscious, simple to administer. P1

I don’t think we need to change anything the way we structure and operate the hotel to manage the performance. P18

Well, definitely it’s improved the products without a doubt. You can no longer have an attitude of “I don’t care” you have to care. So the competition has become stiffer because everybody’s trying to do their best which is great. There’s still a lot of naivety in the industry. P11

The ideal system should link the operational and functional measurement to strategic performance evaluation. It was all agreed by the participants that there is a need for a generic framework giving room for a tailored business-specific PMS for each independent hotel. This is needed as most hotels operate differently depending on the facilities and services provided. These specific business operations will inhibit the uniformity approach within the sector.

So that is my advice and my view is that it depends on your journey and also if you are only looking at your numbers, you’re looking at one dimension. You are just looking at your business; you’re not taking into context of what is possible, what further opportunities there could be for your business. On the flip side, you might not want to know. You might just want to be on an island and go, “La, la, I’m happy with my lot, I don’t want to know about it” and it might scare people. But I genuinely believe that that is not just me. P10

To achieve a positive performance result, the hotel owners and managers must purposefully configure the performance measurement process. Shen (2015) explains that when a company is choosing an appropriate range of measures, it is necessary to balance them to make sure that no one dimension, or set of dimensions, of performance is stressed to the detriment of others. The argument for a balance of financial and nonfinancial measurement is the focus of the following discussion.

Well, you have got, you’ve got to understand what the core of your business is. P2
Something that is concise, something that is really easy to get that information. I want to work smart, not hard. I want something that tells me, I do not want to have to go digging around for things and something that is easily accessible in terms of like it would be great if something was maybe pinged to me in an email or something that I could access from my phone would be great if it was something that fed all the information into an app or something. So that would be great because then you could have real-time information as well, not something that you know, a lot of businesses probably for a performance measurement just use their profit/loss account, which is once a month, well actually that might be too late because that is very reactive. P20

PM is a process, not an event, as explained by (Marr 2012). It is a sequence of steps in which an organisation chooses what to measure, determines the metrics, and gathers data in order to achieve effective results. In planning/designing a process, it is setting the direction an organisation is going to take. Choosing the PMS suitable for an organisation depends mainly on the owners and what they want to achieve in their business. It depends on the goals and objectives of the hotel. It will be easy to measure if a goal is set up. The core area of the business will shape the design and practice of PMS. Not prioritising business activities leads to too many measures. Understanding key business areas will aid in the creation of the metrics required for successful results. Hoteliers need to understand the core area of their business, as highlighted below.

Well, you've got, you've got to understand what is the core of your business. It is going to be simple. If something is really important to you and you can't measure it easily. P2

Creating a practical PMS will require synergies among all systems within the organisation. For example, the property management system must be synchronised with the booking and reservation system. This will thereby make measurement and evaluation easy within the organisation, as explained by P11.

To be perfectly honest it is, a realistic performance indicator is how far you can push your process up before you get resistance. How enthusiastic. When your guests are leaving, you can tell how well you have done if they are happy. It is no longer, for a small business, it is no longer about...I don't know. It is a really difficult one because we are so involved in our guests that we know before they have complained. We know if they are happy or not happy. P11
In developing the performance measurements suitable for small and medium independent hotel accommodations, the respondents made some suggestions. The proposed framework needs to be simple, precise, concise, time-conscious, comparable, measurable, all-purpose, relevant, specific and manageable by each hotel. Something with less human interaction must align with other systems such as property management systems was proposed. However, there is also a need for time and person to be allocated to the delivery of the process as most owners/managers do a lot within the organisation, it may be challenging to add it to the existing task.

Yes, absolutely. There will be certain things that everybody has in common, everybody will need to measure their financial performance and their guest performance and their team performance, everybody will need to do that, but how you do that and where you go from there, how you expand it, there is any number of ways depending on your property. P17

Hoteliers can no longer shy away from a balanced approach to performance. It was also suggested that the research could develop a list of what is needed to be measured in two categories (Core and optional). The options will allow properties to cherry-pick the ones that are suitable and applicable to their accommodation.

Yeah, definitely, I would say, but I think that you should go into it thinking if I have that for SMEs, it is not like, okay, I will pick it off the shelf and it will fit for everyone. P2

You cannot pigeonhole it like that because it is so determined by the goals of the property. You could not take the performance measurement system I use and apply it to the hotel up the hill because it is completely different, you have got different stakeholders with different expectations, you have got different markets that respond in different ways, you’ve got different external influences and you’ve got different goals of the owner and those shareholders. P17

As explained in the PM definition section, in Chapter five on pages121-128, if there is no target, there is no delivery. The proposed performance measurement system is needed for the delivery of best practices in small and medium-sized independent hotels. Garengo et al. (2005) stressed that PM must have the ability to appraise the whole organisation and integrate all functions. Priority must be given to each department in setting out the key performance indicators to achieve business
objectives with a balanced view. As Chanhall (2005) states, appropriate design and implementation of the performance measurement system help steer organisational performance initiatives. PMS allows organisations to bridge the Table 7.1 gap between strategic plan and execution; it enhances market opportunities and remains competitive in the sector. Some of the participants’ comment below coincided with the design of effective PMS highlighted in chapter three.

I think something that is logged easily and it is easy to keep track of. Yes, something along those lines. Well, anything that makes our lives easier sounds good to me. P22

But I think it is something you would have to say, right? I am going to go in and sell to you as an individual. These are the six things I recommend everyone does. But let us talk about the other things that you should be measuring that keep your business. P2

I think with us because we are so busy, something quite simple and straightforward and straight to the point really helps us…. Yes, on the same page. For example, we use a system called Free-to-Book which puts all the channel bookings onto one manageable diary, so something like that would be helpful. P24

More so, Sukato (2014); Sharma and Bhagwat (2006) and Argyris and Kaplan (1994) explained that proper awareness training should be provided for all stakeholders to overcome the resistance to PM implementation. Also, to encourage the motivation of ideas from employees and management is crucial. Likewise, to enjoy the benefit of performance measurement, practitioners must ensure that a structured process is in place to monitor the activities. As previously highlighted in the literature review and the last two chapters, due to the nature of small and medium-sized independent hotels, they are operating in an uncertain market with limited resources and customers (Jessica Hwang and Lockwood 2006). They tend to develop a relationship with customer and employees, thereby enhancing flexibility in the management approach. Performance measurements are vital to SMIH, especially in this business climate with uncertainty and pandemic. In support of Sharma et al. (2008), business competition helps to understand the changing environment, monitor internal capabilities and enhance performance. Melia (2009) findings show that the operators of smaller
independent hotels desire to implement more formalised PM structures; this is similar to this research findings. However, this appears to be mostly aspirational due to the resources that are perceived to be associated with more formal measurement approaches. This suggests that until performance measurement techniques are considered easy to use, they are unlikely to be adopted widely by small independent hotels.

The rationale for the study was to explore performance measurements understanding and practice in small and medium independent hotel accommodations. Sink, Tuttle and Shin (1989) emphasised that organisations cannot accomplish what they cannot measure as management perception support the necessary information for decision making. Porter (1985) highlights that it is crucial for business owners and managers to fully understand the key cost drivers to determine the business position. Ittner and Lacker (1998) stressed that customer satisfaction increases both business output, financial performance, and customer loyalty. Gholami et al. (2013) state that organisational success is linked to the different dimensions of performance. All these rationales are highlighted by the participants in ensuring that they have a suitable and feasible framework to enhance their operations.

The research found that there are a few common critical success factors within the hospitality sector, such as issues with the customer, staff, quality of service and profitability, as explained in chapter 6. Moreover, the research participants articulated that when these CSF have been identified, it is possible to develop methods of measuring these factors' performance. As Flanagan (2005) highlighted, the high contact nature of hotel service would suggest people, both employees and customers, are a critical component of the organisation's success.

Also, identifying key performance indicators are a critical aspect of effective communication of an organisation’s progress towards its goals. The participants espouse that choosing the right and relevant KPIs requires thinking and good knowledge of the business and industry. It must be aligned with the hotels’ strategies
and objectives; if critically followed, the measure of success is often apparent and followed in the organisation. This reflects the work of Harvey (2000) and Gabcanova (2012), who state that no matter which KPIs used, they should mirror the business strategy and be redesigned from time to time to adapt to the changing business environment.

The owners and managers stated that key performance indicators show the results figures of a hotel. It is an indication of what managements have done and future plan to increase performance. KPIs give a clear picture and direction to the business. They could be reviewed daily, weekly, monthly and at least annually. They can be referred to as drivers that have a significant impact on business performance. KPIs are the crucial drivers of the hotel business and they indicate the progress and outcome of the hotel’s business (Kala and Bagri 2014 and Wadongo et al. 2010).

The findings also suggest that KPIs designed in consideration with the business activities will help measure customer and service deliveries, make effective business decisions, and offer/support exciting plans to drive the business forward. KPIs mirror the organisation performance. It was echoed by almost all the interviewees that hoteliers should have manageable and sustainable KPIs visible to measure the organisation's performance. This system needs to be supported by a good culture within the organisation and well communicated to all the employees at different levels.

*For key performance indicators to work, in my opinion, you need to have somebody driving it. You need to be somebody who is doing the measurements and everything else. In a small hotel, you are not going to be able to pay; you do not want to pay somebody to do that. In my opinion, the owner sees it as just a ticking exercise. You know, he does not see that there will be any benefit to it, in the long run, seeing how we are performing according to where we need to be. I think in smaller hotels, it is not implemented because of the time and the budget constraints on it, I would say.* P26

A few of the participants indicated that measuring critical success factors was time-consuming and felt there might not be substantiated benefit to support their hotels’ activity. This will depend extensively on the owner’s attitude to the concept of PM. Evidence from the research shows that identifying relevant critical success factors and
choosing the right performance measurement system is an arduous task because of the fluid nature of the independent hotel business and the continuing changing environment affecting the hotel sector. Hence, performance measurement and the management of the approach to align with critical success factors is a complex activity. Consequently, the practice within the industry needs to be promoted and emphasised.

The fact that most independent hotels will want something like a tailor-made system that is purpose-built for them is critical. The framework must be bespoke, time conscious, cost-conscious, simple to administer, as suggested by the participants in the comments below.

*I think it has got to be it has got to be easily measurable. It has got to be precise. And it got to be comparable. So, you know, he cannot be it has got to be a simple a simple piece of data. this is where people will get feedback, make a very convoluted measurement system; if it is convoluted and complex, it properly is not particularly worthwhile. I mean, it has got to be a black and white thing, you know, like it has to be written, it has to be written by everybody in there. Yes. And no one can argue about the precise meaning of it. So concise and measurable. And very, very simple. P2*

*Because the schedules need to be consistent. You cannot just do it one day, forget about it the next. It has to be consistent because you need to get a measurement. Because if you do not get the measurement, you forget about it for one month then you lost all the work. So, it has to be consistently done as well. P26*

Also, all the participants emphasised that the PM approach that would be suitable for the hotel sector would be a non-prescriptive framework. The framework cannot prescribe particular appropriate measures as most independent hotels want their organisation to be operated in a way suitable to their business model. It may be challenging to have one defined approach: not one size fits all. Every hotelier would like a tailor-made measurement that suits their business approach/strategies/objectives. According to Micheli and Manzoni 2010 and Phillips (2007), there is no universally appropriate balanced system that applies to all organisations; not one size fits all.
The respondents echoed that it is essential to implement performance measurement even if the organisation is not employing or using the measures at a given time and developing a performance improvement culture. This suggests that a model of performance measurement for the small to medium-sized enterprise must incorporate the above dimensions. However, the participants emphasised not to over-complicate the process; otherwise, the small to medium-sized accommodation practitioners will reject it.

