

## **Balanced Scorecard as a Tool for Measuring Performance in Hotels: An Empirical Study on Four-Star and Five-Star Hotels in Egypt**

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### **Abstract**

The aim of this research is to investigate the use of the balanced scorecard (BSC) as a tool for measuring performance in hotels. The population of this study includes four-star and five-star hotels in Egypt. Questionnaire forms were directed to 100 hotel managers. Data analysis was conducted by using the Statistical Package for Social Sciences (SPSS) version 20 and appropriate statistical analyses were performed. The findings of this research revealed that the elements and requirements of applying the BSC are available in the investigated hotels, thus the BSC can be applied as a performance measurement tool in hotels. The study showed also some reasons for not using the BSC, such as: lack of information about the BSC and how to apply it; lack of awareness about the importance of the BSC in improving the performance of the hotel; high costs of designing a BSC model; employees' resistance to change. In addition, the results revealed that a small proportion of the investigated hotels uses the BSC. The study showed some advantages for using the BSC in these hotels, including: helps to implement the hotel's strategy; contributes to increase the effectiveness and efficiency of the hotel management; and enables to have high local and international competitiveness.

**Keywords:** balanced scorecard, performance measurement, hotels

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### **1. Introduction**

Performance is considered as the ultimate result of all activities. Evaluating performance emphasizes on measuring the efficiency and effectiveness of the organization's current behavior (Ghosh and Mukherjee, 2006). Selecting the appropriate measures for measuring the performance is an important issue for any organization (Almășan and Grosu, 2010). Using a combination of financial and non-financial

measures is important to give a balanced appraisal for the organization performance (Zuriekat, et al. 2011). There are a lot of performance measurement tools, which could be classified into two groups like: traditional measures and non-traditional measures. Traditional measures (e.g., return on investment (ROI), growth in sales, net profit) are not sufficient to achieve the organization's strategic objectives. Thus, there is a need to use some non-traditional measurement tools such as the balanced scorecard (BSC) (Lin et al., 2013).

This study investigates the use of the BSC to evaluate hotels' performance. 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 (Zigan and Zeglat, 2010). Traditional measures depend on financial measures and the financial measures are short-term measures, and response slowly to change (Ahmed et al. 2010). They measure past performance without taking into account the changes in the business environment and opportunities and threats that facing the organization (Awadallah and Allam, 2015). Thus, in today's increasingly competitive environment, hotels need new ways to evaluate their performance, forecast future performance, and align the organization toward implementing their strategies to attain unprecedented performance. Balanced scorecard (BSC) was developed by Robert Kaplan & David Norton to solve the problems of traditional financial measures. Balanced scorecard is distinguished from other performance measurement systems as it measures performance from four different perspectives. Thus, it provides managers a comprehensive understanding of the business (Seppälä, 2010). BSC enabled organizations to track financial results and at the same time monitoring progress in constructing the abilities and gaining the intangible assets needed for future growth (Ali, 2007).

The aim of this research is to investigate the use of the BSC as a tool for evaluating performance in hotels. The objectives of the study are to: determine the reasons for not using the BSC to evaluate performance in hotels; identify the elements and requirements of applying the BSC and the extent of the applicability of it to evaluate performance in hotels; examine the differences between hotels grades and type of management in relation to reasons for not using the BSC and its applicability; and provide recommendations that would improve the BSC's usage as a performance measurement tool in hotels.

## **2. Literature Review**

### **2.1. Definition of Performance Measurement**

Performance Measurement is defined as the process of evaluating the efficiency and effectiveness of previous actions (Zeglat et al., 2012; Manville, 2014). This definition depicts the process of measurement, but it does not guide organizations about what it is fundamental and necessary (Wu, 2009). It also does not include strategies' development and improvement actions which should be done considering the results of performance measurement (Susilawati et al., 2013). Performance measurement is assessing how well an organization is managed and the value received by customers and other stakeholders (Sorooshian et al., 2016). This definition describes the aim of performance measurement and affirms the evaluation of both value given to stakeholders and the way the organization is managed (Wu, 2009). According to Qiu (2008), performance measurement is defined by the FHWA (The Federal Highway Administration) 2004, as a process of evaluating progress toward attaining pre-defined objectives.

Measuring performance is a two-dimensional concept. Effectiveness and efficiency are the two main dimensions of performance (Wu, 2009). Effectiveness refers to the extent to which the needs of stakeholder are met, while efficiency measures the extent to which the organization's resources are utilized economically during satisfying stakeholder's needs (Pasutham, 2012).

In 1973, performance measurement aimed to: accomplish objectives; evaluate, improve and control processes; benchmark the performance, while in the 1990s, the purpose of performance measurement changed towards meeting customer satisfaction and quality (Alsulmy, 2015). According to Chun (2014), the main purposes of a performance measurement system are to; determine customers' needs and desires, as well as strengths, weaknesses and improvement opportunities; assist management to understand processes better; enable management to monitor and control the achievements; facilitate communication through the organization and encourage collaboration; and support decision-making process through feedback reports.

### **2.2. Balanced Scorecard: A performance measurement method**

The balanced scorecard was developed by Robert Kaplan and David Norton in 1992 (Palm, 2011; Mahmoud, 2014), as a comprehensive measurement system to overcome the inadequacies of the traditional financial measures (Murad and Asaduzzaman, 2014).

