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Human resource managers’ perceptions of the applications and merit of the balanced scorecard in hotels

Abstract

The extent to which performance measures that align with the ‘learning and growth’ dimension of the balanced scorecard (BSC) are applied in the hotel industry has been examined by conducting interviews with fourteen hotel Human Resource (HR) managers. Minimal appreciation of the BSC concept was in evidence. When an explanation of the BSC framework was provided, the interviewees unanimously held the view that the term ‘learning and growth’ did not adequately encompass the HR oriented performance measures that they seek to apply. Further, it was found that most hotels were using a single measure of employee satisfaction to represent ‘learning and growth’, which does not enable examination of the five separate theoretical dimensions of ‘learning and growth’ represented in the BSC model. These findings suggest a significant schism between BSC theory and the application of HR oriented measures in the hotel industry.

Keywords: Performance management, balanced scorecard, learning and growth, hotels.
Introduction

Measuring organisational success and implementing effective strategies for success represent continuous challenges for managers, researchers and consultants. The wide variety of industries rethinking their performance management and performance measurement systems (Eccles, 1991), and the many performance measurement frameworks, theories and models that have emerged serve as testimony to the importance attached to developing comprehensive and effective measurement systems. Literally, performance measurement is the process of quantifying past action (Neely, 1998), to facilitate the pursuit of organisational control. Control can be viewed as the process of ensuring that an organisation pursues strategies that lead to the achievement of overall goals and objectives (Hoffecker & Goldenberg, 1994).

This study explores the extent to which the balanced scorecard (BSC) (Kaplan, 1994; Kaplan & Norton, 1992, 1993, 1996a) is understood and utilized by HR managers within the hotel industry and, more specifically, the extent to which the scorecard’s ‘learning and growth’ performance measures that are described in the literature are applied in hotels. The BSC is a comprehensive performance measurement framework. Its comprehensive nature derives from the four interlinking perspectives that it encompasses: (1) financial perspective; (2) customer perspective; (3) internal perspective; and (4) innovation and learning perspective (termed ‘learning and growth’ in this study). The relative merits of
the BSC have been examined extensively in the literature, however there appears to be relatively limited attention directed to the manner in which the ‘learning and growth’ dimension of the scorecard is being operationalised. Prior to outlining the research design and reporting the study’s findings, the next section provides an overview of the most pertinent literature.

**Literature Review**

Inappropriate measures of performance have been identified as barriers to organisational development. This is because performance measures represent a fundamental link between strategies and actions (Achterbergh, Beeres, & Vriens, 2003). Much criticism has been directed to traditional performance measurement systems’ failure to encapsulate multiple dimensions of performance, with too much importance attached to financially denominated dimensions of performance. Numerous commentators have elaborated on problems arising from a narrow focus on financially quantified targets (Amaratunga, Baldrey, & Sarshar, 2001), and have highlighted ways to accord recognition to qualitative dimensions of performance and intangibles such as quality management, customer retention, research and development, and innovation, within regular performance evaluation processes. A rapid switch from local and domestic competition to a “global” market place has resulted in international hotel companies attaching heightened significance to the development and implementation of strategies consistent with securing business
success (Brotherton & Adler, 1999). This underscores the evolving nature of hotel management systems and the pertinence of research into the extent to which hotel performance measures achieve a degree of “balance” (Evans, 2005).

The importance of developing and applying well-designed performance measurement systems is underscored by the many performance measurement theories and conceptual frameworks that have emerged. These include: (1) dynamic multi-dimensional performance model (DMP) (Maltz, Shenhar, & Reilly, 2003); (2) *The Service Profit Chain* (Heskett, Saser, & Schlesinger, 1997); (3) Boston Consultancy Group (BCG) portfolio model (Peters, 1993); (4) “success dimensions” model (Shenhar & Dvir, 1996); (5) “Results and Determinants Model” (Fitzgerald, Johnston, Brignall, Silvestro and Voss, 1991); (6) Balanced Scorecard (Kaplan & Norton, 1992, 1993, 1996a, 1996b); (7) ‘game theory’ assessed by authors such as Coe (1981), Bettis and Hall (1982), Hapeslagh (1982), Fraguhar and Shapiro (1983), and Hamermesh (1986); (8) and ‘Tableau de Bord’. This study draws its primary focus from the BSC model.