7.5 Proposed Framework

Many researchers Sainaghi (2010); Sainaghi et al. (2018), emphasised a need for a performance measurement system for hotel accommodation to consider the unique characteristics and differences between SME and large organisations while formulating the PMS framework for SMEs. Also, Haktanir and Harris (2005) argue that independently owned and operated hotels need to place greater emphasis on the development of their own performance measurement in a strategic context. This was highly emphasised by participants as well. It was stated that not all KPIs measured by large hotels would be relevant/suitable in their size of hotels; as such, limited, useful and appropriate measures should be promoted and used by SMIHA.

However, as Bourne et al. (2003) point out, PM frameworks on their own are not a complete solution to management dilemmas. Atkinson and Brander-Brown (2001) and Krambria-Kapardis and Thomas (2006) state that a hotel measurement framework needs to enable managers to cope with unique organisational characteristics and critical success factors effectively. It needs to reflect the complex nature of the service delivery process within hotels, which includes perishability, intangibility, heterogeneity and simultaneity. The existing frameworks do not consider the unique characteristics of hotels as identified. Elbanna, Eid and Kamel (2015) explained that the research into hotel performance has been hampered by the lack of an overall framework of the BSC.
This study's proposed framework in Figure 8.1 is called the Performance Steering-Wheel (PSW); it has three strands, financial, customer and operations. The operations aspect considers employees, managing process and service quality. There should be a comprehensive understanding of the dimension of service quality by owners/managers to design a good quality policy for the hotel service; it must consider the contribution of both the customers and employees (Drohan et al., 2009; Edvardsson 2005; Brotherton, 2004; Geller, 1985).

The Performance Steering-Wheel was developed with the goal of ensuring a better understanding of and directing an organisation's performance. It highlights the various dimensions and processes of performance measurement relevant to the hotel accommodation industry. The system is made up of three steps: define, design, and do (implement), as well as three key dimensions: consumers, finances, and operations. The steps within the performance Steering-Wheel approach are designed to assist management in identifying their core business areas, selecting appropriate metrics, implementing and interpreting data obtained to enhance organisational performance. The framework was designed to assist owners/managers in developing an efficient measurement method for monitoring, controlling and directing business operations to maximise performance.

In support with Kagioglou et al. (2001), the participants explain that one of the reasons organisations measure their performance is to identify their excellence level. Financial terms such as return on investment (ROI) or net earnings and non-financial such as customer satisfaction, quality, and policy are compared to their competitors. The results gained from measuring performance in these regards will be used to create and develop strategies for the organisation in achieving its aims and objectives in business. It will also be used to attract future investment, increase share value and recruit the right calibre of employees.

Several models and frameworks have been developed in the past, but none of these has been specifically designed for small and medium hotels. According to Marr et al.
(2003), the development of such a framework helps formulate and implement organisational strategies and benchmarking of performance. It supports efficient and effective organisational management. Bourne (2004) states that organisations will not be able to survive and thrive without effective measures. Measures provide organisational motivation and people respond to measures.

The Performance Steering-Wheel as seen in Figure 8.1 below; the framework has three strands, financial, customer and operations. This is an attempt to integrate both financial and non-financial dimensions. This reflects the views of this research’s participants and the previous research which has indicated that the performance and effectiveness of hotel organisations depend extensively on the management of their finances, their employees and the organisational operations and strategies. Also, it incorporates the process of the system from the define, design and doing phase. In addition, the framework incorporates the crucial factors influencing the performance measurement system within hospitality organisations.
Research on performance measurement systems has mainly focused on designing different types of performance measurement systems, for example, in Phillips (1999; 2007); Sainaghi et al. (2018; 2019) and Panno (2019). However, there has been limited research that considers how to define the component of a PMS. This makes it difficult to implement the system as if the basic aspect is wrong, the designing and doing of performance measurement may not be suitable for the nature and operation of the accommodation business.
Not all PM implementations are successful; previous studies (Banker et al., 2004; 2001 and Bourne 2004) have shown that 70% of PM implementations fail. Neely and Bourne (2000) emphasised that the failure of performance measurement in SMEs results from poor design and are too difficult to implement. In line with Bourne et al. (2002); Pekkola and Ukko (2016), the participants echoed that the way to understand how a PMS is designed and implemented depends on categorising its key factors. It is important to contextualise the process and metrics to its business activities. Bourne et al. (2000) explain that the development of a PMS can be divided into three main phases: (1) the design of the performance measures at which point the organisation identify their key objectives (2) the implementation of the performance measures, comprising of data collection, collation, sorting and distribution and (3) the use of the performance measures (for measurement, review, action, and reflection).

However, this study, in line with the interviewees' comments, grouped the PMS phases into three, which are (1) Define, (2) Design (3) Do. Defining the core business areas in which the measurement will occur; Designing how the measurement will be carried out and what is measured are important will impact the implementation of performance measurement practised within each hotel.

**Define phase:** This phase considers the key business area and identifies the core business activities vital to their success. This is when the critical success factors (CSF) are highlighted. The define phase is negotiated and decided by owners rather than the strategic focus of the business. The latter weakens the overall impact and aims of the metrics. Defining a well-designed performance measure must not be in a vague term. It also makes the link to individuals, teams, and departments difficult, therefore impacting the design and implementation of PM. Neely et al. (2000); Kennerley and Neely (2002); Bourne et al., (2003); Pekkola and Ukko, (2016) argue that performance measures should be derived from the company’s strategy. The senior management team that drives the measurement activities facilitate the design process. Understanding the need for a PMS in the organisation may be a first step towards implementing it and embracing it as part of the organisational culture and practice.
**Design phase:** This stage emphasises the design of the critical measures that will support the business's measurement activities. There is a key emphasis on the characteristics and criteria for the measurement. It also highlights how the information will be collected and collated for use. Some of the participants agree that it is difficult to identify the necessary metrics suitable for their organisations. The Performance Steering-Wheel gives management flexibility to choose the right metrics for their organisation, avoiding the rigidity of measuring all performance measures even when not relevant to business activities. It was overwhelming echoed by participants that the measures chosen have to be properly defined and designed. Also, there was still significant reliance on financial measures, which encourages short-termism. There has been a growing case in understanding how competitors are performing and what customers want. Garengo et al. (2005) and Sainaghi et al. (2018) emphasised that in designing performance measurement, it must have the ability to appraise and integrate the whole aspect of the business.

Also, priority must be given to each business unit to achieve organisational objectives. The inability to design the correct metrics will result in a lack of strategic focus for the hotel, creating difficulties in determining the importance of the measurements. The process of designing performance measures should include everyone, such as customers, employees, and managers. It was highlighted that designing a PMS is mostly a subjective exercise of translating customer views and stakeholder needs into business objectives and appropriate performance measures. According to Pekkola and Ukko (2016); Barr (2014) and Dekker et al. (2013), PMS is not well designed if performance processes do not deliver concrete performance outcomes that drive performance improvement. Practical design and functional performance indicators and measurements provide the best proof of the effect. A successful approach to performance measurement design can result in interventions that promote learning and cooperation and identify the best methods for the company to achieve its objectives; this is one of the aims of Performance Steering-Wheel. The performance results clearly show the effectiveness of PM design. The PM design stage is just as critical as the metric concept definition.
**Do phase:** This is the implementation stage when the measurements are in practice and used within the organisation. The phase also reflects and review the metrics regularly use to ensure the suitability to the business activities. To boost efficiency, useful performance indicators must be implemented. Performance measures usually are monitored over time in order to identify and respond to changes quickly. The participants stressed that the do (implementation) phase is the most challenging as some other factors, such as company policies, may inhibit the PM strategy. Other factors such as timing, resources, lack of leadership, resistance to change and data processing serve as barriers to the implementation of PM in SMIHA, according to Bergin-Seer and Jago (2007) and as discussed in chapter six and seven.

Some factors to overcome the challenges to implementing PMS include integrating the metrics with business strategy and review process will be critical. Also, a commitment by owners/managers, perseverance and good company culture has been identified as facilitators of PMS implementation (Denton and White 2000; Marvel 2001; Bourne et al., 2002; Kennerley and Neely, 2002; Zaman and Yoon 2016 and Nazarian et al. 2020). It was highlighted those hotels that successfully implement PM aim to manage their business better and achieve a higher goal than improving the measurement system (Murimi, Wadongo and Olielo 2021). The participants echoed that an embracing culture by all members of the hotel would reduce the fear of measurement and, therefore, no resistance to the implementation.

Kollberg (2007) highlights that implementing performance measurement systems encompasses the activities involved in transforming the system into work practice, from the initial introduction to the full integration in the organisation. In the ‘doing’ phase of the proposed performance measurement systems, attention is drawn to the actual use of measurements in everyday work. From this, it is apparent that inappropriate performance measurement has a substantial and undermining impact on its success, as explained in chapter five (section 5.5). This shows that PM's purpose is not simply to collect data but rather to collect data upon which to make vital business decisions that will help attain the organisation's strategy leading to organisational
improvement and success. This link between strategic evaluation and performance management is considered below.

As highlighted by Parmenter (2015), the benefit of implementing KPIs are the alignment of daily actions to organisational critical success factors, improving performance and the ability to create ownership, empowerment and fulfilment within the organisation. Kaplan and Norton (1996) recommended more than 20 KPIs; Hope and Fraser (2003) suggested less than 10 KPIs for effectiveness, while Marr (2012) recommended 75 KPIs for every manager to be aware of within their organisations. Parmenter (2011; 2013) highlighted that having 10 KPIs is too restrictive and recommended that organisations should have about 30 KPIs to evaluate their performance. However, this research participant suggests 6-12 KPIs and that something relevant to a particular accommodation may not be suitable for another organisation. Although the framework may define several indicators, the owner/managers should have the flexibility to choose from the robust pool, as explained below.

*I think the only way to make it work is to make a big robust one and then for each hotel to be saying, I could do with this and this and this, and then chose.*

\[P26\]

Lai and Choi (2015) described guidance to developing a performance measurement system as it should comprise a collection of KPIs to cover the essential performance areas. The KPIs should provide a balanced view of the performance and the weighting of the KPIs should reflect their importance. It should be measurable, comprehensive and enabling the outcome of PMS to be actionable.

*I think without answering our question in the first instance, I think it really, it depends on the owners of the hotel. Whoever owns the hotel, let us assume it’s an independent owner; they own a hotel. The first question is what they are trying to achieve with the business. Do they have any aspirations is question number one? Because if they have a goal, they need to measure their journey to that goal.*

\[P10\]

Hinks and McNay (1999) identified 172 KPIs, which Lai and Choi (2015) criticised as too generic and voluminous for application to the hotel sectors. The participants
reiterated that not more than 12 KPIs would be relevant and easily managed by the O/M. This will encourage the practice and implementation of PMS rather than having the metrics for argument’s sake.