Many of criticisms were mounted against the traditional performance measurement systems (Johanson et al., 2006). One of these criticisms is that they are inconsistent with today's highly competitive and rapidly changing business environment, when intangible assets rather than tangible assets become the main sources of competitive advantage. These intangible assets may include customer satisfaction, process innovation ability, total cost reduction, etc. (Niven, 2006). Traditional financial measures are lagging measures: they are a measure of what has happened, not what can be accomplished or how additional value can be created (Kopp, 2009). Ahmed et al. (2010) mentioned that there are some problems related to the traditional performance measurement systems as follows: first, traditional measures depend on financial measures and the financial measures are short-term measures, and response slowly to change. They measure past performance without taking into account the changes in the business environment and opportunities and threats that facing the organization. Traditional measures also are periodic measures, as they could be quarterly, semi-annual, or annual measures. This means that an organization has to wait for a certain period to evaluate and improve its performance. Thus, traditional measures are not effective in the current business (Awadallah and Allam, 2015). To overcome these problems, Kaplan and Norton developed the BSC to supplement financial measures with non-financial measures.

### **2.3. The concept of the balanced scorecard**

Balanced Scorecard can be considered as an approach for managing strategy (Zahoor and Sahaf, 2018). Balanced Scorecard translates strategic objectives into specific performance measures distributed among four perspectives: financial, customer, internal business processes, and learning and growth (Amado et al., 2012).

BSC can be defined as a set of measures that includes financial and non-financial measures (Yahanpath et al., 2017). The term "balanced" refers to the balance among financial and non-financial measures, internal and external perspectives of measuring performance and lagging and leading indicators (Al Sawalqa et al., 2011). Leading indicator is a metric that refers to future developments, drivers, and causes. Lagging indicator is a metric that refers to past developments, effects, results, etc. It shows history and outcomes of specific actions and processes (Iveta, 2012). The term 'scorecard' means the cards that are used to record the scores for single and cooperative performance (Budiarso, 2014).

BSC is not only a measurement system, but also a management system that clarifies an organization's vision and strategy and translates them

into actions (Harshakumari, 2007). BSC gives managers the ability to look at their organization's performance from four important and different perspectives, namely: financial, customer, internal business process, and learning perspectives (Yuan and Chiu, 2009). It also aims to bridge the gap between the business's strategy and vision and the day-to-day operations and decision-making process by connecting both financial and non-financial performance measures to the business's vision and strategy (Blackbeard, 2005).

### **2.3.1 The four perspectives of the balanced scorecard**

#### **2.3.1.1 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 include: operating income; revenue growth; return on equity; return on assets; economic value added; sales growth and cash flow (Staden, 2009). Financial measures show the economic outcomes for the actions that are made by the organization (Al-Najjar and Khalaf, 2012). They tell whether the strategy's implementation and execution lead to improve the bottom-line results or not (Mulat, 2015).

#### **2.4.1.2 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 customers and gain their loyalty. The common attributes to all value propositions, as defined by Kaplan and Norton (Harshakumari, 2007), include:

**Product and service attributes:** these include time, price, the functionality of the product or service and quality.

**Customer relationships:** it includes the delivery of products/services to customers, the response and delivery time, and customers' feelings about purchasing from the organization.

**Image and reputation:** such as the intangible aspects that attract customers to an organization.

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 is the core of any business, because the investment in training and learning employee improves the quality of products or services delivered to customers, which in turn results in higher customer satisfaction and loyalty that, eventually increases revenue and profits (Abd AL-khalek, 2014).

#### **2.4.1.3 Internal business process perspective**

The internal process perspective looks at improving internal process in order to achieve the goals of an organization (Albuhisi and Abdallah, 2018)

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). According to Abd AL-khalek (2014), the measures of this perspective are based on the objective of producing products or services that meet customer needs efficiently and effectively. 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 the achievement of the objectives specified for customers and shareholders (Amboga, 2009). From an internal business processes' 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) showed that there are three internal business processes for creating value:

**Innovation:** 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.

**Operation process:** this process starts when a customer makes his order and finishes when the product or service is delivered to him.

**Post-sale service:** this process includes all after-sale process 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).

#### **2.4.1.4 Learning and growth perspective**

This perspective focuses on how organization's employees learn and develop in their jobs for improving the organizational performance (Sislian and Jaegler , 2018). 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).

#### **2.5 The benefits of the balanced scorecard**

The successful application of balanced scorecard leads to achieving many benefits. It can be used also as a communication tool as it helps management to communicate the strategy throughout the organization (Staden, 2009). The balanced scorecard helps organization to illustrate its strategy and vision (Al-Adwan, 2018). According to Ali (2007), the balanced scorecard translates the vision and strategy of an organization into a group of performance measures. It helps employees to understand strategy, and to link strategic objectives to their day-to-day operations (Mulat, 2015). It can bridge the gap between mission statements and daily operations (Woods and Grubnic, 2008).

### **3. Research methodology**

#### **3.1 Research Sample**

This research aims to investigate the usage of BSC as a tool for evaluating hotel performance. The population of this study include five and four-star hotels in Egypt. There are 354 five and four-star hotels in Egypt. The number of four-star hotels is 201, and the number of five-star hotels is 153 (Egyptian Hotel Guide, 2016). The sample represents 33.9% of the research population. A total of 120 questionnaire forms were distributed to hotels managers. Only 100 questionnaires were collected. Response rate is 88.33%. The sample included five and four-star hotels from major tourist cities in Egypt (i.e., Great Cairo, Hurgada, Luxor, and Aswan).

### **3.2 Research Tools**

A questionnaire form was designed based on the relevant literature review. The questionnaire was divided into three main parts. Part one was about hotel profile, it consists of some information such as hotel region, management, tourist grade and question about if the hotel use the balanced scorecard or not. The second part was dedicated to hotels that do not use the balanced scorecard. This part aimed to explore the reasons for not using balanced scorecard, and find out if balanced scorecard application requirements are available at these hotels. The third part was dedicated to hotels that use the balanced scorecard. This part aimed to determine the reasons for using the balanced scorecard, the benefits of balanced scorecard, advantages and disadvantages of balanced scorecard. It also aimed to know what the most measures and perspectives are used. 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.

