A Proposed Empirical Model for Adopting Balanced Scorecard as a Tool for Performance Measurement in Hotels

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ABSTRACT

Balanced Scorecard (BSC) has become an acceptable performance measurement tool in the service sector as it integrates financial and non-financial aspects of performance. The purpose of this paper is to present an empirical model for adopting BSC as a tool for measuring performance in hotels. 120 questionnaire forms were distributed to hotels managers in randomly sampled four-star and five-star hotels. Collected data was analyzed using the Statistical Package for Social Sciences (SPSS) version 20. Additionally, an in-depth interview was conducted with the assistant general manager of a hotel that adopts the BSC to provide a deep understanding of BSC implementation. The empirical findings showed that it is applicable to apply the four main perspectives of the BSC in hotels, as their main requirements were available in the investigated hotels. The results of interview suggest integrating an additional perspective, i.e. environmental perspective. Based on these findings, the researchers proposed an empirical model for implementing BSC in hotels. This model incorporates five major perspectives: financial perspective, customer perspective, internal process perspective, environmental perspective, and learning and growth perspective.

KEYWORDS: Balanced Scorecard (BSC), performance measurement, strategy maps.

INTRODUCTION

In today's rapidly changing environment, hotels should measure their performance to succeed and stay competitive (Kala and Bagri, 2014).

Measuring performance in hotels is very important to monitor and evaluate their performance, determine mistakes, take corrective actions, thus achieving success (Gesage *et al.,* 2015). Performance measurement also enables hotels to know if their services and products meet the need of their customers, and obtain an effective information system that will help them in decision-making process (Onyango *et al.,* 2012). According to Zigan and Zeglat (2010), hotels depend extensively on the traditional financial measures to measure their performance. Traditional measures are insufficient to provide managers with a clear and comprehensive assessment about their hotels performance. Therefore, hotels need to use both the financial and non-financial measures. Today, it is believed that non-financial measures are more effective in measuring performance because it help managers to focus on long-term performance and the future aspects of their decisions and actions. Therefore, hotels need an appropriate performance measurement system to attain their goals (Kala and Bagri, 2014). This research aims to: (1) identify the availability of the four perspectives of the BSC requirements in hotels and (2) develop an empirical BSC model suitable for hotels.

LITERATURE REVIEW

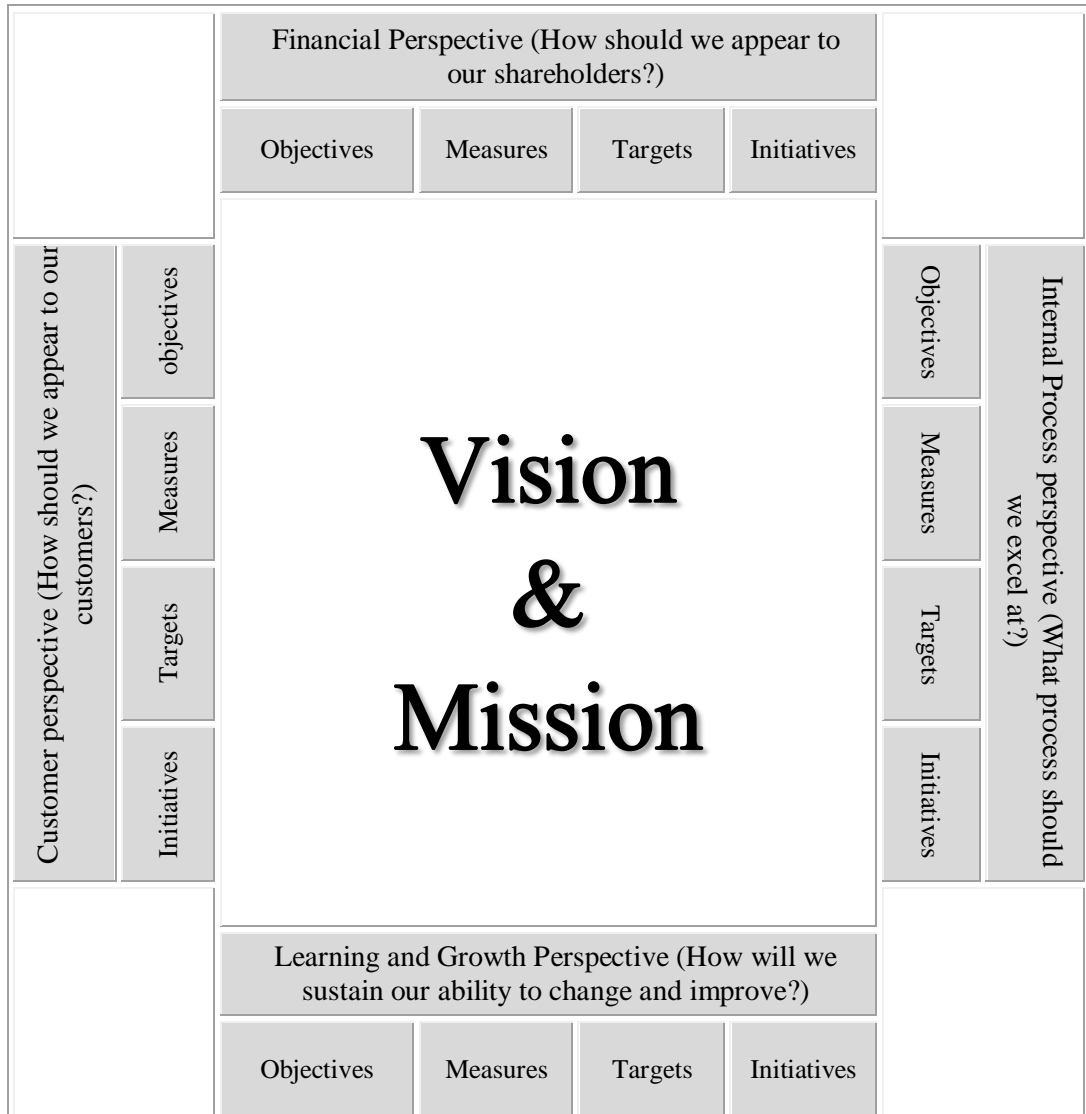### DEFINITION OF BALANCED SCORECARD

The balanced scorecard (BSC) was developed by Robert Kaplan and David Norton in 1992 (Palm, 2011; Mahmoud, 2014). BSC is defined by Kaplan and Norton as a balanced system for measuring an organization's performance that provides organization's management with a fast and comprehensive view of its performance (Tanyi, 2011). It is a management system that enables an organization to establish, track and accomplish its strategies and objectives (Hannabarger *et al.,* 2007). Balanced scorecard translates the vision and strategy of an organization into a group of performance measures (Ali, 2007). It is used to align departmental and personal goals to the organization strategy (Kollberg, 2003), and assists managers to understand cross-functional relationships which improves problem solving and decision making process (Ekmekçi, 2014). Balanced scorecard helps an organization to focus on issues that are most important for its success (Alhamoudi, 2010).