*Yes, like me, I have picked and chosen the things that are specific to my business and the number that makes me able to use it and still deliver the standards that are there. So, I've disregarded some things. But just pick, you know, half a dozen to a dozen that you can manage the entity. And that means something to your business.* P2

*I think the only way to make it work is to make a big robust one and then for each hotel to be saying “I could do with this and this and this” and then chose...exactly but giving them the programme or anything with all the options that they have. Then they will be able to cherry-pick the ones that are more suitable or applicable to them.* My opinion. P26

Contrary to Kellen (2003), this research argues that performance measurement frameworks can be scaled down or adapted to fit any organisation. This will support the need for industry and context-specific models of a performance measurement implementation. Defining and designing appropriate KPIs is not easy and may sometimes take longer to get it right, explained by the owner/managers in this study. Management should consider all organisational aspects, including the financial situation, customer, market position and the vision of the company. The base for setting proper KPIs is formulating the strategy map and understanding the interaction with business activities, variables and significant company’s targets. The outcome of the targets should be evaluated and related to the implementation of the PM, which will make the organisation more competitive and flexible.

Also, Franco-Santos et al. (2012) noted that research about PM literature is gradually moving towards looking at how organisations manage measurements. Also, covered are the consequences for individuals, teams and organisations of PM criteria and outcomes. All the interview participants highlight that there should be a direct link from KPIs to goals, from goals to objectives and from objectives to strategies. It was stressed that all KPIs should impact a business decision within a specific time frame. That makes the decision process difficult from the decisions made under no time
constraint. Organisations should identify core areas of business processes that are the most critical to the success of the organisation, according to P2 comment below.

Well, you have got, you've got to understand what is the core of your business.... it is going to be simple. If something is really important to you and you can't measure it easily. P2

Furthermore, according to Eckerson (2009), metrics are a powerful force in an organisation that can drive change, but only if the correct metrics are created and implemented. The wrong metrics may have a negative effect on business processes and employee morale. His research highlighted ten factors for effective KPIs such as Sparse, Drillable, Simple, Actionable, Owned, Referenced, Collected, Balanced, Aligned and Validated. In contrast, Hursman (2010) defined five criteria for effective KPIs: Specific, Measurable, Attainable, Relevant and Time-bound (SMART). This is a short and concise way to articulate KPIs, as this is a solid framework for making decisions about KPI selection. Where possible, KPI targets must be based on concrete data and non-manipulative formulas as some participants stressed that it should have less human interaction to be effective.

Ferreira et al. (2012) stated that there was a need for continuous monitoring and evaluation of organisational performance for business to be successful. Lohman et al. (2004: 269) highlighted that “PM is an activity that managers perform to reach predefined goals that are derived from companies’ strategic objectives”. The process of designing PMS begins with outlining the core areas of the business, which can be described as critical (key) success areas, defining and designing the KPI to achieve that success and analyse data for improving and measuring performance. The operations dimensions include managing employees, managing process and quality service delivery. All these aspects have a direct link to overall customers’ satisfaction. Service quality is a measurement tool that can be used to control and monitor hotel operations, whilst customer satisfaction is used to understand the degree of customer perception of service quality. The two metrics can be co-applied. Services experience triggers a different level of customer satisfaction. The participants highlighted the performance indicators suitable for small and medium-sized independent accommodations. These are compiled in table 7.1 below.
Performance measurement cannot be successful if it is not managed and implemented in a proper process as detailed by the participants. Understanding the business environment is an important concept for the participants in this study. Performance measurement provides an additional way for identifying the strengths and weaknesses and opportunities and threats of business, either in financial or non-financial aspects.

In conjunction with the framework, Performance Steering-Wheel, this research has developed the key performance indicator called Practical Performance Indicator (PPI). These indicators were designed in line with the research approach identified in this study which are informal, semi-formal and formal, as explained in chapter 5. Practical Performance Indicators in table 7.1 below will support the owners/managers in designing their performance measurement to choose the right indicators for their business without being prescriptive. Measures should be prompt, limited in number, capable of driving change, difficult to influence, and readily understood by all parties involved in the company.
### Table 7.1. Practical Performance Indicators

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Indicators</th>
<th>Approaches to Performance Measurement</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Informal</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Costs/Turnover (Budget)</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Gross Operating Profit per available room (GOPPAR)</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Revenue per available room (RevPAR)</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Prior Year Comparison</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Occupancy Rate</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Average Daily Rate</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Sleeper/dinner ratio</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Return on investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TREVPAR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EBITDA</td>
<td></td>
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<tr>
<td></td>
<td>Market share</td>
<td></td>
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<tr>
<td></td>
<td>Average length of stay (ALOS)</td>
<td></td>
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<tr>
<td></td>
<td>Food Gross Profit</td>
<td>X</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer satisfaction</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>No of Returning Customers</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>No of feedbacks/complaints</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Mystery guest</td>
<td></td>
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<tr>
<td>--------------------------</td>
<td>---------------</td>
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<tr>
<td><strong>Operations</strong></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Employee’s satisfaction</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Average rate of employee turnover</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Employee retention</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Employee creativity/Innovation</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Service quality assessment</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Walk around management</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Health and Safety Compliance (HACCP)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Competitor Benchmarking (compset)</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

*Source: Author.*
Performance measurement is a process designed to assist managers in moving in the correct direction, revising and designing the business goals and processes. This is the aim and intention of the Performance Steering-Wheel (fig 7.1, page 218) and Practical Performance Indicator (table 7.1, on pages 226-227). It is obvious from this study that organisations look at performance measurement as a part of the necessary ways to increase their profit, enlarge their market and strengthen their existence in the industry. Performance measurement has also been proven to improve customer satisfaction and organisation reputation, increase productivity, and improve business for a better future. The common expression by Peter Drucker that ‘If you cannot measure it, you cannot manage it’ has opened the eyes of small and medium-sized independent hotel accommodation owners and managers to how important it is to apply performance measurement in their business activities.

7.6 Chapter Summary

In as much as the literature showed that there was little or no practise of performance measurement systems in hospitality SMEs, as Chalmeta et al. (2012) highlight, measurement is a luxury to SMEs, which is the main reason for the poor implementation of PMS. Every organisation must have a specific process for selecting measures with which to access its performance. It is crucial to understand the process and criteria used to measure performance in these sectors and design a performance measurement system suitable for them. It is apparent from this study that owners and managers are striving to incorporate a balanced approach to performance measurement by considering financial, customer and operations dimension. The revised framework, Performance Steering-Wheel, is designed to reflect the suitable model for SMIHA as indicated by the participants. This model incorporates the dimension and process of measurement formulation to implementation to address one of the Balanced Scorecard criticisms.
It was noted from the literature that many authors explore the design aspect of PM considering each dimension/indicator. However, this study considers each performance dimension, its interrelationship, and the balanced approach within the small and medium independent hotels. The study explores how performance measurement systems were defined, formed and used by owners and managers, also how they are designed and implemented. The next and final chapter of this thesis summarised the key findings in line with the established research objectives, explained the contribution of this study and provided future areas of research in the areas of performance measurement in small and medium-sized hotel accommodation.
Chapter 8: DISCUSSIONS, CONCLUSION AND CONTRIBUTION

8.1 Introduction

This study aimed to understand the perception of owners/managers about the definition, design, and practice of performance measurement in small and medium-sized independent accommodation. Four research objectives provided guidelines for this exploratory research, as outlined in Chapter One. The phenomenological approach allowed an in-depth insight from the participant experience; this gave a great understanding of their perception. This approach also helped to demystify the concept and practice of performance measurement within the hotel accommodation industry. The summary of key findings and the contribution of this research are explained further in this chapter.

8.2 Summary of Key Findings

The semi-structured interviews, which were based on a diverse number of hotel accommodation owners/managers, provided comprehensive information about the perception and practice of performance measurement. The summary of the research findings were presented below.

Definitions, Approaches and Criteria of Performance Measurement

This research provides a better understanding of hotel performance measurement approaches and hotel performance determinants by addressing two vital management questions from the accommodation owners/managers. The questions are “What is your approach to hotel performance measurement?” and “Which are the key criteria for hotel performance indicators?”. As Jeffery and Barden (2000) emphasised, the competitive and dynamic hotel accommodation market requires continuous monitoring of hotel business and identification of crucial drivers of business results.
Monitoring hotel business considers assessing the quality and effectiveness of a company to reveal how the business is doing and recommend ways for future improvement. Phillips (1999) explains that hotel accommodation requires and relies on effective monitoring of business performance, as such inadequate or wrong measurements may hamper hotel performance and competitiveness. This study identifies performance measures and PMSs that combine financial and non-financial performance measures. Also, it examined the approaches and criteria for performance dimensions. The contemporary financial and non-financial performance measurement system confirmed that the PM criteria measure business efficiency, effectiveness, creativity, and flexibility. It is, therefore, concluded that a balanced view of financial and non-financial dimensions will improve business performance. The research findings show that the criteria for the chosen performance dimensions measured by the independent hotel accommodations are simple and easy to assess. Some of the practitioners use measures that require minimal effort and generate outcomes that are easy to understand and circulate among employees. The performance dimensions that are perceived to be difficult are rarely use in their day-to-day operation.

This study agrees with Melia (2010) in concluding that hotel accommodations measure performance in areas they consider crucial to their operations. Accommodation operators use a little formal (semi-formal) approach. The hotels' owners/managers use fewer measures and assess fewer dimensions' performance because of their daily involvement in the business. It appeared in some cases that performance metrics are used for reporting purposes, which lacks strategic focus. The measurements designed are used as benchmarking and control mechanisms. Also, budgeting control seems to be the cornerstone of the performance measurement activities in most participants hotels, designing a rolling budget that supports a more forward-thinking system.
Understanding CSF is crucial because it allows managers to concentrate on the most important variables for an organisation’s success. Blasini and Leist (2013); Wadongo et al., (2010); Linna et al. (2010); Brignall and Ballantine (1996) highlight that measuring hotel performance is a complex exercise. This can be attributed to lack of collecting the right information. In addition, hotel accommodation practitioners have a narrow approach to defining and designing performance indicators. It is apparent from this study that a balanced view of financial and non-financial criteria is fundamental to measure performance which can evaluate the effectiveness, efficiency, service delivery, quality and flexibility of performance of hotel accommodation.

Kaluthanthri and Osmadi (2020) also reiterate that organisations’ performance is an indicator to monitor and control the processes of the company to ensure the attainment of strategic goals. Harris and Mongiello 2001; Kaluthanthri and Osmadi 2020 explained that there is a lack of consideration by the hotel industry to measuring performance because of the difficulty in defining the nature of the product on the continuum between a pure product and a pure service. The industry has three central areas from pure service to tangible goods, including the service area as rooms, retail comprising of food and beverage and finished products, in terms of served food at the restaurant. Brignall et al., 1991 states that the hotel product is characterised between pure intangible, heterogeneous, perishable to tangible, homogeneous and non-perishable service. This difficulty affects the perception of how performance should be measured in the hospitality sector.

The research participants also agrees with Kaluthanthri and Osmadi (2020) state that financial performance is not the most important performance determinant to the hotel's evaluation performance. Owners/managers of the participating hotels feel more satisfied with non-financial performance than with financial performance. Performance measures related to customers satisfaction was higher and more effective in organisations than performance related to employees. This shows that the customer focus metrics are at the forefront of hotel operations. This research agrees with Choi
and Chu (2001) that hotel operators must understand customers’ demand to satisfy them and enhance repeat business.