### **3.3 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  $\alpha$  (alpha) to measure internal consistency, T-Test to identify the differences between the hotels according to hotel's grade and type of management.

### **3.4 Validity and reliability**

#### **3.4.1 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.

#### **3.4.2 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 0.878. Therefore, these results were considered reliable.

#### 4. Results

##### 4.1. Profile of the research sample

This section shows the main characteristics of the investigated hotels, including: hotel grade, type of management, hotel region, and number of guest rooms in the hotel.

**Table (1) Profile of the investigated hotels**

<b>Hotel grade</b>	Frequency	Percent	<b>Type of management</b>	Frequency	Percent
5 stars	56	56 %	Chain	65	65 %
4 stars	44	44 %	Independent	35	35 %
Total	100	100 %	Total	100	100 %
<b>Number of guest rooms</b>			<b>Region</b>		
less than 100	3	3 %	Luxor	11	11 %
From 100 to less than 200	14	14 %	Hurgada	39	39 %
From 200 to 300	21	21 %	Great Cairo	46	46 %
More than 300	62	62 %	Aswan	4	4 %
Total	100	100 %	Total	100	100 %

The data in table (1) declares that, 56 % of the sample are five-star hotels and 44 % of the sample are four-star hotels. 65 % of the sample are chain hotels and 35 % of the sample are independent hotels. It clarifies that the majority (62 %) of the investigated hotels have more than 300 rooms, followed by the segment having from 200 to 300 rooms that represent 21 % of the sample. Moreover, 14% of the sample has from 100 to less than 200 rooms. Finally, only 3% of the sample has less than 100 rooms. The table shows also that 46% of the investigated hotels are located in great Cairo, 39% of the sample is located in Hurgada, 11 % of the sample is located in Luxor and only 4 % of the sample is located in Aswan.

##### 4.2. Applying the Balanced Scorecard

The results of this section revealed that 93% of the sample have not used the balanced scorecard, while only 7% of the sample ( 6 % of the sample are five – star hotels and only 1% of the sample is four – star hotel) have used the balanced scorecard.

### 4.3 The reasons for not using the balanced scorecard

The aim of this section was to identify the reasons for not using balanced scorecard in the investigated hotels, a 5-point Likert scale was used as following: strongly agree = 5 , agree = 4 , neutral = 3, disagree = 2 , strongly disagree = 1.

**Table (2) reasons for not using balanced scorecard**

	Reasons	MEANS*	Std. Dev.	Rank
1	Lack of information about the balanced scorecard and how to apply it.	4.03	1.14	1
2	Employees' resistance to change.	3.16	1.47	5
3	BSC needs more time and effort to apply.	3.71	1.16	3
4	Lack of managerial competencies that can use the balanced scorecard model.	2.95	1.38	6
5	Lack of awareness about the importance of the balanced scorecard in improving the performance of the hotel	4.02	1.10	2
6	High costs of designing and adopting a balanced scorecard model	3.44	1.20	4

\*Means of reasons for not using BSC 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 (2), it can be seen that the first reason for not using the balanced scorecard is (lack of information about the balanced scorecard and how to apply it) with mean of (4.03) and std. deviation of (1.14). The second reason is (lack of awareness about the importance of the balanced scorecard in improving the performance of the hotel) with a mean of (4.02) and std. deviation of (1.10), followed by statement No. 3 (it needs more time and effort to apply), which represents the third reason for not using balanced scorecard with a mean of (3.71) and std. deviation of (1.16). The fourth reason is (high costs of designing a balanced scorecard model) with a mean of (3.44) and std. deviation of (1.20). The least reasons for not using the balanced score card are (employees' resistance to change) with a mean (3.16) and std. deviation of (1.47), and (lack of managerial competencies that can use the balanced scorecard model) with a mean (2.95) and std. deviation of (1.38).

For better understanding, One – Sample T test was used to identify the differences between the hotels according to the hotel's grade and type of management with respect to the reasons for not using the balanced scorecard .

**Table (3): Independent Samples T-test between hotels' grade and type of management with respect to the reasons for not using balanced scorecard**

Basic Requirements	hotel's grade		type of management	
	T	Sig. (2-tailed)	T	Sig. (2-tailed)
Lack of information about the balanced scorecard and how to apply it.	-1.213-	.228	.198	.844
Employees' resistance to change.	-1.000-	.320	-1.369-	.174
It needs more time and effort to apply.	-1.723-	.088	-.954-	.342
Lack of managerial competencies that can use the balanced scorecard model	-1.725-	.088	-1.870-	.065
Lack of awareness about the importance of the balanced scorecard in improving the performance of the hotel	-1.147-	.254	.145	.885
High costs of designing and adopting a balanced scorecard model	-1.046-	.298	.241	.810

As detailed in the previous table, there are insignificant differences between five-star and four-star hotels, chain and independent hotels with regard to the reasons of not using the balanced scorecard. This indicates that there is a consensus between the different types of hotels on the reasons for not using the balanced scorecard. There is an agreement on that lack of information about the balanced scorecard and lack of awareness about the importance are the most important reasons for not using the balanced scorecard.

#### **4.4 The balanced scorecard's application requirements availability in hotels**

##### **4.4.1. Basic requirements**

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

**Table (4) 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 (4) 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, it is evident that the basic requirements for applying balanced scorecard are available in the surveyed hotels.

In this context, One-Sample T-test was used to identify the differences between the hotels according to the hotel's grade and type of management with respect to the basic requirements for applying balanced scorecard.