COMPONENTS OF THE BALANCED SCORECARD

BSC is comprised of four perspectives (Blackbread, 2005). For each perspective, goals are set and the measurers are defined (Ahmad *et al.,* 2010). These goals and measures should be derived from the

business's vision and strategy to lead the organization to its ultimate vision, see figure (1).

Figure 1 Components of the balanced scorecard

Financial Perspective (How should we appear to our shareholders?)			
Objectives	Measures	Targets	Initiatives

Customer perspective (How should we appear to our customers?)

objectives

Measures

Targets

Initiatives

Vision & Mission

Internal Process perspective (What process should we excel at?)

Objectives

Measures

Targets

Initiatives

Learning and Growth Perspective (How will we sustain our ability to change and improve?)			
Objectives	Measures	Targets	Initiatives

Source: Kaplan (2010)

VISION

A Vision is a statement that describes the desired future state or ambition of an organization and expresses what an organization wants to be or accomplish in the future. A vision statement should be brief, inspiring, challenging, and appeal to all stakeholders. Once

vision is defined, management should develop a strategy plan to achieve this vision (Abd AL-khalek, 2014).

MISSION

Any organization should have a main purpose and reason for its existence. A mission statement determines this purpose and why an organization exists (Mulat, 2015). A mission can be defined as the essential, unique purpose that distinguishes the organization from other organizations of its type and distinguish the scope of its operations in product, market and technology (Blackbeard, 2005). An effective mission statement helps an organization to determine whether an activity or initiative is in alignment with the organization's main purpose; it should be inspiring, long term, and easily understood and communicated (Mulat, 2015).

According to Blackbeard (2005), mission statement answers the following questions: what is an organization's business (i.e., product)? Who is an organization's customer (i.e., market)? How will an organization provide this product or service (i.e., technology)? Through the answer of these questions, mission statement distinguishes one organization from another. When formulating the mission, the needs and requirements of both inside and outside stakeholders should be taken into consideration.

THE FOUR PERSPECTIVES OF THE BALANCED SCORECARD

FINANCIAL PERSPECTIVE

The financial objectives represent the long-term goal of an organization. The long-term objective of any organization is to provide superior returns on the capital invested in the business, and all strategies should help the organization to achieve its financial objectives (Alhamoudi, 2010). Financial objectives vary considerably at each stage of business life cycle; growth, sustenance and harvest (Harshakumari, 2007). This perspective answers the question: How does an organization look to its shareholders? (Mulat, 2015). Financial measures tell whether the strategy implementation and execution improve the bottom-line results or not (Mulat, 2015). Financial measures show the economic outcomes of the actions that are made by the organization (Al-Najjar and Khalaf, 2012); including: operating income; revenue growth; return on equity; return on assets; economic value-added; sales growth and cash flow (Staden, 2009).

CUSTOMER PERSPECTIVE

Sasvar (2015) claimed that customer perspective answers the following questions: how should organizations appear to their customers, to accomplish their vision? How do organizations' customers see them? In customer perspective, organizations should determine the customer and market segment in which they will compete and define the value propositions that organization will deliver to customers in order to satisfy them and gain their loyalty (Blackbeard, 2005). The customer value proposition is the attributes that an organization provides through its products and services in order to satisfy their target customer and gain their loyalty. The common attributes to all value propositions as defined by Kaplan and Norton include: product and service attributes (i.e., time, price, the functionality of the product or service and quality), customer relationships (i.e., delivery of products/services to customers, response and delivery time, and customers' feelings about purchasing from organization), image and reputation (i.e., intangible aspects that attract customers to an organization) (Harshakumari, 2007).

Common measures that are used under this perspective include: customer satisfaction, new customer acquisition, customer profitability, customer retention, and market share in targeted segments (Fretheim, 2013).

This perspective helps managers to indicate how well their business is running, and whether its products and services meet customers' needs and requirements (Abd AL-khalek, 2014). The measures and objectives of this perspective should be developed after formulating the measures and objectives for financial and customer perspectives (Xin and Wei, 2009), to enable the organization to focus its internal business processes metrics on those processes that will ensure achieving the specified objectives of customers and shareholders (Amboga, 2009). In the internal business process perspective, managers should identify the critical processes, at which, the organization must excel to meet the objectives of shareholders and customers and continue adding value for them (Blackbeard, 2005). Fretheim (2013) stated that there are three internal business processes for creating value.

> ➢ Firstly, innovation process. In this process, the business unit investigates the emerging or latent needs and requirements of its customers, and then produces services or products that will meet these needs.

> ➤ Secondly, operation process. Such process starts when a customer makes his order and finishes when the product or service is delivered to him.
> ➤ Thirdly, post-sale service. This process includes all after-sale activities, such as warranty, treatment of defects and returns, repairs, etc.

Common measures that are used under this perspective are: cost of non-conformance; cost of quality; time savings; process innovation; etc. (Al-Najjar and Khalaf, 2012).

LEARNING AND GROWTH PERSPECTIVE

This perspective measures an organization's ability to innovate, improve, and learn, such as the ability to launch new products (Caudle, 2008). It aims to identify the organization's infrastructure needed to support the other perspectives' objectives (Moghadam and Saghi, 2013). The measures of this perspective are: employee turnover, employee skill levels, employee satisfaction, employee retention and attraction, amount of training hours, career opportunities, availability of information, continuous improvement initiatives, etc. (Staden, 2009). For each one of these perspectives, objectives, measures, targets and initiatives are developed (Amado *et al.,* 2012).

OBJECTIVES: objectives determine what should be done to achieve the mission of the organization (Al-Ashaab *et al.,* 2011).

MEASURES: measures are the standards that are used to gauge an organization's performance and progress. Measures help an organization to determine how it is doing in achieving the objectives of the perspectives (Al-Ashaab *et al.,* 2011).