Different authors such as Chen, Hsu and Tzeng, (2011); Wadongo et al. (2010); Bolat and Yilmaz (2009); Haktanir and Harris (2005) recognised the need for clarification and categorisation of hotel performance measurement indicators. The performance measurement system provides data for monitoring past performance and planning future performance. It implies the dimension and indicators should measure both results and the drivers of them.

Also, non-financial metrics should not completely substitute financial measures. They should be methodologically chosen as opposed to being a result of managerial guesswork. More so, management should be careful of manipulation because if metrics drives management, it could impact effectiveness. For example, where KPIs are directly linked to target and promotion, there could be manipulation of data for management to achieve their desired aims. This is the negative attribute of PM in terms of control. Inappropriate metrics may lead to dysfunctional management behaviour, consciously seeking essential measures. Performance measurement system would provide an early detecting system, a diagnostic approach of the current situation given indications for future actions. The research concludes that there is a significant link between employees’ satisfaction and customers perception of service quality. Brown and Lam (2008) and Mjongwana and Kamala (2018) study explained that employee satisfaction is a key driver of customer satisfaction. This is because hotel employees have direct contact with customers regularly, which will contribute to their satisfaction.

This research identified and compiled the common critical success factors and key performance indicators (chapter seven) perceived to impact their business. It was evident from the study that the KPIs of the business identified by the participants include customers, operations, employees, competitor analysis, finance and health and safety requirements. However, it was inconclusive as to whether that all hotel
accommodation operators use all of these dimensions or measures when measuring their business performance.

**Influencers of Performance Measurement**

There are so many factors that influence the management of the hotel business, thereby affecting its performance. Hotel owners/managers should be aware that changes are not permanent in a given current business situation; it changes in line with internal and external business conditions (Zayed and Alawad (2017). However, hotel structure and operational hierarchy influence PM adoption. It is mostly considered as laissez-fare.

This study’s findings reflect those of Ivanov (2014), who states that hotel revenue management uses different metrics to show how the effectiveness and efficiency of hotel revenues are generated. This research established that benchmarking influences performance measurement systems as a prominent, continuous improvement tool that makes organisations grow and enhance competitive advantage.

This study also agrees with Marvel (2001) in that the important components for improving SME operations' profitability are improved understanding of financial literacy and the proper use of internet technologies and revenue management systems. With an emphasis on closeness to the customer and staff, the participants are aware that if the business wants to grow, a more formal management structure will need to be in place with performance measures, tools and frameworks. Also, due to social media's perceived value for small and medium-sized businesses and the advantages it offers, management’s awareness is drawn to other areas such as digital technology and management. This was explained as an essential factor contributing to how they evaluate their business performance.

**Performance Steering-Wheel and Practical Performance Indicators**

This includes defining and designing performance measurement, the metrics' criteria, and the need for the performance measurement framework suitable for small and
medium independent hotel accommodation. The study has several conclusions based on the 30 semi-structured interviews of owners and managers in the accommodation sector. It was evident that most of the participants are taking steps to develop their performance measurement system, which they prefer to be bespoke to their hotels. This study has argued that small and medium-sized independent hotel accommodations are adopting performance measurements in practice to enhance organisational performance.

This research offers a framework and practical KPI checklist that can be used to provide a holistic performance measurement system for hotel accommodation operations. The proposed framework designed as a result of this research findings, Performance Steering-Wheel will help hotel sector practitioners to map out and plan a better way to manage their performance.

This research also agrees with previous studies (Mjongwana and Kamala 2018; Papadopoulou 2020; Anter and Elnagy 2019; Ali Qalati 2021) that hotel organisations are embracing monitoring and reporting non-financial performance measures, such as customer satisfaction. This they believed to have a future impact on financial performance in the long run.

8.3 Meeting Research Objectives

As stated in chapter one, this research aimed to understand the perceptions and practices of owners/managers of small and medium independent hotel accommodations about performance measurement. The study explored how the owners and managers define, design and implement performance measurement in their business operations. The following research objectives facilitated this research aim:

1. To seek a critical understanding of SMIH owner-managers perception of the concept of Performance and Performance Measurement.
2. To explore how performance is measured in small and medium-sized hotel accommodations.

3. To examine how and why criteria are selected to measure performance in small and medium-sized hotel accommodations.

4. To develop a performance measurement framework suitable for small and medium-sized hotel accommodation.

The research builds on established theories and practices of performance measurement. In achieving the above research objective, this study adopted a phenomenological research approach, as explained in the research methodology in chapter five. This was to gather an in-depth and robust study from the real experience of the accommodation providers. The phenomenological approach has been used in addressing different areas of study in hospitality research ranging from customers, employees, management and entrepreneurship (Kirillova 2018). This also allows the researcher to see a phenomenon in its pure form, free from common assumptions. The foundation of this research approach focuses on the individual as an actor through their lived experience. This research used two research tools (semi-structured interviews and document analysis) to gather information from the participants.

8.3.1 Research Objective One

Research objective one sought a critical understanding of small and medium accommodation owner-managers perception of the concept of performance measurement. The findings to this objective were addressed in chapter five, defining performance measurement. This offered a degree of insights into what the accommodation providers considered as performance measurement, their approaches to measuring the business operation and what they viewed as the impact of the process on their day-to-day activities. The study's findings revealed that the concept of performance measurement was commonly used and understood among the participants. It was evident from the findings that the participating accommodations use different terms to explain their understanding of performance measurement. These
terms, as highlighted in chapter five, includes ‘monitoring’, ‘snapshot of success’, ‘target’, ‘indication of achievements’, ‘factors for success’, ‘improvement for better performance’, ‘the checkpoints of the route to success in business’, ‘measuring profits. Performance measurement includes activities such as developing metrics, target setting, collecting, analysing and reporting performance information. It is also about interpreting and assessing performance variances. This showed the diverse nature of PM that was highlighted in the existing literature (Mjongwana and Kamala 2018; Anter and Elnagy 2019; Ali Qalati 2021). The findings also emphasised the use of different measures within their hotel operations, which suggests that the various measures are used to avoid over-dependence on measuring one aspect of the business, considering both the financial and non-financial measures. This study has defined performance measurements as the set of measures used to determine how well a company is doing and give direction for an organisation's improvement and growth.

Also, the participating hotels' approaches to performance measurement vary from an informal, hands-on approach to structured, formal methods. The research identified three categories of performance measurement approaches as (1) Informal (2) Semi-formal (3) Formal approach. This finding is crucial as it demonstrates the perception and attitude of the owners/managers regarding how they implement their metrics within their business operation. The informal approach is most apparent among B&B, guesthouses and small properties in this study with less or about 20 rooms and no food and beverage department. The approach allows for a few limited measures in accessing their performance. The businesses within this category mostly focus on operations rather than having a strategic plan. There are differences in the formality of measuring methods or the focus of measurements.

The semi-formal approach is marginally more structured, customer-focused and has some support input from the employees. The method uses measures to focus on providing hotel management with information on customer satisfaction and essential operational performance. They consider the metrics relevant to the core business areas. The participant echoed that it is not important to measure for measuring’s sake but consider the important metrics in line with their business strategy. The last
classification of the performance approach that is evident among the accommodation practitioners is a formal approach. This method allows owners/managers to measure every detail; every aspect of the business does not give room for guesswork. Organisations’ decisions are based on the outcome of set metrics; measuring and measurements mean a lot to the business activities (Melia 2010). Regular communication, either daily or weekly, is vital in getting the performance evaluation information relevant to all employees. This study has found that most of the participating hotels strive to implement a semi-formal process to manage their business operations.

Furthermore, the study concludes that a successfully implemented PMS encourages a more inclusive and consultative management style. This promotes employees’ participation and innovation, leading to improved service delivery and quality (Machado and Nunes 2020). Implementing PM helps to identify areas of strengths and weaknesses in the business. It also provides an ongoing assessment of the current business environment and business improvement areas using appropriate measures. This provides crucial information that helps operators to forecast and plan their future business strategy.

8.3.2 Research Objective Two

The objective of the study was to explore how performance is measured in small and medium-sized accommodations. In addressing this research objective, this study considered the performance measurements in practice within the independent accommodation sector. This research phase gained a greater understanding of the choice and application of key performance dimensions and measures. It was evident that the owners/managers in this study use comprehensive indicators covering both financial and non-financial dimensions. They embrace a balanced measurement approach focusing on every aspect of the business, including customers, finances, employees and quality. This suggested that there has been an emergence of consideration for non-financial measures, which can be attributed to a sudden surge in
technology use and impact on the industry; this agrees with Mjongwana and Kamala (2018) research conclusion.

The study explored the KPIs used by participants. As such, KPIs provide vital information to the organisation to track and predict business performance in line with strategic objectives to complement financial and non-financial measures. The process of monitoring performance could be challenging. Still, it is essential to identify key performance indicators to monitor results and understand the most suitable measures to use. The traditional financial performance measurement dimension, such as occupancy rate and profitability, is insufficient in a competitive business environment. Other measures, such as customers, employees, and service quality that give real-time information, should be considered, as emphasised by Demirtas (2019). A further key finding from this study is that the financial dimension's sole use was not a fair use of judgement of business activities and success. Despite the owner/manager's awareness of the benefit of using financial and non-financial information, their set KPIs did not formally measure all dimensions. As highlighted in chapter 6, most operator falls within the categories of semi-formal approach to measuring, meaning that not all necessary metrics will be evaluated at a particular time. Understanding and identifying a manageable number of KPIs for their business are important for effectively using resources and enhancing the systematic analysis of performance.

The study also found out that financial data are no longer leading performance indicators in the hotel sector. Non-financial dimensions are useful to accommodation operators to recognise changes in the business environment, determine and assess progress towards business objectives and affirm performance goals that concur with previous studies (Pun and White 2005; Striteska and Spickova 2012; Demirtas 2019). These dimensions are in terms of customers, employees and service qualities. Customer satisfaction has become an essential aspect of attention to management. The study also emphasised that the accommodation provider must strive for good quality services to remain in business in meeting customer satisfaction. Existing literature (Nzioka and Njuguna 2017; Saunila 2016; Ali Qalati 2021) and this study have found that customer satisfaction facilitates the relationship between quality dimensions and
operations management practices and performance. There is great emphasis on understanding customers' needs and expectations, which may be critical and challenging due to the differences in customers' cultures and backgrounds. Customer satisfaction is the customer response to the quality of the service. From the managerial point of view, it can also be concluded that careful measurement and management of customer satisfaction will impact business profitability, return on investment, market share, repeat business, and competitiveness.

Performance measurement supports employees to concentrate on crucial factors that affect daily business activities. Also, employees are a crucial part of PM in the hotel context; as they serve as frontline staff interacting with customers, it is apparent that they need to be happy to keep the customers’ content. Selvarasu & Sastry (2014) also established that performance measurement techniques result in employee engagement, leading to high productivity. These employees also stay committed and outperform (Karimi, Malik and Hussain, 2011). Nazarian et al. (2019) explained that an organisation’s success or failure often turns on the qualities of its customer-facing staff in the hotel industry. However, it was the most neglected area of performance, and the accommodation operators admitted that they need to do more about employees’ satisfaction. The approach used to measure employees’ performance is daily, weekly, monthly or annually appraisals and job chats. It was highlighted that owners/managers relate to their few staff as family members within small and medium independent accommodations, thereby adopting a walk-through management approach to identify employees’ satisfaction and motivations. It can be concluded that building positive interaction and relationships between employees and customers will impact organisational success and increase customer loyalty, thereby business performance. It was also stressed that service quality contributes significantly to higher performance outcomes.