*The Balanced Scorecard*

Of the frameworks, models and theories presented above, the BSC, developed by Kaplan and Norton (1992), is generally accepted to be one of the most popular performance management system (Amaratunga et al., 2001). It is particularly notable that the BSC has gained wide acceptance within the service
sector as a means of providing a focus on human resources, intangible assets, and challenges associated with regard to maintaining consistent product standards, while not neglecting financial performance (Bharadwaj & Menon, 1993; Sherman, 1984). Although hotels are generally thought of in a service context, commentators such as Harris & Mongiello (2001) contend that this perception masks a breadth of industrial activities that need to be controlled at the hotel property level, i.e., provision of room accommodation, production and provision of food, and beverage retail. In light of the diversity of these activities, that each have differing cost structures, it would appear that a hotel represents a commercial context with a particularly high need for a broadly focused performance measurement system such as the BSC (Evans, 2005).

Much of the merit of the BSC framework derives from a second implicit “balance” that takes it beyond constituting an *ad hoc* collection of financial and non-financial measures. The scorecard captures organisational strategy by means of a cause-and-effect model that ultimately links all measures to shareholder value. Non-financial measures, such as customer retention, employee turnover, and number of new products developed, belong to the scorecard only to the extent that they reflect activities an organisation performs in order to execute its strategy (Amaratunga et al., 2001).

Financial performance measures indicate the extent to which an organisations’ strategy, implementation, and execution are contributing to bottom-line
improvement. The achievement of financial targets reflects the outcome of theoretical dimensions of performance captured by the BSC’s other three perspectives. The number and nature of the dimensions are yet to be empirically verified and therefore are referred to forthwith as theoretical. According to Kaplan and Norton (1992), improvements within an organisation’s operations result in the financial numbers taking care of themselves. Kaplan and Norton (1996b) describe the continuous process of highlighting what should be an organisation’s focus, as a cycle. The vision is made explicit and communicated to all members of an organization by way of goal and incentive identification (Olve, Roy, & Wetter, 1999). By furnishing a language that operationalises expectations and performance, the BSC lays the foundations for discussions about how each individual can contribute to the organisation’s goals and vision (Reisinger, Cravens, & Tell, 2003), thereby also facilitating learning at both individual and organisational levels.

The customer perspective of the BSC gauges the ability of an organisation to provide quality goods and services, the effectiveness of their delivery, and resultant customer service satisfaction. The BSC requires that managers translate their general mission statement relating to customer service into specific measures that reflect the factors that really matter to customers (Kaplan & Norton, 1992). This customer perspective engenders a managerial focus on the internal business results that lead to satisfied customer expectations (Kaplan & Norton, 1992)
Internal business process perspectives of the BSC concern the use of business processes to achieve shareholder and customer satisfaction. This internal perspective aspect of the BSC is closely aligned with an organisation’s innovation. Innovation is essentially an internal process that ensures that internal business processes continue to improve and become more efficient. Specific internal business processes can focus on particular factors such as brand management, leadership, product quality and the customer experience (Kaplan & Norton, 1996a).

The ‘learning and growth’ perspective concerns issues such as the ability of employees, the quality of information systems, and the effects of organisational alignment in supporting the accomplishment of organisational goals. In order to meet rapidly changing requirements that meet with customer expectations, the ability to identify ‘learning and growth’ issues enables the organisation to consider what it must do in order to develop employee competencies needed for understanding and satisfying customer needs, whilst sustaining the necessary efficiency and productivity of the established processes designed to fulfil customer needs (Kaplan & Norton, 1996b).

BSC and the hotel sector
Studies conducted by Denton and White (2000) and Huckstein and Duboff (1999) document the experiences of Hilton Hotels and Marriott franchisee White Lodging Services (WLS), in implementing the BSC. Evans (2005) argues that the literature relating to BSC applications in the hospitality sector is underdeveloped. This underscores the importance of the Hilton and Marriott studies in providing guidance as to the relative merits of applying the BSC in a hotel context. Huckstein and Duboff (1999) note that the value of their findings result not so much from the fact that Hilton embraced the BSC concept, but that the scorecard was implemented in a way that integrated all aspects of the business and changed the organisations’ culture to achieve desired results. Hilton’s multifaceted approach, in which the BSC has been pivotal, has markedly transformed the company’s hotel operations (Evans, 2005). Denton and White (2000) reported that after the implementation of the BSC in 1997, WLS achieved greater financial success than their competitors while reducing turnover and improving internal processes.