TARGET: target means planning and setting qualitative or quantitative goals (Al-Ashaab *et al.,* 2011). Targets help to determine the level of performance or the rate of improvement that is required (Mulat, 2005).

INITIATIVES: initiatives are projects, studies, analysis, programs, processes improvement activities or other activities that are important to implement an organization strategy (Mulat, 2005).

STRATEGY MAPS

A strategy map is an one-page representation that graphically shows what an organization should do in each perspective to successfully implement its strategy (Mulat, 2015). Strategy maps are documents that graphically display financial and customer objectives that organizations want to accomplish and how they will be accomplished (i.e., internal process, learning and growth objectives). A strategy

map can also be defined as a tool that can graphically depicts organizations' strategy in a way that makes everyone in the organization understand it. It links organization's main objectives in a cause-and-effect relationship and decreases the gap between the strategy formulation and strategy implementation (Xin and Wei, 2009).

A strategy map assumes that achieving the financial success can only be accomplished by achieving the objectives of the other perspectives (e.g. customer and internal process). It demonstrates how intangible assets affect tangible outcomes (Mirdad, 2014), and how one objective drives another (Macnab, 2011). Every organization wants to meet their customer requirements and financial obligations, which in turn needs appropriate processes and staff skill. Therefore, a strategy map is important as it demonstrates how the objectives connect together through the cause and effect chain and shows the employees their contribution to the corporate objectives (Macnab, 2011).

Building strategy maps requires a clear hierarchical relationship framework for the BSC perspectives. First, financial objectives are defined. To accomplish the financial objectives; the target customers and their needs and requirements are defined. Then the activities in internal business processes that will provide value to the target customer are defined. Lastly, the learning and growth factors are determined to implement the internal business process (Caudle, 2008).

MEASURING PERFORMANCE USING BSC IN HOTELS

According to Zigan and Zeglat (2010), hotels depend extensively on the traditional financial measures to measure their performance. Traditional measures are insufficient to provide managers with a clear and comprehensive assessment about their hotels performance. Therefore, hotels need to use both the financial and non-financial measures. Today, it is believed that non-financial measures are more effective in measuring performance because it help managers to focus on long-term performance and the future aspects of their decisions and actions. Therefore, BSC become acceptable in service sector as it integrates financial and non-financial aspects of performance (Kala and Bagri, 2014).

There are three main measures that are widely used in hotels, namely: occupancy rate, revenue per available room (RevPAR), and average daily rate (ADR). RevPAR is calculated by dividing rooms' revenue by the number of rooms available for sale. Occupancy rate is

calculated by dividing the number of sold rooms by the number of rooms available and multiplying by 100. ADR A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold .It is calculated by dividing rooms' revenue by rooms sold (Enz et al., 2001).

Performance measures that are usually used in hotels include: occupancy percentage, rate of repeat business, employee turnover, guest comment cards, cash flow, sales revenue, complaint letters, gross operating profit (Brown and McDonell 1995). Only few hotels use BSC for measuring their performance, while the majority of hotels use other measurement systems similar to the BSC (Evan, 2005). Hotels using BSC include Marriot, Hilton franchisee, and White Lodging Services (WLS). WLS began to implement BSC in January 1997 to monitor its performance and achieve its owners' objectives. Initially, WLS used only one indicator for every perspective. By doing so, WLS achieved performance improvements in many areas, including improvements in profitability and revenue, as well as, better understanding of owners' expectations (Denton and White, 2000).

In a study on UK hospitality organizations, James (2009) reported that Hilton Hotel Corporation, Greene King, and InterContinental Hotels Group have used the BSC measurement system. Generally, hotels encompass various activities (i.e., rooms, food, and beverage), which requires using different set of measures (Elbanna et al., 2015). In addition, the competition in hospitality industry is growing rapidly, which requires an effective strategy management. Moreover, hotels today become customer oriented. All these created the need to use an effective performance measurement system like the BSC system (Elbanna *et* al., 2015).

CONCEPTUAL FRAMEWORK FOR USING BALANCED SCORECARD IN HOTELS
Based on the aforementioned literature review, a conceptual framework is developed. The conceptual framework consists of two parts: the first part is a proposed balanced scorecard for hotels. It consists of the hotel's vision, mission, and four perspectives (i.e., financial, customer, internal business process, learning and growth). Each perspective consists of objectives, measures, targets, and initiatives. The second part shows that the four perspectives are linked together in a cause-and-effect relationship. Good performance in learning and growth perspective leads to improved performance in internal business perspective which positively influences customer

perspective and this ultimately affect financial perspective. In other words, a well-trained employees and the use of modern technology (learning and growth perspective) are needed to reduce lead time, develop new products, reduce mistakes and complaints (internal business process perspective), therefore, they can increase customer satisfaction and their market share (customer perspective), which eventually leads to increased revenue and shareholder value and less cost (financial perspective) see figure (2), and table (1).

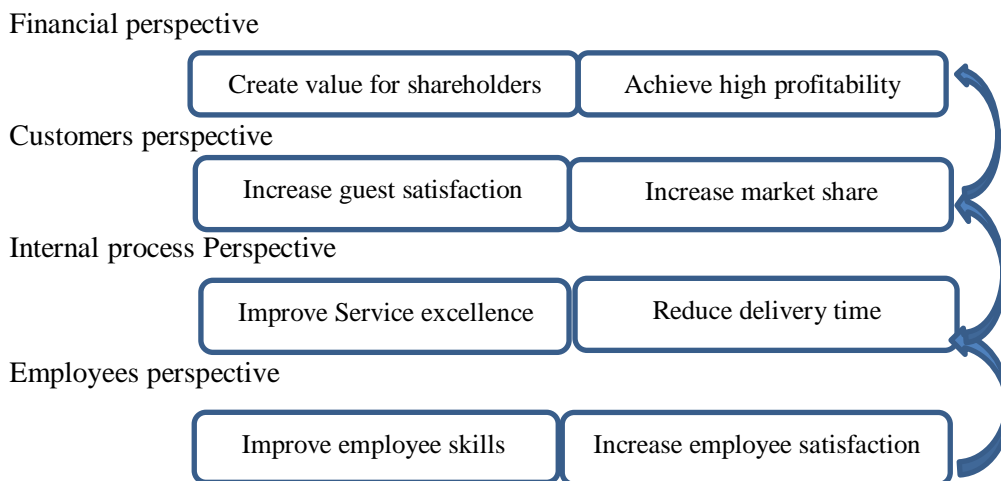## Figure 2 strategy map model for hotels