Furthermore, the financial dimension is commonly believed to be the most appropriate measure of business success. Financial metrics are important but should not be the only aspect critical in identifying the business activities' effectiveness and efficiency. This forms the basis for the concept of performance measurement to avoid the
overreliance on financial measures and shift towards a more balanced form of measurement.

It can be summarised that financial and non-financial dimensions are needed to measure organisational efficiency, effectiveness, productivity, flexibility, and continuous growth. Performance measurement in practice varies; different organisations look at diverse areas of the hotel. However, the most paramount aspect and consistent from this study are financial, customers and employees’ dimensions.

### 8.3.3 Research Objective Three

Research objective three examined how and why the criteria are selected to measure performance in small and medium-sized accommodations. This attempted to understand the criteria for the chosen performance metrics used by the participants. One of the interview questions was for the interviewees to highlight all the performances used and why they were chosen. As a result of this, this study compiled the list of performance measures commonly used by accommodation providers see Table 7.1. The measurement can be summarised as a triangle of financial, customer and employee perspectives for hotel success. In designing performance measurements, it was evident that the participants use performance metrics that are easy, simple to implement. Organisations need metrics that will give a quick reflection of the business operations; if PMS is complex or convoluted, it may not address the need and benefit the business. This can be associated with their approach of informal, semi-formal and formal measurements.

Performance measurements are multi-dimensional, including financial and non-financial measures, internal and external PM reflecting past and future actions. This is reflected in the criteria for designing performance measurement. Every performance indicator's driver and purpose should be explicitly defined at the design stage and communicated to all necessary staff before the implementation stage (Bourne et al., 2018).
The practitioners explained that PM information helps give guidance and the right decisions and avoid complacency. Some of the criteria identified are the ability to adapt to current trends, flexibility in understanding and meeting customers’ needs and the constant changes in the business environment. It was also deduced that the performance measures could change from time to time. Thus, accommodation providers must identify the metrics needed to support their core business activities and recognise when metrics become obsolete or not provide the necessary information for the business. It can be concluded that performance measurement choice is a dynamic process. Some measurements may be suitable today but not relevant several days later. As such, owners and managers must ensure that they continually reassess their measures to suit the evolving and changing environment (Kaluthanthri and Osmadi 2020; Tajeddini et al., 2020 and Bisbe and Malagueno 2012).

There was a surprising discovery from this aspect of research generating discussions on the influencers of performance measurements. These factors from the research findings are revenue management, technology, and business operations (lifestyle and experience). The concept of revenue management is defined as selling to the right customer at the right price at the right time; owners and managers in this study have embraced this approach. This has helped to synchronise pricing, customer and service. This study has shown that RM aims at improving an organisation’s performance, profitability and cash flows by obtaining the best revenue streams possible from its business activities (Ortega 2016; Murimi et al. 2021). Revenue management incorporating dynamic pricing seeks to increase revenue and profit. The hotel practitioners explained that they use dynamic pricing to adjust prices, maximise profits, and meet customers’ needs based on what they are willing to pay. This has been supported by the increase and advancement in technology and online distribution channels such as Smith Travel Research (STR), Medalia, Review Pro, which have increased competition, awareness and growth in the accommodation business. This has impacted on the customer perception of service expectation and satisfaction.
The research finding indicates the use of OTAs in maximising revenue, managing inventories and room rates. OTAs such as booking.com, Expedia are among the popular platform used. It was also highlighted that a good understanding of customers’ needs and booking patterns helps management explore the potentials for these online platforms. Also, formulate distribution strategies that help hotels increase their market share and performance. It was evident from the research that the owners/managers carry out regular checks on competitors through mystery shopping and website checks. The practice of competitor benchmarking helps to understand and predict the market, gain a competitive advantage in determining prices and demand forecasting for the period or season (Tavitiyaman et al., 2012; Vega-Vazquez et al., 2016; Rostamzadeh, 2021).

The availability and advancement of technology for marketing information tools makes data readily available for hotel practitioners. This research concludes that technological advancement has caused significant improvement in the use and processing of data. As the research showed, technologies are changing how businesses capture, analyse, and use data from daily activities and their impacts on their hotel’s performance. However, some hotel owners/managers perceive technology as disruptive and do not understand how the algorithms are evaluated. They agree that the technological platforms give opportunities to network, benchmark against other competitors, and have valuable insights to customers to gain a competitive advantage in the industry. The organisation uses social media to capture data that promote trends in the business environment, brands, and customers' needs and wants (Camilleri 2019).

As highlighted in the findings and discussion chapters (5-7), smaller properties do less or no performance measurement in a structured way. The accommodation providers stressed how lifestyle and experience formed the basis of their business operations. The literature and these research findings noted that owners usually enjoy having a close relationship with customers and intimate service interaction is handled directly by the owner. They place a significant value on lifestyle choices than on their firm’s profits. Their business decisions show the values, attitudes, and motivations of running the business. Lifestyle-motivated owners/managers value maintaining the quality of
life over maximising economic profits, which have an implication on their perception of performance measurement. A home-based business helps them obtain work-life balance while maintaining a certain amount of control of their lives and earning money (Font, Garay, and Jones 2016).

Another interesting influencer is how practitioner experience impacts their performance measurement practice. The research found that some of the owners/managers started their career early in the industry; this allows them to grow and learn from different hotels, both chain and independent hotels. Their experience and knowledge in the industry, especially in big, branded hotels, have picked the best parts and practice of what works and developed their own metric, spreadsheet, and relevant performance measurement system suitable for small and medium independent accommodations.

8.3.4 Research Objective Four

The last research objective was to develop a performance measurement framework suitable for SMIHA. In order to achieve this objective, the research participants were asked if they would like to change their performance measurement system and anticipated plans. However, this aspect saw a mixed reaction from the participants. Some interviewees are not willing to change their informal and semi-formal approach as it was perceived to be suitable for their business operation. The designed performance metrics by the accommodation provider has formed part of their day-to-day activities. While some are not willing to change, most of the participants would consider a new approach. All the participants believe that the time has come for small and medium independent accommodations to devise a system to measure performance. It was evident from the study that irrespective of the hotels’ size, a performance measurement system is needed to improve business activities.

Also, the collation of participants’ expectations of a PMS was achieved. Such a system should link the operational and functional measurement to strategic performance
evaluation. Creating a practical PMS will require synergies among all systems within the organisation. For example, the property management system must be synchronised with the booking and reservation system. All the participants agreed that the PMS must be simple, precise, concise, time-conscious, comparable, measurable, all-purpose, relevant, specific and manageable by each different hotel.

It was also apparent that the accommodation providers can no longer shy away from a balanced approach to performance, considering both financial and non-financial indicators. It was also suggested that this research could develop a list of what is needed to be measured in two categories (Core and optional). The options will allow properties to cherry-pick the ones that are suitable and applicable to their accommodation. As a result of this, this study devised a framework called Performance Steering-Wheel (figure 7.2 on page 218). This framework has three financial dimensions, customer and operations, embracing a balanced approach. Also, the framework identifies how practitioners should define, design and do performance measurements. The study formulated an accompanied Practical Performance Indicators (Key Performance Indicator checklist) in line with the performance measurement approach outlined in this study. This is a list of KPIs in categories of financial, customer and operation (see Table 7.1 on pages 226-227). In this study, the owners and managers stated that key performance indicators indicate what managements have done and plan to increase performance. KPIs give a clear picture and direction to the business.

This supports the research findings that the appropriate definition, design and implementation of the PM system help steer organisational performance initiatives. As explained in chapter 5 that if there is no set target/metrics, there is no delivery. The performance measurement system is needed for the delivery of best practices in small and medium-sized accommodation. It was noted from the research that to enjoy the benefit of performance measurement, practitioners must ensure that a structured process is in place to monitor the activities. There is a growing yearning for smaller independent hotels to implement more formalised performance measurement structures.
8.4 Contributions to Knowledge

This research aimed to contribute to the theory and practice of performance measurements within small and medium-sized independent accommodations. The concept of performance measurement is a growing subject in strategic management. As a result of the advancement of performance measurement literature, different frameworks have been developed, mostly suitable for large organisations, such as Balanced Scorecard, Performance Pyramid, Performance Prism, and European Foundation of Quality Management (EFQM). This study identified the need to explore how performance measurement is perceived by owner-manager in the accommodation sector. Also, the research examined the design and implementation of the system within the hospitality industry. This study’s contribution to the knowledge includes theoretical, methodological and practical implications, and these are considered in detail in the subsections below.

8.4.1. Theoretical Contribution

The theories underpinning this research come from operations and strategic management, focusing on performance measurements. The latter has been explored in the independent accommodation sector. This study draws from the theory of performance measurement, the history and existing frameworks in the literature. However, the theory and practice of PM have not developed in the hospitality industry as it has in the retail, construction and manufacturing sectors, as highlighted by Sainaghai et al. (2018). Therefore, this study's theoretical implication makes a valuable contribution to understanding the complexity and multi-dimensions of the performance measurement in small and medium accommodation sectors. This study focused on the research gap in the design and implementation of a PMS.

The research also extends the performance measurement literature by contributing to how the perception of accommodation owners-managers influences firms’
performance and the PMS adopted within the organisations. The researcher suggests that by exploring performance measurement in the small and medium-sized hospitality business, the research provides an in-depth insight into the experiences of owners/managers. This enhances the understanding of designing and doing performance measurements instead of performance measurements in the chain and branded hotels as commonly indicated in the literature.

The conceptual framework (see Figure 3.1, on page 68) contributes to knowledge of the performance measurement in the small and medium accommodation, from the design stage through to implementation. This conceptual framework provides a useful model to examine the design and implementation of performance measurement. It shows the possibility of integrating the performance measurements system and process of implementation. The conceptual approach (3D of Performance Measurement) with the research findings informs the proposed framework (Performance Steering-Wheel) is an important contribution to the theory and could be empirically tested in future hotel performance.

This study raises awareness among academics and practitioners that the emerging information era will necessitate more sophisticated, appropriate performance frameworks. The research makes suggestions for future research relevant to performance measurements in the accommodation industry.

8.4.2 Methodological Contribution

Methodologically this research provides an in-depth discussion and exploration of the subject matter, exceeding what has previously been done using alternative research methods. Most of the existing performance measurement research in the hospitality sector (Phillips 1999; Atkinson and Brander Brown, 2001; Harris and Mongiello, 2001) used a quantitative or case study approach with a small sample of 7-12 organisations of listed companies or best-performing tourism organisations. This
research aims to target a broad range of hospitality organisations further to understand PM's concept in Hospitality SMEs. Also, the sample for the case study was selected from the recommendation of well-performing hotels. However, the participating accommodations were partly randomly selected and achieved through snowballing approach, referrals from other owners/managers in the accommodation sector. This study gathered information from 30 participating accommodations with rooms size ranging from 6 to 100 rooms. The same criteria were to study accommodation with less than 100 rooms as a yardstick for the small and medium hotels (see chapter four).