Denton and White (2000) and Huckstein and Duboff (1999) report a number of benefits deriving from BSC implementation. These include rewarding teamwork, since the hotel property is assessed as an overall entity; encouraging managers to focus on both long-term and short-term measures of success; making performance appraisals more objective; facilitating the dissemination of strategy information throughout the organization; promoting the explicit sharing of best practice, as a result of the BSC being adopted in a unified way across a
chain of hotels: and enabling negative trends to be identified by owners and
senior managers in their early stages, well before financial performance
deteriorates (Evans, 2005).

Notwithstanding these benefits, it has been acknowledged that the process of
adopting the BSC is complex and requires the commitment of resources and
time to monitoring, continuous learning, feedback and adjustments (Doran,
Haddad, & Chow, 2002). A balance needs to be struck between having
sufficient detail to be actionable, but only enough to be meaningful in a way that
can be easily interpreted by managers (Lingle & Schiemann, 1996). Failing to
establish causal linkages between scorecard components and failing to secure
the support of employees for the system have also been identified as potential
difficulties in BSC implementation (Evans, 2005). It has also been noted that
tailoring the approach to each organization’s individual needs is imperative to
successful implementation (Evans, 2005).

Huckestein and Duboff (1999) also highlight the importance of having
managers who fully understand the BSC acting as “champions” of the new
system. They also suggest the need for hotels to emphasise the strategy to all
employees through customised orientation presentations at all properties and
reinforcement through employee communications to further embed the system
in the adopting organisation’s culture.
Research by Davidson (2003) suggests that there is a positive relationship between organization climate and customer satisfaction, indicating the benefit of identifying the extent to which employees’ perceptions of customer satisfaction and customers’ reports of satisfaction match. National studies (Davidson, 2003) on hotel service quality as measured by customer satisfaction levels have been predictive of hotel performance. For example, research by Davidson, Manning, Brosnan and Timo (Davidson, Manning, Brosnan, & Timo, 2002) found in a study of 1,443 hotel employees of 14 Australian hotels that there was a causal relationship between organisational climate, employee perceptions of customer satisfaction and revenue per available room (RevPAR). Organisational climate accounted for a 30 per cent of the variation in the employee perception of customer satisfaction. Furthermore, employee perception of customer satisfaction accounted for a 23 per cent of the variation in the RevPAR between hotels. This supports the importance of focusing on employee satisfaction levels through the use of performance measurement frameworks that recognize factors such as ‘learning and growth’.

Learning and Growth

Atkinson (2006) notes the importance of the ‘learning and growth’ dimension of performance as the driving force behind the BSC. This observation highlights the importance of gaining further understanding of issues surrounding the way that the ‘learning and growth’ aspect of the BSC is operationalised. Atkinson describes how ‘learning and growth’ drives internal processes, which in turn
service the customers who provide the revenue to meet stakeholders’ needs. The ‘learning and growth’ dimension of the BSC can be divided into five sub-elements: employee capabilities, employee lifestyle and well-being, tracking of employee tools, motivation of employees and goal alignment of employees. Norton and Kaplan (1996) advocate the development of measures addressing each of these elements to provide an overall picture of how the organization is performing in relation to the ‘learning and growth’ dimension. Each of these sub-elements will now be considered further.

Employee capabilities relates to the skills inherent in the company’s workforce. Norton and Kaplan (1996) promote the need to identify what skills are required within the firm and then to determine the extent to which the extant workforce possess the requisite skills. Such an analysis represents an approach to determine existing and future training needs. Employee lifestyle and well-being can be seen to represent an index of employee satisfaction by addressing factors such as work-life balance and job stress. Tracking of employee tools, i.e., equipment and technology available to employees (e.g., computers), enables an appraisal to be made with respect to the extent that employees have the tools they need to perform their function efficiently and effectively. The motivational level of employees is an important determinant of the extent to which employees act in the best interests of the firm. Finally, goal alignment of employees relates to the extent to which employees know and are motivated to adhere to the goals of the company (Norton and Kaplan, 1996).
The literature search conducted has highlighted the profound importance of the BSC to the business and academic community’s alike. It has also highlighted the fundamental role of the ‘learning and growth’ dimension of the BSC. It appears, however, that there has been minimal empirical hotel management research concerned with the extent and manner of ‘learning and growth’ performance measurement in hotels. This is despite the labour intensive nature of most hotel operations. The purpose of this study is to explore the extent to which the ‘learning and growth’ dimension of the BSC is addressed (regardless of whether or not as part of a formalized BSC) as part of HR activities in hotels.