**Table (5): Independent Samples T-test between hotels' grade and type of management with respect to basic requirements for applying balanced scorecard**

Basic requirements	hotel's grade		type of management	
	T	Sig. (2-tailed)	T	Sig. (2-tailed)
Does the hotel have a clear strategic vision?	-1.805-	.077	-2.012-	.051
Is the vision declared and documented to all employees of the hotel?	-2.532-	.013	-2.569-	.012
Does the hotel have a clear mission?	-2.873-	.006	-1.407-	.165
Is the mission declared and documented to all employees of the hotel?	-2.309-	.023	-2.856-	.006
Does the hotel announce the objectives to be achieved to all employees?	-2.292-	.024	-3.133-	.003

As shown in table (5), there is insignificant difference between five-star and four-star hotels with regard to the first statement (Does the hotel have a clear strategic vision?), where the value of T is equal (-1.805) and this value is not statistically significant at level (.077). There are significant differences between five-star and four-star hotels with regard to the following statements: is the vision declared and documented to all employees of the hotel?, where the value of T is equal (-2.532) and this value is statistically significant at level (0.013), does the hotel have a clear mission? , where the value of T is equal (-2.873) and this value is statistically significant at level (0.006), is the mission declared and documented to all employees of the hotel?, where the value of T is equal (-2.309) and this value is statistically significant at level (0.023), does the hotel announce the objectives to be achieved to all employees?, where the value of T is equal (-2.292) and this value is statistically significant at level (0.024). The findings also revealed that there are insignificant differences between chain and independent hotels with regard to the following statements: does the hotel have a clear strategic vision?, where the value of T is equal (-2.012) and this value is not statistically significant at level (.051), does the hotel have a clear mission?, where the value of T is equal (-1.407) and this value is not statistically significant at level (.165). There are significant differences between chain and independent hotels with regard to the following statements :is the vision declared and documented to all employees of the hotel?, where the value of T is equal (-2.569) and this value is statistically significant at level (0.012), is the mission declared and documented to all employees of the hotel?, where the value of T is equal (-2.856) and this value is statistically significant at level (0.006), does the hotel announce the objectives to be achieved to all employees?, where the value of T is equal (-3.133) and this value is statistically significant at level (0.003).

#### **4.4.2. The four perspectives**

##### **4.4.2.1 Financial perspective**

This section aimed to find out whether financial perspective can be applied in the surveyed hotels. A 5-point Likert scale was used as following: strongly agree = 5 , agree = 4 , neutral = 3, disagree = 2 , strongly disagree = 1.

**Table (6) Financial perspective**

	<b>Financial perspective</b>	<b>MEANS *</b>	<b>Std. Dev.</b>	<b>Rank</b>
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 (6), 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 the statement number (1) and (.857) for the 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 fourth 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.

One sample T-test was used to explore the difference between hotels' grade and type of management with respect to financial perspective.

**Table (7): Independent Samples T-test between hotels' grade and type of management with respect to financial perspective**

Financial perspective	hotel's grade		type of management	
	T	Sig. (2-tailed)	T	Sig. (2-tailed)
The hotel determines the financial objectives to be achieved in advance.	.357	.722	-.044-	.965
The hotel uses financial measures (such as net profit, occupancy rate, etc.) to measure financial performance.	-.534-	.595	.238	.812
These financial measures are related to the hotel strategy and translate its objectives.	1.750	.084	.489	.626
Hotel management seeks to satisfy its shareholders or owners by achieving high returns on investment.	-1.535-	.128	-1.988-	.050
Hotel management seeks to achieve higher profitability by reducing operating costs.	-.616-	.540	-.030-	.976

Table (7) illustrates that there are insignificant differences between five-star and four-star hotels with respect to financial perspective. As shown in the table, there are insignificant differences between chain and independent hotels regarding financial perspective, except statement no.4 which indicates that ( hotel management seeks to satisfy its shareholders or owners by achieving high returns on investment) , where T value is equal (-1.988-) and this and this value is statistically significant at level (.050). Based on the results, independent hotels are keener to satisfy its shareholders or owners by achieving high revenue (mean = 4.57) than chains (mean = 4.24).

#### 4.4.2.2 Customer perspective

The respondents were asked about the extent of adopting customer perspective in the surveyed hotels. A 5-point Likert scale was used as following; strongly agree = 5, agree = 4, neutral = 3, disagree = 2, strongly disagree = 1.

**Table (8) customer perspective**

	customer perspective	MEAN S*	Std. Dev.	Rank
1	Hotel management seeks to keep its existing customers and earn new customers.	4.50	.816	2
2	The hotel strategy considers 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 (8), 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). Statements 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 fourth 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.

For more details, the researcher used one Sample T-test to find out the differences between hotels' grade and type of management with respect to customer perspective.

**Table (9): Independent Samples T-test between hotels' grade and type of management with respect to customer perspective**

Customer perspective	hotel's grade		type of management	
	T	Sig. (2-tailed)	T	Sig. (2-tailed)
Hotel management seeks to keep its existing customers and earn new customers.	.068	.946	.068	.946
The hotel strategy takes into account customer requirements and needs.	.922	.359	.922	.359
The hotel uses non-financial measures (such as number of new customers, number of customer complaints, etc.) to measure customer satisfaction.	1.551	.125	1.551	.125
The hotel seeks to provide their customers with high quality services to meet their needs and desires.	-.577-	.565	-.577-	.565
The hotel aims to satisfy its customers through providing service in shorter time.	-.449-	.654	-.449-	.654
Customers are involved in the process of developing and improving the quality of service.	2.326	.023	2.326	.023
The hotel has a renewable database for its customers.	2.301	.024	2.301	.024