In addition, the phenomenological research approach allows the understanding or explanation of life experiences or a phenomenon. Interpretive phenomenology studies human perception and human experiences through which it becomes possible for the researcher to understand real situations (Kirillova, 2018). This can be related to this study as the research aims to demystify the perception of accommodations owner/manager about the concept and practice of performance measurement. As the accommodation sector is a human-centred industry, this research is anticipated to contribute to practitioners' greater appreciation of phenomenological knowledge of lived experiences in performance measurements. With interpretive phenomenology, it became apparent that specific experiences and phenomena (performance measurement) are essential, intensifying the meanings and understandings attached to owners/managers' relevant experiences. Interpretation of the phenomena expressed by accommodation operators indicates that they are constructed of multiple realities through semi-structured interviews and document analysis.

This methodological approach offers a key insight into understanding the performance measurement concept to explore the accommodation providers' life and practice, offering valuable insight into the study. The beauty and value of this study lie in the fact that it has encompassed different peoples’ perspectives. So, the experience of different owners-managers is quite unique and different. The phenomenology approach allows the study to understand different managers/owners' uniqueness in what they do and how they measure their businesses success and growth.
8.4.3 Practical Managerial Implication

As part of the research objective two was to explore how performance is measured in small and medium-sized accommodations. This research identified and complied the performance indicators used in the industry and this information was used to develop a suitable framework for the small and medium independent accommodations. Performance measurement is used to assist managers in moving in the correct direction, to revise and design the business goals and processes. It has also been revealed to improve customer satisfaction and organisation reputation, increase productivity, and improve business for a better future. The framework (Performance Steering-Wheel) developed in this study aimed to provide accommodation operators with a comprehensive, balanced tool to regularly understand and implement performance measurements to evaluate their business operations.
As highlighted in Figure 8.1 above, the proposed framework has three dimensions: financial, customer, and operations. The operations aspect considers employees, managing process and service quality. Based on this study’s findings, accommodation providers need to understand their core business areas and measure their business activities considering both financial and non-financial dimensions, which concurs with Mjongwana and Kamala (2018).
Also, the findings from this study suggest that KPIs should be designed in line with business activities. This will help to measure customer and service deliveries, make effective business decisions and offer/support exciting plans to drive the business forward. KPIs mirror the organisation performance (Iveta 2012). The Practical Performance Indicators (table 7.1) designed as a result of this study aimed to support accommodation operators in making an effective decision to improve their business operations. The basis for setting appropriate KPIs is formulating the strategy map and understanding the interaction with business activities, the variables and significant company’s targets.

The Performance Steering-Wheel and the Practical Performance Indicators would help accommodation owners/managers be consistent in their performance measurement approach. The research findings expressed that it is essential to implement performance measurement even if the organisation is not using all the measures at a time. It will help develop a performance improvement culture. Also, most independent hotels want performance measures that are tailor-made, bespoke for them. The framework suggested by the research participants must be bespoke, time conscious, cost-conscious, simple to administer.

8.5 Limitations of the Study

While this research was undertaken as thoroughly as possible, the study has some limitations. This research focused on phenomenological interviews with thirty hotel owners/managers in the Southeast of England is limited in scope and generalisation. The research findings from the participants’ performance measurement interpretations in small and medium-sized independent hotel accommodation cannot be extended to all hotels. This may limit the generalisation of the results to other contexts or other industries or countries. Also, this research focused on small and medium-sized independent hotels with less than 100 rooms, as explained in the data collection criteria in chapter four.
Unquestionably, doing qualitative research produces very rich data. The volumes can often be daunting, but it becomes more exciting as you read through it, particularly as you perform multiple rounds of reading and note taking and try to create links between different themes. Throughout this doctoral project, all these insights come from the researcher’s diverse perspectives of being a qualitative researcher and speaking with various participants. However, this phenomenological method approach has also taught the researcher that there will always be a range of limitations to the versatility and flexibility you attempt to perform qualitative research.

8.6 Recommendations for Future Study

Performance measurement has grown over the years, both theoretically and in practice. Thus, an organisation needs to identify the performance indicators suitable for its business activities for effective performance measurements. The definition and design of the metrics are important to the implementation within the hotel accommodation sector. Future research could take on an action research approach to test the effectiveness of the Performance Steering-Wheel in conjunction with Practical Performance Indicators in the hotel accommodation sector. This would enhance the practicality of the performance measurement system within small and medium-sized independent hotels.

As highlighted by Murimi et al. (2021), financial performance is the focal impetus for embracing revenue management practices in hotels. Their study suggested empirical research examining how RM practices are related to the hotel's financial performance. This study agrees with the need for further studies to articulate the relationship and impact of revenue management practice on hotel performance. Also, further research could gather a quantitative study to explore the factors influencing the implementation of performance measurement in independent accommodation for a large sample. This will help to consolidate and strengthen the PM literature.
8.7 Summary

This research has recognised the importance of understanding the complexity of performance measurement design and practices. PM has been studied in different fields and disciplines across the manufacturing, retail, and service sectors. However, this study uses owners/managers perceptions in understanding the concept in the hotel sector. This study has attempted to address and achieve the main aims and objectives as highlighted in chapter 1 and emphasised throughout the thesis: to understand the perception of owners/managers of small and medium independent hotel accommodations about performance measurement. As such, the research explored various concepts from the literature, definitions, frameworks of performance measurement in general and as it relates to hotel accommodation businesses. The PMS was studied to gain knowledge about how concepts and criteria are defined, designed and implemented within the organisation.

This research found out that there are different definitions and approaches to performance measurement, which support the multi-dimensional aspect. The different dimensions of performance measurements were considered paramount to understanding the practicality of the concept. This was achieved by evaluating what is measured, why it is measured and how it is measured in the participating hotels. The research gathered robust information from the participants, which helped this research to propose a performance framework suitable for hotel accommodation as Performance Steering-Wheel.

As the force of globalisation continues to change the business landscape in this 21st century, organisations, both big or small, need to develop a working practice to adapt, innovate and advance new ways of working. In that regard, managements need to evolve their operating model and performance measurements systems for the effectiveness of their business activities. This study supports the discussion that understanding the core areas of a business and the performance indicators will help design the performance measurement system that will highlight areas of improvement.
and support management decisions. This research considered the three key areas that underpin the use of performance measures within an organisation: identifying and defining performance indicators, designing and implementing routine health checks to enhance organisational performance and evaluating the effectiveness of performance measurements.
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Appendix 1: Ethics Approval

Date: 06 July 2018

Dear Adesola,

Ethical Approval Application No: FREIC1718.31
Title: Performance Measurement System implementation in HospitalitySmall and Medium Enterprise.

Thank you for your application to the Faculty Research Ethics & Integrity Committee (FREIC) seeking ethical approval for your proposed research.

The committee has considered your application and is fully satisfied that the project complies with Plymouth University’s ethical standards for research involving human participants.

Approval is for the duration of the project. However, please resubmit your application to the committee if the information provided in the form alters or is likely to alter significantly.

The FREIC members wish you every success with your research.

Yours sincerely
(Sent as email attachment)

Dr James Benhin
Chair
Faculty Research Ethics & Integrity Committee
Faculty of Business
Appendix 2: Participant Information

Information Sheet for Participants

**Project:** Performance Measurement System Implementation in Hospitality Small and Medium Enterprises.

**Project contact details:**

*Name of researcher:* Adesola Osinaike

*Contact details:*

Post Graduate Research Student
Faculty of Business
Plymouth University
Email: adesola.osinaike@plymouth.ac.uk

**About the Project:**

A Performance Measurement System (PMS) is a management tool that helps businesses to evaluate their current position and provides recommendations for future improvements. It also helps to identify weaknesses, clarifies objectives and improve management processes. Despite the fact that many theories on PM have been developed, it has been argued that they have not been tailored for SMEs. It has been argued that PMS for SMEs is still not well established as that of big organisations and there are significant obstacles in implementing Performance Measurement System. This research aims to explore Hospitality SMEs’ owners-managers’ perception of Performance and Performance Measurements. This research will also examine the factors that influence PMS implementation within the Hospitality SMEs. To achieve the aim and objectives of this research and design a suitable PMS for Hospitality SMEs, it is important to address two questions: (i) what is the concept of performance from Hospitality SME owner-managers’ perspective and (ii) what is the performance measurement system used in SMEs by exploring the metrics used and the factors that influence the implementation of PMS.

**What will you be requested to do?**

You are being invited to take part in this research project. Participants in this study will be required to complete a questionnaire, take part in the interview and/or focus group. Participation in this research is voluntary. If you decide to take part in this study, you will be able to keep a copy of this information sheet, and you should indicate your agreement in the consent form. Please feel free to ask if there is anything that is not clear or if you would like more information.
Right to withdraw

I hope that you feel able to help us with this study. If you decide that you do not want to continue to take part in the research, you are free to withdraw at any time up to the point where data analysis has commenced as it is not feasible at that point to extract individuals’ data.

Why should I take part?

You may find the project interesting and enjoy answering questions about the research. It is hoped that this work will have a beneficial impact on the implementation of PMS in SMEs and provide you with insights and the time to reflect on what performance means and how it is measured in your organisation. Once the study is finished, it could provide information about the outcome, which will be useful to design and implement performance measurement system in hospitality SMEs. Participating in the research is not anticipated to cause you any disadvantages or discomfort.

Debriefing

There will be an opportunity to learn about the outcomes of the research by sending email to adesola.osinaike@plymouth.ac.uk. You may obtain information on my progress and request copies of outputs at any time by contacting the researcher through the above contact details.

Confidentiality

All the information that will be collected during this research will be treated in the strictest confidence. Data will only be used for the purposes of academic research. All data and personal information will be stored securely within Plymouth University/Canterbury Christ Church University premises in accordance with the Data Protection Act 1998 and the University’s data protection requirements. Data can only be accessed by Adesola Osinaike and University of Plymouth staff involved in supervising and examining the work may request access to the data for verification purposes. Any data presented will be made anonymous (i.e. all personal information associated with the data will be removed and no names of participants or their businesses will be included at any point).

Planned Outputs

The results of the study will be written in the PhD thesis submitted to Plymouth University and will be published in relevant academic journals.

Feedback

Please feel free to contact via email on adesola.osinaike@plymouth.ac.uk or shola.osinaike@canterbury.ac.uk at any time if you have questions about this research study.
Appendix 3: Consent Form

Informed Consent Form

**Project:** Performance Measurement System Implementation in Hospitality Small and Medium Enterprise.

**Project contact details:**

**Name of researcher:** Adesola Osinaike

**Contact details:**
Post Graduate Research Student
Faculty of Business
Plymouth University

**About the Project:**

A Performance Measurement System (PMS) is a management tool that helps businesses to evaluate their current position and provides recommendations for future improvements. It also helps to identify weaknesses, clarifies objectives and improve management processes. Despite the fact that many theories on PM have been developed, it has been argued that they have not been tailored for SMEs. It has been argued that PMS for SMEs is still not well established as that of big organisations and there are significant obstacles in implementing Performance Measurement System. This research aims to explore Hospitality SMEs’ owners-managers’ perception of Performance and Performance Measurements. This research will also examine the factors that influence PMS implementation within the Hospitality SMEs. To achieve the aim and objectives of this research and design a suitable PMS for Hospitality SMEs, it is important to address two questions: (i) what is the concept of performance from Hospitality SME owner-managers’ perspective and (ii) what is the performance measurement system used in SMEs by exploring the metrics used and the factors that influence the implementation of PMS.