Method

The research undertaken can be characterized as exploratory, with qualitative data collected. In order to provide an in-depth description of HR managers’ perspectives on the ‘learning and growth’ dimension of the BSC and its level of adoption in their organisations, in-depth interviews were considered the most appropriate data collection vehicle, enabling the collection of a large amount of data (Marshall and Rossman, 1999).

A convenience sampling procedure was utilised. Prospective interviewees were selected if they held an HR manager position at a hotel with more than 100 rooms in the Gold Coast, Australia. Although restricted geographically, the
hotels in this region are generally part of national and international hotel chains, often with overseas headquarters and the HR departments operating within the context of a corporate HR policy. Each prospective participant was initially approached by phone and invited to participate in the study. A total of 14 participants agreed to be interviewed, representing fourteen different hotels that were all part of major hotel chain groups. The Gold Coast represents a favourable location in which to conduct interview based research as it has a high concentration of international hotel chains hosting, on average, over 80,000 visitors per day (Gold Coast City Council 2005). Interviews were semi-structured, but involved some specific questions that were posed in order to enable comparisons to be drawn and create an overall picture of the nature of human resource performance oriented measures applied in the local hotel industry. This follows Marshall and Rossman’s (1999) requirement for consistency in interviews to ensure internal reliability of the data.

As an introduction, interviewees were asked to describe if they were familiar with the BSC and the elements of the ‘learning and growth’ dimension of the BSC. The five elements of the ‘learning and growth’ BSC dimension described above were discussed. Once interviewees had a clear understanding of each element, they were asked to rate the relative importance that their hotel attached to each. The interviewees were then asked to rate these same five ‘learning and growth’ elements with respect to the extent that each was measured in their hotel.
To promote internal reliability with respect to interpretation of the data collected, the three research team members were present at all interviews conducted. As advocated previously (REF), this approach enabled a sharing of experiences for the research team, which facilitated deeper probing during the interviews and greatly facilitated the data analysis process. All the interviews were recorded and later transcribed. This has allowed the researchers to distil the raw data to themes which have facilitated the generation of findings.

The process of data analysis followed Wolcott’s (1994) identified 3 major phases; description (relying heavily on verbatim quotes from respondents), analysis (identifying important factors and themes) and interpretation (making sense of meanings in context). Miles and Hubermann, (1994) also recommend intuitive approaches to analysis of qualitative data. As a result there was a high level of agreement amongst the researchers about the emergent themes and this is considered to be due to both attendance at all interviews enabling consistent detailed familiarity with the data as it was collected as well as the specific knowledge extracted through the interview protocol question design. This is in accord with previous recommendations by REF who have found that researchers take an active role in the interview process to enable a deeper understanding of the research topic from the participants’ perspective.
A profile of the participants interviewed is provided in Table 1. The first column lists the alphabetical reference for each interviewee. Subsequent columns provide, in turn, each hotel’s star rating, a brief indication of its main activities, some general observations concerning its HRM performance measurement system and also the status of the BSC in the hotel.

All hotels can be described as large operations with staff numbers ranging from hundreds to several thousand. Employee numbers were recorded but are not reported to respect anonymity for the participants. The majority of the hotels were 4 star and higher with only one 3.5-star facility and two 5-star hotels. The main activities for all hotels were the leisure market with conferencing also featuring consistently amongst the hotels.

Findings

BSC Knowledge and Implementation

In the context of the interviewer’s opening remarks, a determination of the interviewees’ familiarity with the BSC was made. Only two of the interviewees indicated that they had never heard of the term previously, however eight of the 14 interviewees exhibited no real familiarity with the BSC. Interviewee J’s
comment “I think that I’ve read that somewhere but I haven’t really worked with that”, typified the perspective of many.

Interviewee L indicated that management in her hotel was “very aware of it” having had a recent training session about “what the BSC meant”, but “it was not something that we have actually tried to implement in our organization at this point in time”. She claimed that the BSC was most pertinent to the finance department in her hotel, and although she acknowledged that HR has an impact on the bottom line, and despite her claimed awareness of the BSC, she revealed an unfamiliarity with the BSC’s ‘learning and growth’ dimension.