Financial perspective

| Create value for shareholders | Achieve high profitability |

Customers perspective

| Increase guest satisfaction | Increase market share |

Internal process Perspective

| Improve Service excellence | Reduce delivery time |

Employees perspective

| Improve employee skills | Increase employee satisfaction |

Table (1) balanced scorecard model for hotels

Hotel's Vision To become the premiere provider of leisure & vacation experiences in the world, and recognizable by service and product quality standard			
Hotel's mission To exceed guest expectations. To inspire and motivate employees. To achieve excellent financial results.			
Financial perspective (how does the hotel look to its shareholders ?)			
Objectives	**Measures**	**Targets**	**Initiatives**
- create value for shareholders - achieve high profitability	- occupancy rate - revenue per available room - Gross operating profit - Cash flow	- increase occupancy rate by 40%, increase revenue per room by 37 %	Decrease operating costs
Guest perspective (how do Guests see the hotel ?)			
Objectives	**Measures**	**Targets**	**Initiatives**

| - Increase guest satisfaction
 - increase hotel's market share
 - Improve guest loyalty | - Number of new guests, number of guests' complaints, number of satisfied guests, number of returning guests | - increase number of new guests by 30, increase number of satisfied guests by 25%, decrease number of complaints | - improve post sale service, response quickly to guests' needs, guest loyalty program |

Internal business process perspective (what must the hotel excel at?)			
Objectives	**Measures**	**Targets**	**Initiatives**
- Reduce operating errors - increase service quality - reduce delivery time - improve supplier relation	- Number of cancelled orders, number of errors , number of vendors , a time required to complete a process, cost of the food and beverages compared to other hotels.	- aim to be below the error value of 0.04% - increase service quality by 100% - decrease delivery time by 15%	- regular maintenance for hotel's equipment's and furniture, reengineering process to reduce service time and cost

Learning and growth perspective (can the hotel continue to improve and create its value?)			
Objectives	**Measures**	**Targets**	**Initiatives**
- Improve employees skills - Increase employees satisfaction	- Training hours - Employee turnover - numbers of employees' complaints	- increasing training hours by 20% - increasing employees satisfaction by 22%	- Increase in job training hours, using new technology, caring about employees' complaints and problems

RESEARCH METHODOLOGY

SAMPLE

The population of this study includes four-star and five-star hotels from major tourist cities in Egypt (Great Cairo, Hurgada, Luxor, and Aswan) in Egypt. The total number of four-star and five-star hotels in Egypt is 354 hotels. The number of four-star hotels is 201, and the number of five-star hotels is 153 (Egyptian Hotel Guide, 2016). The current research depends on the random simple sample for data collection. The sample represents 33.9% of the research population. A total of 120 questionnaire forms were distributed to hotels managers. Only 93 questionnaires were collected. Response rate represents 77.5%.

RESEARCH TOOL

In this research, the questionnaire survey was adopted to collect the data. The questions in the questionnaire were developed. The questionnaire was divided into two parts. Part one was about hotel

profile; it consists of   some information such as the number of guest rooms, type of management, tourist grade. The second part was dedicated to measure the balanced scorecard's four perspectives (i.e., learning and growth, internal business process, customer, and financial) in hotels. Questionnaire forms utilized a five-point Likert scale on which respondents were asked to indicate their level of agreement or disagreement for each question. The following five alternatives represent the five-point Likert scale used in the questionnaire with their associated values: strongly agree = 5, agree = 4, neutral = 3, disagree = 2, strongly disagree = 1.

An in-depth semi - structured interview was conducted with the assistant general manager of a hotel that adopts the BSC to provide a deep understanding of BSC implementation. First, the interviewee was phoned to describe the purpose of this research and to arrange for a face to face interview. For the confidentiality, the identity of the interviewee and the hotel won't be mentioned in this context. Researchers made follow-up calls to cover some aspects that were not fully covered in the interview.

DATA ANALYSIS

Data analysis was conducted by using the Statistical Package for Social Sciences (SPSS) version 20. Appropriate statistical analyses were performed such as means, standard deviation, Cronbach's α (alpha) and Correlation Coefficient Test to measure internal consistency.

VALIDITY AND RELIABILITY

VALIDITY

The initial questionnaire has been given to five referees to judge its content validity and the clarity of its items' meaning to avoid any misunderstanding as well as to assure its linkage with the main study aims. Referees were experienced academic researchers in the field of tourism and hospitality management. A detailed feedback from the referees was obtained; the possible adaptation has been done to meet their suggestions.

RELIABILITY

In this study, the Cronbach's alpha was used to assess the reliability of the data. This is due to the fact that Cronbach's alpha is a meaningful measure of internal consistency of a survey. The results showed that the alpha coefficient was 0.928. The results of validity and reliability of the questionnaire revealed that it can be used in reliable and valid way to test the research hypothesis.

RESULTS AND DISCUSSION

CHARACTERISTICS OF THE RESEARCH SAMPLE

The tabulated data in table (2) declares that, 53.8 % of the sample is five-star hotels and 46.2 % of the sample is four-star hotels. 62.4 % of the sample are chain hotels and 37.6 % of the sample are independent hotels. It clarifies that the majority (63.4 %) of the investigated hotels have more than 300 rooms, followed by the segment having from 200 to 300 rooms that represent 19.4 % of the sample. Moreover, 14% of the sample have from 100 to less than 200 rooms; only 3.2% of the sample have less than 100 rooms. The table shows also that 43.0 % of the investigated hotels are locate in great Cairo, 41.9% of the sample is located in Hurghada, 10.8 % of the samples are located in Luxor and only 4.3 % of the sample are located in Aswan.

Table (2) characteristics of the research sample

		Frequency	Percent		Frequency	Percent
	Hotel grade 5 stars	50	53.8 %	**Type of management** Chain	58	62.4%
	4 stars	43	46.2 %	Independent	35	37.6 %
Total		93	100 %	Total	93	100 %
	Number of guest rooms less than 100	3	3.2 %	**Region** Luxor	10	10.8 %
	From 100 to less than 200	13	14%	Hurgada	39	41.9 %
	From 200 to 300	18	19.4 %	Great Cairo	40	43 %
	More than 300	59	63.4 %	Aswan	4	4.3 %
Total		93	100 %	Total	93	100 %

AVAILABILITY OF BSC REQUIREMENTS IN HOTELS

BASIC REQUIREMENTS

The researcher asked the hotels' managers about the availability of basic requirements for applying balanced scorecard. For this aim, Yes/No questions were used.