I, confirm that (please tick box as appropriate):

| I have been given the opportunity to ask questions about the project and my participation. |
| I voluntarily agree to participate in the project. |
| I understand I can withdraw up until the end of the research project which is 31st March 2020 without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn. |
| The procedures regarding confidentiality have been clearly explained to me. |
If applicable, consent for interviews, audio, video or other forms of data collection have been explained and provided to me.

The use of the data in research, publications, sharing and archiving has been explained to me.

**Select only one of the following:**

| I would like my name used or audio or video recordings and understand what I have said or written as part of this study will be used in reports, publications and other research outputs so that anything I have contributed to this project can be recognised. |
| I would not like my name or audio or video recordings of myself to be used in this project. |

**I, along with the Researcher, agree to sign and date this informed consent form.**

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<th>Participant:</th>
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<tr>
<td>Name of Participant</td>
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<th>Researcher:</th>
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## Appendix 4: Summary of Key Findings

### Theme 1: Understanding Performance Measurements

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<th>Questions</th>
<th>Sub themes</th>
<th>Responses</th>
<th>Inferences/deductions</th>
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<tbody>
<tr>
<td>From your business perspective, how can you define performance measurement?</td>
<td>PM Definition</td>
<td>“Performance measurements are the metrics against how you define whether the business is being successful or on track”. “So, from experience, they help define the pathway and I suppose the direction and journey of the business” “performance measurements the indicators of are we being successful on our journey or as part of our plan. They are kind of like the check points of the route to success in business” R10</td>
<td>The results from the semi-structured interviews revealed that the concept of performance measurement is commonly used and understood among the participants. It shows that individuals have their approach to approach and criteria for the set of measures used within their organisation. Almost all the respondents confirmed that they understood the concepts, practice and implication of performance measurements in their hotel. Performance is often based on past performance, and it is an indicator of future performance. From the responses, there are different phrases (or terms) which were adopted by the participants to define and identify performance measurement. Some of the terms which are commonly used by respondents include ‘monitoring’, ‘snapshot of success’, ‘target’, ‘indication of achievements’, factors for success’, ‘improvement for</td>
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<td>“So, I’m taking that as you mean measuring our profits from this year compared to last year maybe, or this month compared to last month. How well we’re looking after the guests I suppose comes into that, improving the rooms, improving things on the property to give the guests the best experience possible”. R24</td>
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<td>“But the more I’ve grown in the industry the more I understand how they are an indicator of where we are and when we’re failing or what we’re doing right. So as a manager I think that they are very important, yes, definitely. It helps us to improve on something that we might not be realising we’re doing incorrectly or not doing it to the full potential of it. So yes, I know that they’re very important” R26</td>
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<td>What are your approaches to performance measurement?</td>
<td>Performance Approach</td>
<td>Subconscious changes to their business strategy based on the business environment. Some respondents emphasised that they are not keen on having a particular method of evaluating performance. It is subconsciously done and part of business operations. While others stressed that performance measurements are written, and staffs are aware of their task, which is written as part of their job description.</td>
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<td>“For me performance measurements are, there are various factors that we look in the business. One is from a financial point of view so performance in terms of profitability. Performance in terms of staffing, recruitment, turnover. Performance in terms of average room rates, average spends in the restaurant, the bars, and the lounges. And then looking at yield as well so how much from a performance point of view does the yield of the business equate to. So, there’s a lot of financial performance that we look at” R8</td>
<td>We don’t have a paper trail or an audit system of anything that we have to do for that, for the management of the performance, no, not at all. Obviously, each morning we have a 10.30 management meeting in the hotel which oversees anything that’s happened in the previous day’s business and anything that’s leading up today and for the rest of the week ahead. So, we’re managing it on a daily basis. R18</td>
<td>Absolutely. Daily brief meetings are very very key. Without communication that just wouldn’t succeed. It would not work R18</td>
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<td>Also, I make sure they know what’s going on in the business. I’m very transparent. So, they know how much things cost. I tell them how much things cost. I explain things to them really well. R11</td>
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how we're doing it. I have a review once a month with each department head and essentially, they would have to talk me through their P&L. But they have full control over their P&L full accountability, and then once a month, they need to explain it. So, I'm a big believer in day by day reporting. R3

We also do weekly forecasts. We have management meetings every single week. The revenue report goes out daily. So, everyone knows what revenue happened days before. We also have what's called heads of department meeting every week, where we discuss if there's any issues. Previously, but as I'm a very hand on manager, I discuss these issues with the managers on a day to day basis. R4

**Theme 2: PM in Practice**

This section will present findings of how participating hotels measure their performance. The criteria of PM in practice includes the key performance indicators and influencing factors. The first activity is to explore how respondents evaluate their performance, then consider the list of KPIs identified and also the influencing factors such as revenue management, experience and lifestyle business motives.

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<th>Responses</th>
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<tr>
<td>How do you evaluate your business?</td>
<td>PM in practice</td>
<td>“My performance is from the comments made by the guests…also, income from year to year, what profit is actually supposed to be the income and performance”. R1 “Well, on our website, we have a dashboard built in where you would have statistics. How many bookings</td>
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PM in practice varies, different organisations look at different areas of the hotel. However, the most paramount aspect is financial, customers and employees. These are done with the use of lots of software and programmes such
are coming in that day? And how many people are looking at your website where these people are coming from even what device they’re using. So, it's very detailed because of technology. You can see how many people how busy is. So, I like graphs, and there is a graph”. R13

I have a variety of performance measures which I look at. So, you look at financial performance, revenue, profitability, profit. Depending on where in the business you’re looking, you might be looking at covers, you might be looking at bedrooms occupancy rates, you might be looking at the wider market, so you’ll be looking at RGI, your Revenue Growth Index, so how your revenue per room is performing versus the wider market. You may be looking at guest feedback scores, you may be looking at audit scores, and there are so many performance measures. R17

If you’re measuring the property as a whole, then you would choose probably your profitability. You would choose your health and safety audit and that would include an internal audit and an external, or a couple of external audits probably. You would look at your guest experience and that would be measured through a system like ReviewPro perhaps, something that collates online review presence, that sort of thing. R17

Because ultimately we have a responsibility to the shareholders to deliver the most profitable business that we can, we have a responsibility to our employees to deliver the most positive experience to them that we can as STR, Review pro, Revinate, Medallia, Review Pro.
and we have a responsibility to our guests to deliver the most positive experience to them that we can, so that triangle, the external stakeholders, the internal stakeholders and guests, they form the basis of everything. If one of those walls of the triangle collapses, then the business will collapse. R17.

So, you have a history of past sales, past experiences to look back on R19

I suppose we do have, along those kind of lines, we have questionnaires in every room for every guest to fill in so we can have an updated idea of how everything is going, so it’s not just only looking at the money coming in, it’s also seeing the happiness of everybody on the review sites such as TripAdvisor, Booking.com and all that stuff as well to try and get a good idea of that because obviously it’s not good if you’re making money but no-one’s happy. R22

so, I look at how busy they are in comparison to us, what the prices they’re doing are, we look at competitors and then work out if there are holes why aren’t they filled? Or if we’re full and other people aren’t then have we charged too little. So, yes, it’s basically looking at everyone around us and trying to find the balance R22

We do year-on-year comparing things, we have to because we have to do tables and sheets for this because we have to calculate our tax every year, we have to calculate how much our business rates are going to be,
that kind of thing. Obviously with the bills coming in we need to work out how much we’re going to make so that we can be in control for all the bills. R24

So, let me say first this is the customer performance-wise, how we monitor the reviews, the guest reviews, and of course we have the guest feedback through something called Medallia, that’s where we monitor the guest satisfaction. Financially of course we have an overall budget that we compare year-on-year. We do EBITDA levels. R29

I think for independent hotels and the key metric that I would, I really advocate is looking at market data. Otherwise any other metric they look at, at their business, you’re looking at it in isolation. You don’t have any context. R10

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<th>Can you explain 8-10 KPIs that you use?</th>
<th>KPIs</th>
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<td>Guest Reviews</td>
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<td>“I have got feedback forms in the rooms which I can give you one as well if you’d like to, and my team are collating the results for that everyday so we’re putting that into graphs and things so that we can analyse that, and that gets sent out to myself and the directors weekly so we can analyse that and all the feedback from there” R20</td>
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<td>“So obviously we look at other reviews for other businesses and what they like about other businesses, other B&amp;B’s and how we can improve our standards to</td>
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<td>Guest reviews and satisfaction have become an essential aspect of hotel management. Most hoteliers use both online and paper feedback sheet. There are different platforms use such as booking.com, TripAdvisor, Expedia, Medallia, Revinate, Review pro, Jadox. This helps hoteliers know how customers/guest perceive their service. This helps with the delivery of service as reviews influence customer buying</td>
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help improve our service to the customer I suppose”

Yes, I suppose so because some people are very open and honest about things. Obviously, we get quite a few compliments, but you also get the odd complaint, so you have to deal with them

Ok, so we’re on various booking channels. We have our own website and then we also are on Booking.com and we are on Expedia and you can also find us through places like Trivago and TripAdvisor, there are links on there that go to our own website

The other side of performance measurements that we have within the hotel is with regards to customer satisfaction. So, customer satisfaction has become more and more important ever since the internet has really become the main channel of booking. And ever since the likes of Trip Advisor and the other platforms have got their open review sources so that people can basically leave feedback and everybody can read what other people think about your business. So, since that grew and the research showed that it actually did have an effect on bookings because the average potential guest was doing research and when they were looking at destinations they were looking at a number of properties. And they weren’t just looking and comparing based on price and facilities or location, they were also looking at the reviews. And based on satisfaction that also played a crucial part in decision making for customers to decide, to choose which hotel or bar or restaurant they wanted to go with. R7

behaviour, “a review driven world”. As a result of this, hoteliers use the reviews as a marketing tool.

Also, checking competitors’ review for benchmarking and make their business better.

Regular (daily/weekly) monitoring of guest satisfaction has become one of the key performance measurements used by hoteliers (SHM).
| Employee perspective | So that’s something we do. We also praise, recognise and rewards staffs. The biggest thing you see and you can have a look yourself at them, is the staff and the customer service. And they are our biggest attributes that we manage to succeed and hold on to. R18

The biggest headache we have at the moment is staffing. It really is difficult. R7

We do an annual engagement survey for the team, for all the associates. And really, we’re just about to do that now. Again, we do that with a third party so it’s confidential so it’s not collating information so the teams can say what they think. And really, we’re looking at, at the moment, indicators and measurements for likelihood to stay, to see if people are happy where they are. Yes, if I’m honest, that’s probably one we’re less good at. The once a year snapshot is through employing engagement survey. R10

Performance reviews and job chats and personal development plans and all those other bits and pieces which I haven’t touched. What we’re just doing, just recently introduced actually is for the management training that we’ve doing recently is reflection logs. R10

Well you also have to look at external customers as well as internal customers. If you need to take care of your staff because if they’re not performing well or they’re lacking in motivation or they’re lacking that drive, then

It appeared that this aspect of performance measurement had not been fully embraced within the small and medium-sized hotel. Most of the participants emphasised the contribution and impact of employees on hotel performance. The approach to measuring employees’ performance is by daily, weekly, monthly or annually appraisals, job chat. With some independent SMH, they have few staffs that they relate as families with the business and walk through management approach (regular chat) makes effective method.

Also, it was highlighted that this aspect is the most neglected and hoteliers need to do more about employees’ satisfaction.