Three interviewees indicated that their hotel was utilizing the BSC in some form. Further, Interviewee B indicated that the BSC was being “rolled out” later in the year, from the top of the organisation down. This HR manager indicated that it was being implemented as an on-line performance measurement system that involved specific managers being held accountable for aspects of performance aligned to their functional responsibility set. Whilst this manager indicated that employee capabilities and degree of goal alignment were measured by the system and also some accord given to monitoring motivation, no provision was made for gauging the adequacy of employee tools or lifestyle and wellbeing.
Interviewee C indicated that much of her company’s management practices were focused on the BSC. She saw the BSC as “a big key measurement for the company”, that is taken “very seriously” with significant resources expended to “teach their managers about it”. The justification for this large international hotel chain’s BSC adoption was grounded in a pursuit of greater competitive advantage. Interviewee C claimed that her hotel’s BSC was built around three primary theoretical dimensions: guest survey results, market share and employee survey results. Departmental benchmarks for each of these theoretical dimensions of performance served as key targets. Individual departments were also benchmarked against equivalent departments in other properties and hotels. It was notable, however, that when Interviewee C’s appreciation of the ‘learning and growth’ dimension of the BSC was explored, it became apparent that factors such as employee lifestyle and well-being and motivation and goal alignment were not being formally measured.

Interviewee H stated that her hotel had adopted a BSC management philosophy, and indicated that it was an HR responsibility to administer an annual employee opinion survey. In connection with the BSC’s ‘learning and growth’ dimension, this HR manager indicated that while management in her hotel saw motivation to be important, it was not measured as part of the employee survey and hence was not included in the BSC. Further, despite the fact that other areas of the ‘learning and growth’ dimension were being measured in her hotel, no targets
for these aspects of performance had been identified, although they were included as part of an overall measure of employee satisfaction.

Overall, the data collected indicates a fairly low BSC familiarity amongst the interviewees. It was particularly evident that several of the interviewees who claimed to work in hotels that had adopted the BSC had a very limited understanding of the archetypal BSC. Further, as the BSC’s ‘learning and growth’ dimension concerns theoretical dimensions of performance that are most pertinent to HR managers, the extent to which the interview sample exhibited limited experience with gauging performance pertinent to the range of factors relating to the BSC’s ‘learning and growth’ dimension was surprising. The HR managers in hotels that claimed to have adopted the BSC tended to operate performance measurement systems that were narrower than the ‘learning and growth’ framework advocated by Kaplan and Norton. It also appeared that several of the hotels were failing to measure ‘learning and growth’ theoretical dimensions that were viewed to be important by hotel management. Details of the manner of BSC implementation for the hotels under examination are presented in the final column of Table 1.

**HR performance systems utilized**

Interviewees were asked to describe the nature and components of the HR oriented performance measurement system operated within their property. All of the hotels represented conducted an employee opinion survey. It was also found
to be commonplace for the hotels to benchmark themselves against other hotels, particularly in the case of chain properties. The strength of this external benchmarking philosophy appeared to be greater than any convention of internal benchmarking. In fact, it appeared to be the case that internal benchmarking of employee satisfaction levels across different departments (e.g., F&B compared to housekeeping) was viewed as inappropriate as the cultures of the two working contexts were considered to be too disparate.

Employee surveys were generally used to gauge employees’ satisfaction levels with their job and sometimes with their line manager. Interviewee E’s hotel utilized what she described as an "engaged Gallup Survey" which concerns "how engaged they are in the workplace, whether they feel they have the tools to do their job, being recognized, they feel that they belong here, sense of ownership, etc and that’s just based on 12 questions". Of the two hotels that did not periodically administer employee satisfaction surveys, one utilized an in-depth performance measurement HR system and the other was shortly due to initiate the administration of periodic employee surveys.

Guest opinion surveys were also mentioned by around half of the interviewees as constituting an HR performance measure. It was interesting, however, that there was no reference made to any attempts to link employee and guest satisfaction levels. It appeared that guest surveys were perceived somewhat
narrowly as vehicles for identifying guest service operational facets that require improvement and training.

Attitudes towards and application of the ‘learning and growth’ BSC dimension

A major focus of the study concerned an attempt to gauge the extent to which ‘learning and growth’ performance measures are being applied in the hotel sector. To facilitate this, some time was spent in each interview familiarizing interviewees with the five elements that Kaplan and Norton (1996) see as underpinning the ‘learning and growth’ BSC dimension: employee capabilities, employee lifestyle and well-being, tracking of employee tools, motivation of employees and employee goal alignment.