Table (3) basic requirements for applying balanced scorecard

Basic requirements	Yes		No		Total	%
	Freq	%	Freq	%		
Does the hotel have a clear strategic vision?	87	93.5	6	6.5	93	100

Is the vision declared and documented to all employees of the hotel?	58	62.4	35	37.6	93	100
Does the hotel have a clear mission?	83	89.2	10	10.8	93	100
Is the mission declared and documented to all employees of the hotel?	57	61.3	36	38.7	93	100
Does the hotel announce the objectives to be achieved to all employees?	61	65.6	32	34.4	93	100

Table (3) clarifies that 93.5 % of the surveyed hotels have a clear strategic vision and only 6.5% of them have not. 62.4% of these hotels declares and document their vision to all employees of the hotel, 37.6% of them have not. The table declares also that 89.2% of the investigated hotels have a clear mission and only 10.8% of them have not. 61.3% of these hotels declares and document their mission to all employees of the hotel, 38.7% of them have not. Moreover, the results show that 65.6% of the surveyed hotels announce the objectives to be achieved to all employees, and 34.4% of them have not. Based on these results, the basic requirements for applying balanced scorecard are available in the surveyed hotels.

THE AVAILABILITY OF THE FOUR PERSPECTIVES OF THE BALANCED SCORECARD IN HOTELS

FINANCIAL PERSPECTIVE

Table (4) financial perspective

No	Financial perspective	MEANS*	Std. Dev.	Rank
1	The hotel determines the financial objectives to be achieved in advance.	4.37	.998	2
2	The hotel uses financial measures (such as net profit, occupancy rate, etc.) to measure financial performance.	4.54	.731	1
3	These financial measures are related to the hotel strategy and translate its objectives.	4.15	.989	3
4	Hotel management seeks to satisfy its shareholders or owners by achieving high returns on investment.	4.37	.857	2
5	Hotel management seeks to achieve higher profitability by reducing operating costs.	3.54	1.31	4

*Means of adopting financial perspective where $(1 – 1.80)$ = strongly disagree; $(1.81 – 2.60)$ = disagree; $(2.61 – 3.40)$ = neutral; $(3.41 – 4.20)$ = agree; $(4.21 – 5)$ = strongly agree.

As illustrated in table (4), statement number (2) which indicates that the hotel uses financial measures (such as net profit, occupancy rate, etc.) to measure financial performance, has been ranked as the first one with a mean of (4.54) and a std. deviation of (.731). This means that financial measures are highly used in hotels. Statements number (1) and (4) have been given the second rank with a mean of (4.37) and a std. deviation of (.998) for statement number (1) and (.857) for statement number (4). In the last ranks, statement number (3) has been given the third rank with a mean of (4.15) and a std. deviation of (.989), while statement number (5) has been given the forth rank with a mean of (3.54) and a std. deviation of (1.31). This means that hotel management realizes that it is important to achieve higher profitability through reducing the operating cost without affecting negatively on the service quality.

CUSTOMER PERSPECTIVE

Table (5) customer perspective

No	customer perspective	MEANS*	Std. Dev.	Rank
1	Hotel management seeks to keep its existing customers and earn new customers.	4.50	.816	2
2	The hotel strategy takes into account customer requirements and needs.	4.35	.940	3
3	The hotel uses non-financial measures (such as number of new customers, number of customer complaints, etc.) to measure customer satisfaction.	4.20	1.03	5
4	The hotel seeks to provide their customers with high quality services to meet their needs and desires.	4.61	.590	1
5	The hotel aims to satisfy its customers through providing service in shorter time.	4.25	1.09	4
6	Customers are involved in the process of developing and improving the quality of service.	3.87	1.20	6
7	The hotel has a renewable database for its customers.	3.34	1.45	7

*Means of adopting customer perspective where (1 – 1.80) = strongly disagree; (1.81 – 2.60) = disagree; (2.61 – 3.40) = neutral; (3.41 – 4.20) = agree; (4.21 – 5) = strongly agree.

As detailed in table (5), statement number (4) which indicates that the hotel seeks to provide their customers with high quality services to meet their needs and desires, has been ranked as the first one with a mean of (4.61) and a std. deviation of (.590). Statement number (1) which mentioned that hotel management seeks to keep its existing customers and earn new customers has been given the second rank with a mean of (4.50) and a std. deviation of (.816). This means that the hotel management realizes that to keep its existing customers and earn new customers, they have to provide their customers with high quality services which meet their needs and desires. Statement number (2) which indicates that the hotel strategy takes into account customer requirements and needs has been ranked as the third one with a mean of (4.35) and a std. deviation of (.940). This means that hotels are aware that quality service means meeting or exceeding customer needs and expectations. Statement number (5) which indicates that the hotel aims to satisfy its customers through providing service in shorter time, has the forth rank with a mean of (4.25) and a std. deviation of (1.09), followed by the statement number (3) which indicates that the hotel uses non-financial measures (such as number of new customers, number of customer complaints, etc.) to measure customer satisfaction, in the fifth rank with a mean of (4.20) and a std. deviation of (1.03). In the last ranks, statement number (6) which indicates that customers are involved in the process of developing and improving the quality of service, has been given the sixth rank with a mean of (3.87) and a std. deviation of (1.20), while statement number (7) which indicates that the hotel has a renewable database for its customers, has been given the seventh rank with a mean of (3.34) and a std. deviation of (1.45). This means that the investigated hotels realize that developing and improving the quality of service should be from the customers' point of view, but they do not pay sufficient attention to owning an updated database about their customers.