It was also stressed that staffing is a crucial component of hotel performance measurement; as they serve as frontline staff, and they need to be happy to keep the customers’ happy. |
that’s going to be impacting our guests’ perception of them. And that will impact their stay with us. Let’s say we had a grumpy receptionist who was checking a guest in and was like, it doesn’t show a good first impression. So, you also have to look into how you manage your staff. So, for me, it’s one of the most important things.  

R26

Normally the head of department, each manager just to do a meeting with the staff and they always give us. Actually, being as this is a small hotel we have several moments during the day or during the night that they can give us feedback about how is the staff.  

R28

Yes, so staff-wise we do the performance appraisals which we’re doing six-monthly and of course when you work in a hotel it comes with some perks obviously, staff discounts and staff incentives and staff get-togethers and appreciation nights. At the moment we have an awards night.  

R29

Financial perspective

You can tell your past occupancy rates, your sales and also, we are obviously it’s not just about sales and turnovers. It’s about profits.  

R19

So, whether I work in an independent hotel or work in a chain hotel, the chef will have these for instances food GP target as a percentage. So that will be a key performance indicator, the same as the food and beverage manager will have a beverage we have a time per room for housekeeping stuff, okay, you know, you can say that those key performance indicators can be benchmarked but I can still use them as an independent

This aspect is seen and perceived as the core aspect of performance measurement in hotels, though respondent emphasised that it should not be the only measure of success.
hotel because I can run my budget with them. So, I write my budget on the basis of how long it will take to clean it. R2

To illustrate we budget daily. So, the budget that was written for the hotel, i.e. the journey is written for the year ahead, 365 days, for everyday part in absolute detail. So, there’s detail of, we would have decided last year how many coffees we were planning to serve in the bar today. Lots of measures. So, within that so the profit and loss account will have all our details of average spends at a low level. We’ll have cover quantities. We will then have, for the room side the usual occupancy, average rate, RevPAR. We then have TrevPAR, total revenue and all the other measures that come in within that in terms of, many of them are per sleeper, many of them are per room. So, they’re all the kind of financial measures from the profit and loss account. R10

I just look at the bank account. So, for me, we are small business and I have to do absolutely everything, everything… R16

<table>
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<tr>
<th>What are your criteria for the chosen PM?</th>
<th>Performance criteria</th>
<th>Evolving with trends</th>
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<td>I do it because I believe businesses are constantly changing.</td>
<td>Understand the changing needs of customers</td>
<td>Adaptability and Flexibility are some of the reasons why the respondents use the measures that they have. It helps to be able to adapt to the current trends, be flexible to understand your customers’</td>
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Feedback and Benchmark

DIY Mystery shopping

Theme 3: Influencers of PM Implementation

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<td></td>
<td>Motivation to business: Lifestyle</td>
<td>Because it's also about a way of life for me…without shadow of doubt. But there again, the business does affect your lifestyle…And there comes a time where you want to manage it your way. Which is I think, why I'm not so interested in what facts and figures I can compare now. R1 Yes, we're not corporate. I don’t’ walk about with a shirt on. Most of time I’ve got flip flops and surf shorts. That’s what we are. And we are as I, we’re a handmade hotel. We made it all ourselves. You know, I made that bed. I made the floor. I made the chair. We built the bathroom ourselves… This place is run from the soul. Form the heart, from my heart, from our hearts. 100%. And having that kind of creativity is the joy, the deep joy I get from running this place. R16 So, basically, we were living in London and then we got married and our first child came along. So we were looking for somewhere obviously out of London for us because it became a bit too claustrophobic. We were looking to spend more time with the children. And so my husband saw it advertised online and we knew</td>
<td>Lifestyle influences business and business does affect your lifestyle.</td>
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Lifestyle influences business and business does affect your lifestyle.
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<th>Yes I would say my past experience influences what I do, like me I have picked and chosen the things that are specific to my business and the number that makes me able to use it and still deliver the standards that are there. So, I've disregarded some things. R2</th>
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<td>Yes, definitely, but because I've come from a very structured business before this what’s key for me is that I feel essentially I want to bring all the structure of that big PLC here so I can put the flair and the personality into the business but still ensure that it’s run efficiently with the structure that I’ve taken from my old job. R20</td>
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<td>Certain the idea of Balanced Scorecard from my corporate environment has been transferred to what I am doing, things like the guest questionnaires. Yes, so we learn where we've come wrong without, but we haven't got facility or the tool to have a balanced scorecard, which is great… R4</td>
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<tr>
<th>Revenue Management</th>
<th>You almost have to create your own because there are systems in place, for example, for booking systems, and the like. R1</th>
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<td>Revenue management is said to be selling to the right customer at the right price at the right time. Owners and</td>
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| Canterbury because my husband was at university here. So, we just thought that would be nice because a) we could get out of London. It wouldn’t be such a busy hectic crazy life for us anymore and then b) we could spend more time with the children. So, he saw it online and we just thought yes, we’ll go for it. R24 |

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The findings show that quite a number of the respondents started their career early in the industry; giving them a chance to grow and learn from different hotels, including chain and independent hotels. As a result of this, they are familiar with performance measurements and are able to design and develop the metrics suitable for their hotels. Some respondents have developed a spreadsheet in that regard to help meet that business obligation because of the importance they attached to the use of performance measurements in hotels irrespective of the size. Also, they subscribe and use of STR, which provides great insight and support for the hotel management.
Is looking at, are we getting the best price at the right time depending on our competitive set and depending on our availability. That’s what if you like the black science, you know, the hidden formula of trying to work out, your management is trying to work out those combinations. And then you throw in variables like strategic decisions like minimums of stay, you know on the closing out shoulder dates for example, low season, high season. So those sorts of variables are what allow you to either maximise or potentially end up with periods where you’ve got empty rooms because you might have sold a room one night. R7

We are getting a daily review of reports every day, so we’re looking at that every day, how we have performed. In that report we have year-on-year figures, last month’s figures, last year how did we do, and this year what is the variance. R29

We do check the rates, it is easy now that there are things online you can check the rates, so we do it every day. We do ring around, we call it ring around, and we call all the competitors and check how many rooms to sell, what is the rates. Some people say the correct data, some people don’t but having said that we have a report called STR report, so we use this. R29

managers have embraced this concept. This has helped to synchronise pricing, customer and service. There is a lot of platform offering this service to hoteliers. This support allows SMH to have a balanced view of performance measurement. RM drivers are clearly evident in the PM criteria, approaches and practice.
Theme 4: Future plan for PM

This section will present findings of the perception of hotel owners/managers about PM implementation in the future. It provides answers to questions such as their consideration for new PM and advice about approach and features of a suitable PM for SMH.

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<td>Considering new PM approach/framework</td>
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<td>No, I'm not. Because, of course, all these things take time…But when you're an independent business, everything seems to be needed, it needs to be more tailor made for that for that specific place. R1</td>
<td>The research saw a mixed reaction to this question. However, even the respondents that said no to the use of PM in their hotel emphasised the importance of having a suitable PM and may consider in future if there is a change in circumstances. More so, a lot of the respondent, suggested a need for PM in SMH as it is considered as a useful tool that will help their business even if it is a unified/generalised approach.</td>
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<td>Yes if that’s something that is out there then I’d definitely be interested in having a look and seeing if there’s something useful. I’m always happy to take something on if it’s helpful. R22</td>
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<td>Yes, that would be interesting, it would probably help. R24</td>
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<td>Yes definitely. R27</td>
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<td>Advice for future plan</td>
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<td>I think without answering our question in the first instance I think it really, it depends on the owners of the hotel. Whoever owns the hotel, let’s assume it’s an independent owner, they own a hotel. The first question is what they are trying to achieve with the business. Do they have any aspirations is question number one? Because if they have a goal, they need to measure their journey to that goal. R10</td>
<td>The fact that most independent hotels will want something like a tailor-made, bespoke for them. The framework has to be bespoke, time conscious, cost-conscious, simple to administer. Realistic PMS There is an overwhelming suggestion for the need for the PM system for SMH. However, there will be lots of challenges to having a uniformed approach.</td>
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<td>You can’t pigeon-hole it like that because it’s so determined by the goals of the property. You couldn’t take the performance measurement system I use and</td>
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apply it to the hotel up the hill because it’s completely different, you’ve got different stakeholders with different expectations, you’ve got different markets that respond in different ways, you’ve got different external influences and you’ve got different goals of the owner and those shareholders. R17

Everybody needs a measurement system of some sort. Yes. Some properties have tailormade systems. R17

Yes, absolutely. There will be certain things that everybody has in common, everybody will need to measure their financial performance and their guest performance and their team performance, everybody will need to do that, but how you do that and where you go from there, how you expand it, there’s any number of ways depending on your property. R17

I think it’s got to be it’s got to be easily measurable. It’s got to be precise. And it got to be comparable. So, you know, he can't be it's got to be a simple a simple piece of data. this is where people will, will get feedback, make a very convoluted measurement system, if it's convoluted and complex, it properly isn't particularly worthwhile. I mean, it's got to be a black and white thing, you know, like it has to be written, it has to be written by everybody in there. Yes. And the No one can argue about the precise meaning of it. So concise and measurable. And very, very simple. R2

approach “not one size fit all” as different hotels have different business operations and motives.

In developing the PM suitable for SMH, here are some of the suggestions made by the respondent. It needs to be simple, precise, concise, time-conscious, comparable, measurable, all-purpose, relevant, specific and manageable by each hotel. Something with less human interaction must align with other systems such as property management systems.

There is also a need for time and person to be allocated to the delivery of the process as most owners/managers do a lot within the organisation, it may be challenging to add it to the existing task.

Hoteliers can no longer shy away from a balanced approach to performance. It was also suggested that the research could develop a list of what is needed to be measured in two categories (Core and optional). The options will allow properties to cherry-pick the ones that are suitable and applicable to their accommodation.
But I think it's something you'd have to say, right? I'm going to go in and sell to you as an individual. These are the six things I recommend everyone does. But let's talk about the other things that you should be measuring that keep your business.

Something that’s concise, something that is really easy to get that information. I want to work smart not hard. I want something that tells me, I don’t want to have to go digging around for things and something that is easily accessible in terms of like it would be great if something was maybe pinged to me in an email or something that I could access from my phone would be great if it was something that fed all the information into an app or something. So that would be great because then you could have real-time information as well, not something that you know, a lot of businesses probably for a performance measurement just use their profit/loss account which is once a month, well actually that might be too late because that’s very reactive.

Because the schedules need to be consistent. You can’t just do it one day, forget about it the next. It has to be consistent because you need to get a measurement. Because if you don’t get the measurement you forget about it one month then you lost all the work. So it has to be consistently done as well.

I think the only way to make it work is to make a big robust one and then for each hotel to be saying “I could do with this and this and this” and then chose…exactly but giving them the programme or anything with all the

As identified in the PM definition section, if there is no target, there is no delivery. So, PMS is needed for the delivery of best practice in SMH.
options that they have and then they’ll be able to cherry pick the ones that are more suitable or applicable to them. My opinion. R26

| PM impact on hotel performance | I think anyone regardless of the size will benefit from key performance indicators. The only thing I’m concerned is that some may not but it in place because of those constraints that they have. But I think everyone in the long run would definitely be benefitting from having those performance indicators because without them you don’t know where you are and where you stand and whether you’re progressing forward or backwards. R26 |