It was found that none of the interviewees were familiar with the term ‘learning and growth’ in the context of a performance measurement system. When asked about the appropriateness of the term, most of the interviewees felt it failed to adequately capture the focus of a desirable HR oriented performance measurement system. The general view was that ‘learning and growth’ is too narrow and with too much of a uni-dimensional focus on employee satisfaction. This view of too narrow a focus is highlighted by a comment made by Interviewee L: “I think there is a little more to HR than just ‘learning and growth’, so no, I don’t think that term is really encompassing what the HR departments do or should do”. Several interviewee perspectives also suggest misgivings over the implied content of a ‘learning and growth’ focused
performance measurement system. For example, Interviewee H commented “I don’t sort of agree with ‘learning and growth’, but I would say communication is probably one of the more important aspects of that sort of area when you are interacting with associates”. Also, Interviewee D observed: “Development I’d say would probably be better than ‘learning and growth’... If you talk to staff, it’s not ‘learning and growth’, its development. Development covers everything.”

It was also apparent that in those hotels that claimed to be using the BSC, the HR managers had exhibited no appreciation of the five elements comprising the ‘learning and growth’ dimension in an archetypal BSC application. It follows that no hotel was observed to be monitoring all these five elements as a portfolio in a measurement framework. Despite this, the majority of respondents indicated that some of the elements included in the ‘learning and growth’ framework were being monitored, most usually by way of employee satisfaction surveys.

To further our understanding of the relative importance given to the elements of the ‘learning and growth’ dimension of the BSC in the context of hotel management, each interviewee was asked to rate their perception of the importance that their hotel’s management attaches to each of the ‘learning and growth’ elements. The means of the ratings provided by the interviewees are recorded as the first column of Table 2 with the ‘learning and growth’ elements
presented in declining mean rating sequence. The HR managers were also asked to rate the degree to which each of the five ‘learning and growth’ elements is measured by their hotel. The mean ratings resulting from this exercise are presented in Table 2’s second data column. The table’s final column records whether the difference in the mean rating of perceived importance and degree to which each element is monitored is statistically significant.\(^1\)

Insert Table 2 about here

It is evident from the analysis presented in Table 2’s final column that the perceived importance of four of the five ‘learning and growth’ elements do not rate as statistically significantly different to the extent of measurement. The only exception to this is ‘goal alignment of employees’ (importance rating is higher than degree of measurement, \(p < 0.1\)). Overall, this suggests that the perceived importance largely aligns with degree of measurement. Further, it is apparent that “employee capabilities” rates highest in terms of perceived importance and also degree of measurement. This relative consistency is also apparent at the lower end of the ratings as “employee lifestyle and wellbeing” and “tracking of employee tools” occupy the two lowest ranted positions in terms of both perceived importance and also degree of measurement.

\(^1\) It should be noted that the sample size upon which this analysis is based precludes the promulgation of generalisable claims. Accordingly, the analysis documented in Table 2 should be viewed as having been conducted within an exploratory research vein.
It is worthy of comment, however, that several anomalies were encountered at the single property level of analysis. For instance, two respondents rated employee motivation as second highest in importance, but noted that this factor was not measured in their hotels. Further, in some hotels there were also instances where employee capabilities were extensively monitored, yet they were accorded low ratings in terms of perceived importance.

Discussion

This study has provided evidence of an apparent schism between academic knowledge and practice with regards to the BSC concept in general and the ‘learning and growth’ dimension of the BSC in particular. The findings suggest limited awareness of the BSC concept amongst hotel managers, although data collected precludes any judgment to be made as to whether this limited awareness is peculiar to the HR function. The findings also suggest that despite claims concerning the BSC’s potential to serve a quest for competitive advantage, it is not being widely adopted in hotels. While it appears that the attention directed to the BSC may have impacted positively on hotels’ use of a breadth of measures, there appears to be limited specific reference to the BSC term. This issue is noteworthy as it appeared that one of the hotel sites was in the throes of introducing a broadly based performance measurement system, akin to a BSC, however they did not appear to be using the term “BSC”. Evans (2005) notes that the use of locally adapted terminology, when adopting broadly
based performance measurement systems, has had little impact upon the actual
performance measures adopted.