INTERNAL PROCESS PERSPECTIVE

Table (6) internal process perspective

No	Internal process perspective	MEANS*	Std. Dev.	Rank
1	The hotel uses measures for internal processes (such as number of cancellations, number of errors, etc.) which enable hotel management to identify the hotel's internal operations.	4.28	1.12	2
2	The hotel seeks to innovate new ways of working in order to differentiate in service delivery.	4.29	1.08	1
3	The hotel improves and develops internal processes to reduce costs.	4.08	1.10	3
4	The hotel improves and develops internal processes to reduce the time required to service.	4.01	1.10	4
5	Management works to resolve customer complaints from the first time.	4.29	.842	1

*Means of adopting internal process perspective where (1 – 1.80) = strongly disagree; (1.81 – 2.60) = disagree; (2.61 – 3.40) = neutral; (3.41 – 4.20) = agree; (4.21 – 5) = strongly agree.

From table (6), it can be seen that, the first rank have been given to statements number (2) and (5) with a mean of (4.29) and a std. deviation of (1.08) for the statement number (2) and (.842) for the statement number (5). This reflects that hotels are interested in providing unique and distinctive service to their customers and they realize that speed is very essential when dealing with customer complaints. If customer complaints are addressed quickly and in an appropriate manner, customers will be left with a positive image in their mind. Statement number (1) which mention that the hotel uses measures for internal processes (such as number of cancellations, number of errors, etc.), has been given the second rank with a mean of (4.28) and a std. deviation of (1.12). This means that internal processes measures are widely used in the investigated hotels. Statement number (3) which indicates that the hotel improves and develops internal processes to reduce costs has been ranked as the third one with a mean of (4.08) and a std. deviation of (1.10), followed by the statement number (4) which indicates that the hotel improves and develops internal processes to reduce the time required to service, in the fourth rank with a mean of (4.01) and a std. deviation of (1.10).

LEARNING AND GROWTH PERSPECTIVE
Table (7) learning and growth perspective

No	learning and growth perspective	MEANS*	Std. Dev.	Rank
1	The hotel continuously provides their employees with an adequate and appropriate training.	4.44	.787	1
2	The hotel provides employees with the appropriate environment for creativity and innovation.	4.23	.873	4
3	Employees are involved in the decision-making process.	3.46	1.43	7
4	The hotel uses measures (such as number of training hours, number of workers' complaints) to determine the degree of learning and growth of employees.	4.24	1.06	3
5	The hotel seeks to retain, promote the competent and committed employees and encourage them.	4.37	.831	2
6	Hotel management seeks to satisfy their employees by providing a fair system of wages and incentives.	4.16	1.01	5
7	The hotel management works to solve the employees' problems as soon as possible as soon as possible.	4.23	.946	4
8	The management provides hotel's staff with periodic information about their performance level.	3.84	1.20	6

*Means of adopting internal process perspective where (1 – 1.80) = strongly disagree; (1.81 – 2.60) = disagree; (2.61 – 3.40) = neutral; (3.41 – 4.20) = agree; (4.21 – 5) = strongly agree.

As detailed in table (7), statement number (1) which indicates that the hotel continuously provides adequate and appropriate training for employees, has been ranked as the first one with a mean of (4.44) and a std. deviation of (.787). This shows the management's awareness of the importance of training to improve and develop their employees' skills. Statement number (5) which indicates that the hotel seeks to retain and promote the competent and committed employees and encourage them, occupied the second rank with a mean of (4.37) and a std. deviation of (.831), followed by the statement number (4) in the third rank with a mean of (4.24) and a std. deviation of (1.06). The fourth rank have been given to statements number (2) and (7) with a

mean of (4.23) and a std. deviation of (.873) for the statement number (2) and (.946) for the statement number (7). Statement number (6) which indicates that hotel management seeks to satisfy their employees by providing a fair system of wages and incentives, has been ranked as the fifth one with a mean of (4.16) and a std. deviation of (1.01), followed by the statement number (8) in the sixth rank with a mean of (3.84) and a std. deviation of (1.20). This means that hotels are interested in assessing the performance of employees on a regular basis to detect deficiencies in the performance of employees to deal with them and also to identify strengths to develop them. Statement number (3) occupied the last rank with a mean of (3.46) and a std. deviation of (1.43). This means that employees' participation in decisions making process is moderate.

Table (8) Balanced score card four perspectives

	Mean	Std. Deviation	Rank
Financial perspective	4.191	.679	1
Customer perspective	4.161	.683	3
Internal process perspective	4.189	.824	2
Learning and growth perspective	4.120	.784	4

The results summarized in table (8) reveals that the hotel managers emphasize on the usage of financial perspective (4.191), followed by internal process perspective (4.189), customer perspective (4.161), learning and growth perspective (4.120).

RESULTS OF THE INTERVIEW

Semi-structured interview was used as another method for data collection. The interview focused on identifying how the hotel use the balanced score card for measuring performance . A list of questions was developed in advance to guide the interview and all the questions asked were in open-ended nature.

THE IMPLEMENTATION OF THE BALANCED SCORECARD IN THE HOTEL

The case study hotel adopted the balanced scorecard more than 12 years; as the interviewee said, "When I joined the job in this hotel since 12 years ago, this system was already in implementation". The hotel successfully applied the balanced scorecard using the following

four perspectives: financial; customers; internal business process; employees.

CASE STUDY HOTEL VISION
Spreading the hospitality light and warmth around the world.
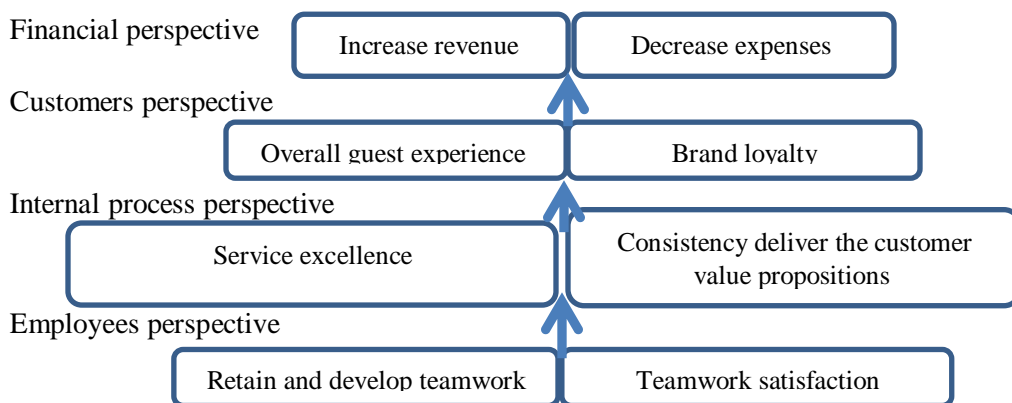
CASE STUDY HOTEL MISSION
To be the guests, team members and owners' first choice and be the first international hospitality organization.