Table (9) illustrates that there is a significant difference between five-star and four-star hotels with respect to statement No. 6, which indicate that (customers are involved in the process of developing and improving the quality of service), where the T value is equal (2.326) and this value is statistically significant at level (.023). The results showed

that customers' participation in the process of developing and improving the quality of service is higher among five-star hotels (mean = 4.14), than four-star hotels (mean = 3.56). There is a significant difference between five-star and four-star hotels with respect to statement No. 7, which indicate that (The hotel has a renewable database for its customers.), where the T value is equal (2.301) and this value is statistically significant at level (.024). The results showed that five-star hotels keep a renewable database for its customers (mean = 3.66) more than four-star hotels (mean = 2.98). There are insignificant differences between five-star and four-star hotels with respect to other statements. The results also revealed that there are insignificant differences between chain and independent hotels regarding customer perspective.

#### 4.4.2.3 Internal process perspective

The aim of this section was to find out whether internal process perspective can be applied in the surveyed hotels. A 5-point Likert scale was used as following; strongly agree = 5, agree = 4, neutral = 3, disagree = 2, strongly disagree = 1.

**Table (10) internal process perspective**

	<b>Internal process perspective</b>	<b>MEAN S*</b>	<b>Std. Dev.</b>	<b>Rank</b>
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 (10), it can be seen that, the first rank has 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 mentioned 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).

For further clarification for internal process perspective, one Sample T-test was used to explore the differences between hotels' grade and type of management with respect to customer perspective.

**Table (11): Independent Samples T-test between hotels' grade and type of management with respect to internal process perspective**

Internal business process perspective	hotel's grade		type of management	
	T	Sig. (2-tailed)	T	Sig. (2-tailed)
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.	1.453	.151	1.194	.238
The hotel seeks to innovate new ways of working in order to differentiate in service delivery.	1.057	.293	1.867	.067
The hotel improves and develops internal processes to reduce costs.	-.144-	.886	-.655-	.514
The hotel improves and develops internal processes to reduce the time required to service.	-.668-	.506	-1.097-	.275
Management works to resolve customer complaints from the first time.	-.127-	.899	.548	.585

Table (11) illustrates that there are insignificant differences between five-star and four-star hotels with respect to internal business process perspective. There are insignificant differences between chain and independent hotels regarding internal business process perspective.

#### 4.4.2.4 Learning and growth perspective

In this section, the researcher aimed to explore whether learning and growth perspective can be applied in the surveyed hotels. A 5-point Likert scale was used as following; strongly agree = 5, agree = 4, neutral = 3, disagree = 2, strongly disagree = 1.

**Table (12) learning and growth perspective**

	learning and growth perspective	MEAN S*	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 .	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 (12), 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.

One Sample T-test was used by the researcher to identify the differences between hotels' grade and type of management with respect to customer perspective.

**Table (13): Independent Samples T-test between hotels' grade and type of management with respect to learning and growth perspective**

learning and growth perspective	hotel's grade		type of management	
	T	Sig. (2-tailed)	T	Sig. (2-tailed)
The hotel continuously provides their employees with an adequate and appropriate training.	1.316	.192	1.487	.140
The hotel provides employees with the appropriate environment for creativity and innovation.	1.611	.111	.709	.480
Employees are involved in the decision-making process.	.852	.396	.473	.637
The hotel uses measures (such as number of training hours, number of workers' complaints) to determine the degree of learning and growth of employees	1.381	.172	1.910	.062
The hotel seeks to retain, promote the competent and committed employees and encourage them.	.179	.858	.977	.331
Hotel management seeks to satisfy their employees by providing a fair system of wages and incentives.	-.627-	.533	-.495-	.622
The hotel management works to solve the employees' problems as soon as possible as soon as possible.	-.064-	.949	-.473-	.638
The management provides hotel's staff with periodic information about their performance level.	1.227	.223	.596	.553

Table (13) illustrates that there are insignificant differences between five-star and four-star hotels with respect to learning and growth perspective. There are insignificant differences between chain and independent hotels regarding learning and growth perspective.

#### 4.5 Hotels that use the balanced scorecard

##### 4.5.1 Period of using the balanced scorecard to evaluate performance

This section's aim is to explore how long is the balanced scorecard being used in hotels.

**Table (14): Period of use of the balanced scorecard in hotels**

Period	Frequency	percentage
Less than a year ago	1	14.3%
From year to less than 3years	1	14.3%
From 3 years to 5 years	-	-
More than 5 years	5	71.4%
Total	7	100%

The data in table (14) declared that, only one hotel (14.3 %) of the sample uses the balanced scorecard since less than a year ago, only one hotel (14.3 %) of the sample uses the balanced scorecard since one year to less than 3years. The majority of the sample (71.4%) uses the balanced scorecard since more than 5 years.

##### 4.5.2 Reasons for using the balanced scorecard to evaluate the hotel performance

In this section, the respondents were asked about the reasons for using the balanced scorecard to evaluate their hotel performance, a 5-point Likert scale was used as following: strongly agree = 5 , agree = 4 , neutral = 3, disagree = 2 , strongly disagree = 1.

**Table (15) reasons for using the balanced scorecard to evaluate performance in hotel**

		Mean*	Std. Dev.	Rank
1	Local and international competition has been increased	3.71	.756	5
2	Financial measures alone do not reflect the true picture of the hotel performance.	4.71	.488	1
3	Using balanced scorecard helps to improve the process of performance control.	4.14	.690	3
4	Using balanced scorecard helps to implement the hotel's strategy.	4.29	.756	2
5	Using balanced scorecard contributes to increase the effectiveness and efficiency of the hotel management.	4.14	.899	3
6	Using balanced scorecard improves the decision-making process	4.00	.817	4

\*Means of reasons for using BSC 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.