Despite the fact that two managers made strong claims that their hotels were
using the BSC, knowledge of the ‘learning and growth’ construct and the five
elements that it comprises was conspicuously absent. The Kaplan and Norton
doctrine with respect to what an HR oriented performance system should
comprise had not filtered through to any of the participants interviewed. As a
result, HR measures pertaining to ‘learning and growth’ appeared to have been
implemented in a manner that can be characterized as more ad hoc than
systematic.

It was notable that the HR managers provided a relatively unanimous front with
respect to a view that the ‘learning and growth’ terminology used by Kaplan and
Norton is deficient. The participants tended to view ‘learning and growth’ as a
dimension of employee satisfaction, and not the other way around. Without
exception, the interviewees saw a ‘learning and growth’ focus as concerned with
a subset of HR activities and not sufficiently broad to encompass the range of
HR functions.

These findings have a number of implications. Firstly, it appears the BSC may
need further ‘selling’ to the hotel industry if claims with respect to its capacity
to represent a source of competitive advantage are to gain broader acceptance.
Such acceptance could be stimulated by case study research concerned with exploring the relative merits deriving to hotels that have applied the BSC. It is noteworthy that the ‘learning and growth’ dimension of the BSC is widely regarded as being the softest of the BSC’s four pillars in terms of focus and the capacity to identify a core set of objectively verifiable measures. This factor may partially account for the lack of BSC awareness amongst hotel HR managers. Despite this extenuating factor, findings in this study suggest that the pertinence of the BSC framework to hotel HR managers is undermined by use of the term ‘learning and growth’ when referring to HR oriented BSC measures. This signifies that agents of organizational change who seek to introduce the BSC to hotels might usefully consider an alternative label when referring to HR oriented measures.

The study’s findings also signify that HR managers may be failing to capitalize on the opportunity to more fully integrate HR oriented performance measures with the performance measurement framework of the entire organization. There appears to be a danger that hotels that purport to be using the BSC framework are not gaining the full benefits of the systems as their BSC implementation is partial. An analogy arises here with respect to the manner of TQM theory application (Samson & Daft, 2003). A more complete appreciation of Kaplan and Norton’s proposed ‘learning and growth’ dimension of the BSC would likely equip HR managers with a greater capacity to contribute to overall hotel performance as a result of an improved capability to gauge the manner in which
HR contributes to overall performance. It has long been recognized that it is difficult to render HR accountable by making its outputs measurable. It may well be that Kaplan and Norton’s model provides a promising starting point in alleviating this measurement challenge.

The study was based within the hotel industry and the participants interviewed were all working in hotels along the same coastal resort strip. Although this limits the generalisability of the results, it should be noted that most of the properties visited were managed as part of a large chain with an overseas head office (frequently based in the US). This signifies that the findings do provide a representation of practices being undertaken by hotels that operate as part of large international chain. It was notable that in the cases where the BSC was claimed to have been adopted, the implementation had been initiated by head office.

Future research and conclusion

It should be noted that this study suffers from all the limitations generally associated with qualitative research. These limitations include the degree of subjectivity that is bound to be invoked by researchers when conducting interviews and analysing data collected, and also the fact that the size of the sample examined precludes any confident generalisation of the findings to a
broad population. For this reason, the study’s findings should be viewed in an 
exploratory light. A potentially useful way of building on this study’s initiative 
would be to extend the investigation by way of a survey. Such a survey could 
seek to confirm the study’s observations with respect to the degree that hotel 
HR managers are familiar with the ‘learning and growth’ dimension of the BSC 
and also the degree to which hotels are employing a suite of measures such as 
that proposed within the ‘learning and growth’ dimension of the BSC. This 
would provide a stronger basis for generating more generalisable findings. 
Despite this highlighted caveat, it appears the study reported herein represented 
an appropriate first step in gauging the pertinence of the ‘learning and growth’ 
dimension of the BSC to hotel HR managers.

Further research concerned with determining how measures of the elements 
comprising the learning and growth dimension of the BSC are being 
operationalised in hotels that have adopted the BSC is also to be encouraged. 
The findings of such a research initiative could provide useful pointers to other 
hotels considering a revision to their performance measurement system.