STRATEGIC PERSPECTIVES OF THE HOTEL
According to the interviewee, the used balanced scorecard consists of four main perspectives. These perspectives are financial; customers; internal business process; and employees perspective. He also mentioned that there is another perspective which is still a matter of discussion and has not been implemented yet; this perspective is environmental perspective. He said that "it is proposed that gasoline be replaced with natural gas as well as to rationalize the energy sources consumption". He added that "the cost of this project is close to 3 million Egyptian pounds; therefore it is still under discussion." There are a set of clear and specific goals and measures under each perspective.

THE CASE STUDY HOTEL'S STRATEGIC MAP
Figure 3 The case study hotel's strategic map

Financial perspective
- Increase revenue
- Decrease expenses

Customers perspective
- Overall guest experience
- Brand loyalty

Internal process perspective
- Service excellence
- Consistency deliver the customer value propositions

Employees perspective
- Retain and develop teamwork
- Teamwork satisfaction

This strategy map shows that achieving the financial objectives depends on achieving the objectives of the other perspectives (e.g. customer; internal process and employees). Strategy map demonstrates how the four perspectives connect together through the cause-and-effect chain and shows the employees their contribution in achieving the hotel objectives. A well-trained and satisfied employees (employee perspective) are needed to provide customers

with a quality service (internal business process perspective), therefore, customer satisfaction and loyalty will increase (customer perspective), which will lead to increased revenue and decreased expenses (financial perspective).

Table (9): Measures used in the hotel's balanced scorecard

Financial perspective	▪ Net cash flow ▪ Gross operating profit (GOP) ▪ Revenue per available room(RevPAR) ▪ Occupancy rate
Customers perspective	▪ Guest satisfaction index ▪ Market share ▪ Guest loyalty index ▪ Number of guest complaints ▪ Number of new customers ▪ Number of guest who likelihood to return. ▪ Number of guest who likelihood to recommend. ▪ Value for paid price index.
Internal business process perspective	▪ Number of operating errors ▪ Number of suppliers ▪ Number of canceled orders ▪ Time required for customer service. ▪ Number of new initiatives. ▪ Quality of overall services (cleanliness of guest room / efficiency of arrival process /quality of internet connection, etc.) ▪ Brand polices and standard
Employees perspective	▪ Training index ▪ Employee turnover ▪ Numbers of employees' complaints ▪ Team member loyalty ▪ Leadership index ▪ Regular survey

From the previous table, it is concluded that the BSC comprises several measures under each perspective. According to the interviewee, each department in the hotel has its own BSC containing the objectives and measures that commensurate with the nature of the department (Table 10).

Table (10) Top management's balanced scorecard for year 2018

Objectives	measures	Target	Actual
gross operating profit	Revenues	100%	
Overall guest experience Brand loyalty	guest survey	87% 85%	- /+
Standard and policies	Annual audit	100%	
Leadership index	Team survey	86%	

From table (10), it is illustrated that every perspective includes specific objectives, measures, and targets. Actual refers to actual performance compared to the targets. Actual performance maybe equal; exceed (+); or be lower than the target (-).

Benchmarking between the units of the hotels occurs monthly. Performance is measured through comparing it to the same period last year; and then the targets are set.

THE PROPOSED EMPIRICAL MODEL

Based on the aforementioned findings, the researchers propose an empirical model for adopting BSC in hotels. The first part of the model is a proposed strategy map. The balanced scorecard model that was proposed by Kaplan and Norton in 1992 measures the organizational performance based on four perspectives namely, financial, customer, internal process, learning and growth. This study's proposed BSC model employs five perspectives. These perspectives are financial, guest, environmental, operations, learning and growth. The name of some perspectives has been changed to be in line with the hotel industry. Each perspective consists of objectives, measures, target, actual, and initiatives.

Objectives: represent the goals that the hotels seek to achieve under each perspective in order to achieve the mission and vision of the hotel.

Measures: are the standards that are used to measure the hotel performance and the level of progress.

Targets: are the level of performance or the rate of improvement that is required. Performance is measured through comparing it to the same period last year; and then the targets are set.

Actual: refers to actual performance compared to the targets. Actual performance maybe equal; exceed (+); or be lower than the target (-).

In this context color coding or "traffic light" system could be used. For example, if actual performance = actual performance, this is indicated in yellow. If actual performance > actual performance, this is indicated in green. If actual performance < actual performance, this is indicated in red. See figure (4), and table (11).
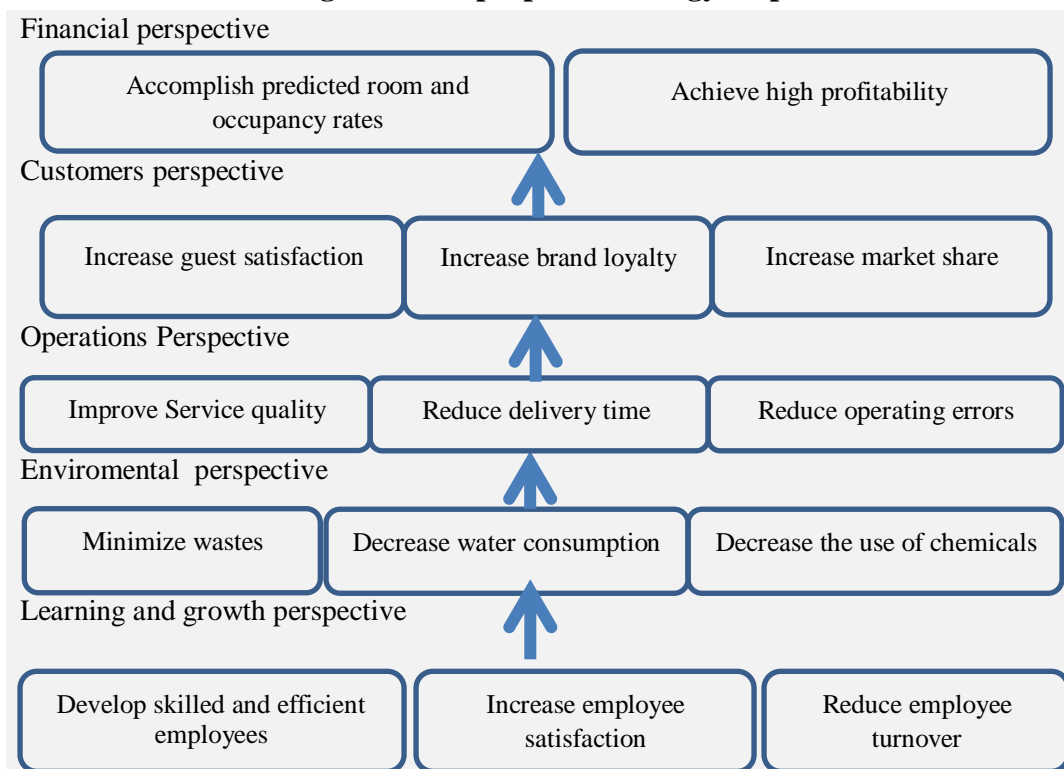
Figure 4 The proposed strategy map