Table (15) shows that the first reason for using the balanced scorecard is (financial measures alone do not reflect the true picture of the hotel performance) with mean of (4.71) and std. deviation of (.488). The second reason is (using Balanced Scorecard helps to implement the hotel's strategy) with a mean of (4.29) and std. deviation of (.756), followed by statement No. 3 (using balanced scorecard helps to improve the process of performance control), and statement No. 5 (using Balanced Scorecard contributes to increase the effectiveness and efficiency of the hotel management) which represent the third reason for using balanced scorecard with a mean of (4.14). The fourth reason is (using Balanced Scorecard improves the decision-making process) with a mean of (4) and std. deviation of (.817). The last reason is that local and international competition has been increased, with a mean of (3.71) and std. deviation of (.756).

### 4.5.3 The mechanisms of using the balanced scorecard inside the hotel

#### 4.5.3.1. The used perspectives in the hotels balanced scorecard

The researcher asked the hotel managers about the used perspectives. For this purpose, multiple answers were allowed.

**Table (16) Perspectives used in the hotel's balanced scorecard**

Items	Frequency	percentage
Financial perspective	7	100%
Customer perspective	7	100%
Internal process perspective	6	85.71%
Learning and growth perspective	7	100%
other perspective	1	14.29%

From table (16), it can be seen that financial perspective; customer perspective; and learning and growth perspective are used by the whole sample. Internal process perspective is used by 6 hotels of the sample (85.71%), and only one hotel uses other perspective. This perspective is environmental perspective.

#### 4.5.3.2. Measures used in the hotel's balanced scorecard

The aim of this section was to identify which measures are used in each perspective in the investigated hotel's balanced scorecard, a 5-point

Likert scale was used as following: always used = 5 , sometimes used = 4 , neutral = 3 , not used = 2 , not used at all = 1.

**Table (17): measures used in the hotel's balanced score card**

<b>Financial perspective measures</b>	Mean*	Std. Dev.	Rank
Net profit	5.00	.000	1
Net cash flows	4.43	.787	3
Number of sold rooms	5.00	.000	1
Revenue / customer rate	4.86	.378	2
<b>Customer perspective measures</b>			
Customer satisfaction ratio for provided services	5.00	.000	1
Number of customer complaints	5.00	.000	1
Number of returning customers	4.57	.787	3
Number of new customers	4.57	.787	3
Market share	4.71	.488	2
<b>Internal process perspective measures</b>			
Number of operating errors	4.43	1.13	1
Number of canceled orders	3.86	1.35	3
Number of suppliers	3.71	1.38	4
Time required for customer service	4.14	1.07	2
<b>Learning and growth perspective measures</b>			
Training hours	4.57	1.13	3
Employee turnover	4.86	.378	1
Numbers of employees' complaints	4.71	.488	2

\*Means of the used measures where (1 – 1.80) = not used at all; (1.81 – 2.60) = not used; (2.61 – 3.40) = neutral; (3.41 – 4.20) = sometimes used; (4.21 – 5) = always used.

As illustrated in table (17), financial measures that are mostly used are net profit and number of sold rooms with a mean of (5.00) and std. deviation of (.000). This indicates that all investigated hotels always use these measures. Revenue/customer rate measure occupied the second rank with a mean of (4.86) and std. deviation of (.378), followed by net cash flows measure with a mean of (4.43) and std. deviation of (.787). The results showed that customer measures that are mostly used are customer satisfaction ratio for provided services and number of customer complaints with a mean of (5.00) and std. deviation of (.000), followed by market share measure with a mean of (4.71) and std. deviation of (.488), and then the number of returning customers and number of new customers with a mean of (4.57) and std. deviation of (.787). Moreover, internal process measure that is mostly used is number of operating errors with a mean of (4.43) and std. deviation of (.787). Time required for customer service has been ranked as the second measure with a mean of (4.14) and std. deviation of (1.07), followed by number of canceled



orders in the third rank with a mean of (3.86) and std. deviation of (1.35). 'Number of suppliers' measure occupy the last rank with a mean of (3.71) and std. deviation of (1.38). The findings also showed that, learning and growth measure that is mostly used is employee turnover with a mean of (4.86) and std. deviation of (.378), followed by numbers of employees' complaints with a mean of (4.71) and std. deviation of (.488), and then training hours with a mean of (4.57) and std. deviation of (1.13).

#### 4.5.4 The advantages of the Balanced Scorecard

This section explores the advantages of using balanced scorecard in the investigated hotels, a 5-point Likert scale was used as following ; strongly agree = 5 , agree = 4 , neutral = 3, disagree = 2 , strongly disagree = 1.

**Table (18) advantages of balanced scorecard**

	Advantages	Mean	Std. Dev.	Rank
1	Balanced scorecard combines financial and non-financial performance measures.	4.57	.535	1
2	It helps to improve the decision-making process.	4.43	.535	2
3	It helps to implement the hotel strategy efficiently and effectively.	4.00	1.00	4
4	It translates the hotel's strategy and vision into a specific set of goals and measures.	4.29	.756	3
5	It provides the top management with a clear and realistic image about the hotel's performance.	4.29	.756	3
6	Balanced scorecard helps to improve communications within the hotel.	4.29	.756	3
7	Balanced scorecard helps to link employees' and departments' goals to the hotel's strategic objectives.	4.29	.488	3
8	It assists the management in determining the operations should be distinguished and the processes that needed to be improved and developed.	4.57	.787	1

As shown in table (18) the first advantage of the balanced scorecard is that it combines financial and non-financial performance measures and assists the management in determining the operations should be distinguished and the processes that needed to be improved and developed with a mean of (4.57) and std. deviation of (.787). It helps to improve the decision-making process has been ranked as the second advantage of the balanced scorecard with a mean of (4.43) and std. deviation of (.535).The third advantage is that It translates the hotel's strategy and vision into a specific set of goals and measures, provides the top management with a clear and realistic image about the hotel's performance, helps to improve communications within the hotel, and helps to link employees 'and departments' goals to the hotel's strategic

objectives with a mean of (4.29) and std. deviation of (.756). The fourth advantage of the balanced scorecard is that it helps to implement the hotel strategy efficiently and effectively with a mean of (4.00) and std. deviation of (1.00).