Finally an extension of this research initiative to other sectors outside the hotel 
industry could yield useful insight with respect to the relative standing of the 
hotel sector with respect to the issues under examination. It may be that hotels 
can learn from the way that other industries are operationalising ‘learning and 
growth’ measures of performance. It would be particularly helpful to secure
management’s perspectives with respect to the degree that a balanced ‘learning and growth’ framework of measures operating in the context of a BSC can add to an organization’s competitive advantage.
References


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<td>A</td>
<td>4.5</td>
<td>Accommodation, F&amp;B and conferencing.</td>
<td>Service cost against each room; monthly guest satisfaction survey report; annual staff satisfaction survey (by department)</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>B</td>
<td>5</td>
<td>Accommodation, F&amp;B and conferencing.</td>
<td>Measured performance target system linked to job costing system for each job and department.</td>
<td>Implemented an adapted version of BSC. No formal BSC training provided.</td>
</tr>
<tr>
<td>C</td>
<td>5</td>
<td>Accommodation, F&amp;B and conferencing.</td>
<td>Employee survey; benchmarking on turnover; P&amp;L, market share and guest survey results.</td>
<td>Extensive training and implementation of an adapted BSC. Not measuring all aspects of ‘learning and growth’</td>
</tr>
<tr>
<td>D</td>
<td>4.5</td>
<td>Leisure &amp; conferencing.</td>
<td>Annual employee survey</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>E</td>
<td>4</td>
<td>Conferencing, sport &amp; leisure.</td>
<td>Customer feedback, Employee ‘engaged’ gallup survey</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>F</td>
<td>4.5</td>
<td>Domestic tourism.</td>
<td>Employee survey</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>G</td>
<td>5</td>
<td>Accommodation</td>
<td>Performance appraisals; performance targets</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>H</td>
<td>4</td>
<td>Accommodation</td>
<td>Annual HR audit; benchmark against self &amp; other properties.</td>
<td>BSC implemented, but limited with respect to ‘learning and growth’ dimensions.</td>
</tr>
<tr>
<td>I</td>
<td>3.5</td>
<td>Accommodation, F&amp;B and Conferencing.</td>
<td>Self-review and benchmark with other hotels; Employee survey</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>J</td>
<td>4.5</td>
<td>Accommodation, F&amp;B and conferencing.</td>
<td>Turnover, exit interviews, annual employee survey (internal only)</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>K</td>
<td>3.5</td>
<td>Leisure &amp; accommodation</td>
<td>Employee survey</td>
<td>No knowledge of BSC</td>
</tr>
<tr>
<td>L</td>
<td>5</td>
<td>Accommodation, conferencing &amp; sport leisure.</td>
<td>Turnover; performance appraisal; employee survey; guest feedback; industry benchmark.</td>
<td>BSC training but minimal implementation.</td>
</tr>
<tr>
<td>M</td>
<td>4.5</td>
<td>International and domestic tourists</td>
<td>Guest feedback cards; annual employee survey</td>
<td>BSC principals not applied.</td>
</tr>
<tr>
<td>N</td>
<td>3.5</td>
<td>Accommodation, F&amp;B and conferencing.</td>
<td>Annual employee ‘pulse’ survey of full-time employees (quarterly); guest satisfaction survey; turnover</td>
<td>BSC implemented, for finance, but not for ‘learning and growth’.</td>
</tr>
</tbody>
</table>
TABLE 2  Analysis of HRM dimensions of performance and importance attached to measurement

<table>
<thead>
<tr>
<th></th>
<th>Relative importance mean ranking</th>
<th>Degree of measurement mean ranking</th>
<th>Importance relative to degree of measurement</th>
<th>Paired Samples T-Test#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee capabilities</td>
<td>1.4</td>
<td>1.5</td>
<td>Lower</td>
<td>$t = -0.563, p &gt; .05$</td>
</tr>
<tr>
<td>Goal alignment of employees</td>
<td>2.2</td>
<td>3.0</td>
<td>Lower</td>
<td>$t = -0.185, p &gt; .05$</td>
</tr>
<tr>
<td>Motivation of employees</td>
<td>2.4</td>
<td>2.5</td>
<td>Lower</td>
<td>$t = -0.185, p &gt; .05$</td>
</tr>
<tr>
<td>Tracking of employee tools</td>
<td>3.3</td>
<td>2.8</td>
<td>Higher</td>
<td>$t = 1.393, p &gt; .05$</td>
</tr>
<tr>
<td>Employee lifestyle and wellbeing</td>
<td>3.4</td>
<td>3.8</td>
<td>Lower</td>
<td>$t = -0.938, p &gt; .05$</td>
</tr>
</tbody>
</table>

* n = 14; **2-tailed tests used**