Financial perspective

| Accomplish predicted room and occupancy rates | Achieve high profitability |

Customers perspective

| Increase guest satisfaction | Increase brand loyalty | Increase market share |

Operations Perspective

| Improve Service quality | Reduce delivery time | Reduce operating errors |

Enviromental perspective

| Minimize wastes | Decrease water consumption | Decrease the use of chemicals |

Learning and growth perspective

| Develop skilled and efficient employees | Increase employee satisfaction | Reduce employee turnover |

Table (11): The proposed balanced scorecard				
Hotel's Vision To become the premiere provider of leisure & vacation experiences in the world, and recognizable by service and product quality standard				
Hotel's mission To exceed guest expectations. To inspire and motivate employees. To achieve excellent financial results.				
Financial perspective (how does the hotel look to its shareholders?)				
Objectives	**Measures**	**Targets**	**Actual**	**Initiatives**
- Achieving high profitability - Accomplish predicted room and occupancy rates	- occupancy rate - revenue per available room - Gross operating profit - Cash flow	- increase GOP by 85% increase occupancy rate by 40%, - increase revenue per room by 37 %	- /+	Decrease operating costs
Guest perspective (how do Guests see the hotel?)				
Objectives	**Measures**	**Targets**	**Actual**	**Initiatives**
- Retain current guests and increase new customers - Increase guest satisfaction. - increase market share - Increase brand loyalty. - Meeting the guests' ever changing needs and demands.	- Customer Satisfaction Index - Feedback from mystery guest - Guest comment cards - Number of returning customers - Number of new customers - Market share	- Increase customer satisfaction by 90% - Increase number of new customers by 30% - Increase number of returning customers by 30%	- /+	- Building relationships with guests, - Delivering quality that it promises to them - Guest loyalty program - Response quickly to guests' complaints
Internal business process perspective (what must the hotel excel at?)				
Objectives	**Measures**	**Targets**	**Actual**	**Initiatives**

- Reduce operating errors - Improve service quality - Reduce delivery time	- Average price per a hotel room، - Number of operating errors - Number of canceled orders - Number of customer complaints - Time required for customer service - Cost of the food and beverages compared to other hotels.	- Decrease delivery time by 15% - Reduce no of operating errors by 70%	- /+	- Regular maintenance for hotel's equipment's and furniture - Reengineering process to reduce service time and cost
		Enviromental perspective (what should be done to sustain the environment ?)		
Objectives	**Measures**	**Targets**	**Actual**	**Initiatives**
- Minimize wastes، - Decrease the use of chemicals - Decrease water consumption - Increase employees' awareness about environmental issues.	- Amount of used water in the hotel - Cleaning products consumption of per square meter - Energy consumption per year - Number of green training hours. - Number of projects that have been carried out to serve the community - Amount of recycled materials	- Reduce waste by 70% - Reduce amount of used water by 20% - Reduce amount of cleaning products by 30%	- /+	- Adoption of a program to decrease waste and recycle materials. - Adopting a program to decrease water consumption and reuse water - Switch to solar energy - use environment friendly chemicals - Encouraging guests to use guest towels twice before putting them into the laundry. - use low-flow taps, showerheads

Learning and growth perspective (can the hotel continue to improve and create its value?)				
Objectives	**Measures**	**Targets**	**Actual**	**Initiatives**
- Develop a skilled and efficient employees - Increase employees satisfaction - Reduce employee turnover - Improve the work environment	- Employee satisfaction index - Level of expenditures on training, - No of highly-qualified employees, - Employees turn over - No of employee complaints - Training hours - Leadership index	- Insure that 85 % of employees attain the required performance standards. - Reduce employee turnover by 40% - Increase Employee satisfaction by 90 %	- /+	- Care about employees' complaints and problems - Increase in job training hours.

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this paper was to develop an empirical model for adopting balanced scorecard as a tool for measuring performance in hotels. The empirical findings of this research revealed that the basic requirements of applying the balanced scorecard are available in the investigated hotels, thus the balanced scorecard with its four perspectives can be applied. In addition, the results of the interview showed that adopting the environmental perspective is possible.

The balanced scorecard model that was proposed by Kaplan and Norton in 1992 measures the organizational performance based on four perspectives namely, financial, customer, internal process, learning and growth. This study's proposed BSC model employs five perspectives. These perspectives are financial, guest, environmental, operations, learning and growth. The name of some perspectives has been changed to be in line with the hotel industry. The main contribution of this research lies in introducing a new model of BSC consisting of five perspectives namely, financial, customer, internal process, environmental, learning and growth) that is appropriate to the hotel industry. Lately, environmental performance attains a great attention. Therefore, the evaluation of environmental performance becomes necessary for most organizations. Many studies mentioned that the BSC could be used as an effective tool to measure environmental performance. Many researchers encouraged using the BSC model for measuring the environmental performance (Al-Zwyalif, 2017).

The study recommends that it is important to get support and commitment from the top management, to develop a successful BSC system. Management has to communicate, to all employees, the required information about the balanced scorecard (what it is? its importance? and how it works? the role they will play? and how they and the hotel will benefit from it?).

However, this research has several limitations related to limited number of hotels that use the balanced scorecard. Further research may propose other perspectives that are in line with the hospitality industry such as: ethical perspective, social perspective, etc. They can propose additional or different measures, objectives, and initiatives for the five perspectives. Future research should be conducted to explore the effects of factors such as strategy, structure, and external environment on the effectiveness of the BSC.

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