#### 4.5.4 The disadvantages of the Balanced Scorecard

In this section, the respondents were asked to define the disadvantages of the balanced scorecard, using the 5-point Likert scale as following; strongly agree = 5 , agree = 4 , neutral = 3, disagree = 2 , strongly disagree = 1.

**Table (19): disadvantages of balanced scorecard**

		Mean	Std. Dev.	Rank
1	Lack of information about the balanced scorecard and how to apply it.	3.29	1.60	3
2	Employees' resistance to change.	2.29	1.11	7
3	Lack of competencies with experience in the balanced scorecard.	2.43	1.27	6
4	Measuring non-financial performance is difficult.	3.14	1.77	4
5	Determining and selecting performance measures is difficult.	3.43	1.72	2
6	Balanced scorecard uses a lot of measures.	3.71	1.11	1
7	It is difficult to draw a strategic map.	3.29	1.38	3
8	It needs more time and effort to apply.	3.43	1.51	2
9	High costs of designing a balanced scorecard model	2.86	1.46	5

As shown in table (19) the first disadvantage of the balanced scorecard is that it uses a lot of measures with a mean of (3.71) and std. deviation of (1.11). Determining and selecting performance measures is difficult and it needs more time and effort to apply have been ranked as the second disadvantages of the balanced scorecard with a mean of (3.43) and std. deviation of (1.51). The third disadvantages of the balanced scorecard are lack of information about the balanced card and how to apply it and difficulty to draw a strategic map with a mean of (3.29) and std. deviation of (1.38). The fourth disadvantage of the balanced scorecard is that measuring non-financial performance is difficult with a mean of (3.14) and std. deviation of (1.77), followed by high costs of designing a balanced scorecard model as the fifth disadvantage of the balanced scorecard with a mean of (2.86) and std. deviation of (1.46). The least disadvantages of the balanced scorecard are lack of competencies with experience in the balanced scorecard and employees' resistance to change with means of (2.43), (2.29) and std. deviation of (1.27), (1.11).

## 5. Conclusion and Contributions

This research aims to investigate the use of the balanced scorecard as a tool for measuring performance in hotels. A questionnaire was designed consisted of different sets of questions, and distributed among 5 and 4 star hotels managers. A total of 120 questionnaire forms were distributed to hotels managers. Only 100 questionnaires were collected. Collected data was analyzed using the Statistical Package for Social Sciences (SPSS) version 20. The findings revealed that only 7 hotels of the sample that use the balanced score card, and 93 hotels don't use the balanced score card. This finding concurs with that of Evan (2005), who stated that only few hotels use BSC for measuring their performance, while the majority of hotels use other measurement systems similar to the BSC. The study of Elbanna, et al., (2015), mentioned that 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.

The results of this study indicate that the reasons for not using balanced scorecard respectively are: lack of information about the balanced card and how to apply it; lack of awareness about the importance of the balanced scorecard in improving the performance of the hotel ; it needs more time and effort to apply ; high costs of designing a balanced scorecard model; employees' resistance to change; lack of managerial competencies that can use the balanced scorecard model .

These findings concur with the study of Giannopoulos et al. (2013), who stated that the reasons for not using the balanced scorecard are that it is time consuming and expensive , there is not enough awareness of the BSC, and lack of information about its benefits. They also concur with the study of Taulapapa (2008) which noted that the reasons for not adopting BSC is lack of information about how the BSC works, and that top management did not fully understand the balanced scorecard , thus it can't make the BSC easier to use.

The results showed that the basic requirements for applying the balanced scorecard are available in the surveyed hotels. The results showed that a large proportion (more than 80 %) of these hotels has a clear vision and mission. The results also implied that more than 50% of these hotels declare and document their vision, mission, and objectives to be achieved to all hotels' employees. These results are consistent with Al Tarazi (2015) study, which figured out that the basic requirements for

implementing BSC are that organization should have a clear and announced vision and mission.

The findings of this research also revealed that the investigated hotels apply the financial and internal business process perspective concept followed by customer, and the learning and growth perspective. From the previous we conclude that the balanced scorecard can be applied in five - star and four - star hotels.

These results concur with findings from Kala and Bagri (2014) study which applied on hotels in the Uttarakhand state of India. The study revealed that hotels managers emphasized heavily on the usage of financial perspective, followed by customer internal process, and learning and growth perspectives. The results of their study indicated that although the hotels use measures from the four BSC perspectives, but hotels managers are not aware of the concept of BSC in its formal manner. Evans (2005) mentioned that hotels use a lot of measures that represent and cover the four perspectives of the balanced scorecard. Denton and White (2000) in their work developed a BSC for the hotel industry, their study showed how the balanced scorecard could be used as a strategic control tool in the US hotels.

Through using correlation coefficient test, the results show that there are significant and positive correlations between the four perspectives of the balanced scorecard. Good performance in learning and growth perspective will lead to improved performance in internal business perspective which will positively influence customer perspective and this will ultimately affect financial Perspective.

This finding concurs also with that of Huang, et al. (2007), who mentioned that learning and growth perspective has a positive effect on the internal process perspective; and the internal process perspective has a positive effect on both the customer perspective and the financial perspective. Chen, et al. (2011), found that there is a causal relationship between the four perspectives of the balanced scorecard. The study noted that three perspectives (learning and growth, internal process, customers) have a positive influence on the financial perspective.

One the other hand , data analysis of 7 questionnaires of the hotels that use balanced scorecard showed that the reasons for using the balanced scorecard are that : financial measures alone do not reflect the true picture of the hotel performance; using balanced scorecard helps to implement the hotel's strategy; using balanced scorecard helps to improve

the process of performance control and using balanced scorecard contributes to increase the effectiveness and efficiency of the hotel management with a mean of (4.14); using balanced scorecard improves the decision-making process with a mean of (4) ; local and international competition has been increased with a mean of (3.71).

These results are compatible with Gesage et al. (2015) study, which argued that the financial measures do not give a real image of the organization performance because they haven't the ability to view the organization performance from several areas simultaneously. The study of Salem et al. (2012) mentioned that implementing BSC approach will lead to improving the company strategy, which in turn, will enhance its ability of the competition. The study noted that The UK company that had applied the BSC believed that the BSC is an effective performance measurement tool. The company agreed that using the BSC led to developing its strategy and helping employees' ability to understand its strategy and vision. The results are also in line with Alshammari (2011) who stated that implementing BSC led to improve the process of performance control. Balanced scorecard helps employees to understand strategy, and to link strategic objectives to their day-to-day operations (Mulat, 2015). It assists managers understand cross-functional relationships which will lead to improve problem solving and decision making process (Ekmekçi, 2014).

The results presented that financial perspective; customer perspective; and learning and growth perspective are used by the whole sample. Internal process perspective is used by 6 hotels of the sample, and only one hotel uses other perspective. This perspective is environmental perspective. Furthermore, financial measures that are mostly used are net profit and number of sold rooms with a mean of (5.00). This means that all investigated hotels always use these measures. Revenue / customer rate measure occupied the second rank with a mean of (4.86), followed by net cash flows measure with a mean of (4.43). The results showed that customer measures that are mostly used are customer satisfaction ratio for provided services and number of customer complaints with a mean of (5.00) , followed by market share measure with a mean of (4.71), and then the number of returning customers and number of new customers with a mean of (4.57). Moreover, internal process measure that is mostly used is number of operating errors with a mean of (4.43). Time required for customer service has been ranked as the second measure with a mean of (4.14), followed by number of canceled orders in the third rank with a

mean of (3.86). Number of suppliers measure occupy the last rank with a mean of (3.71). The findings also showed that, learning and growth measure that is mostly used is employee turnover with a mean of (4.86), followed by numbers of employees' complaints with a mean of (4.71) and std. deviation of (.488), and then training hours with a mean of (4.57).

These results are consistent with findings from the study of Sa and Chai (2015) which showed the measures that may be used in the accommodation industry including: Net profit, Net cash flows, growth of sales, Revenue per room, occupancy rate, Customer satisfaction, Number of customers, Market share, service quality, Training hours, turnover, employee satisfaction, return on investment, hotel activity index. Denton and White (2000) introduced a balanced scorecard for. They suggested the following measures: operating income; return on investment and revenue growth to measure the financial performance. The measures such as: customer satisfaction; market share and customer profitability could be used to measure the customer perspective. They also suggested that measures such as: brand recognition; service errors and failure rate as well as the time required complete a process, could be used to measure the internal business processes in hotels. For evaluating learning and growth performance, these measures could be used: training levels; using of information technology and managers' strategic.

The study also showed that the first advantage of the balanced scorecard is that it combines financial and non-financial performance measures and assists the management in determining the operations should be distinguished and the processes that needed to be improved and developed. It helps to improve the decision-making process has been ranked as the second advantage of the balanced score card. The third advantage is that it translates the hotel's strategy and vision into a specific set of goals and measures, provides the top management with a clear and realistic image about the hotel's performance, helps to improve communications within the hotel, and helps to link employees 'and departments' goals to the hotel's strategic objectives. The fourth advantage of the balanced score card is that it helps to implement the hotel strategy efficiently and effectively.

These findings concur with the study of Alshammari (2011). The main advantages of the BSC in his opinion are that the balanced scorecard gives the management a complete image of their business performance. His study found that adopting the balanced scorecard improved the processes; decisions; and the overall performance. The other advantages

of the BSC is increasing quality of work, translating the strategy well and providing management with better solutions. Reshitaj and Tikhonova (2013) mentioned that the use of BSC improves the decision – making process and provides employees with a complete picture of their work and their contribution to the business. These results are compatible with the findings from Gesage et al. (2015) study, which argued that the main advantage of the balanced scorecard is that it combines financial measures with non-financial measures.

The study also found that the first disadvantage of the balanced scorecard is that it uses a lot of measures. Determining and selecting performance measures is difficult and it needs more time and effort to apply have been ranked as the second disadvantages of the balanced score card. The third disadvantages of the balanced score card are lack of information about the balanced card and how to apply it and difficulty to draw a strategic map .The fourth disadvantage of the balanced score card is that measuring non-financial performance is difficult, followed by high costs of designing a balanced scorecard model as the fifth disadvantage of the balanced scorecard. The least disadvantages of the balanced score card are lack of competencies with experience in the balanced scorecard and employees' resistance to change.

These findings concur with the study of Al Tarazi (2015), who stated that one of the disadvantages of using the Balanced Scorecard is the difficulty in selecting the measures. Taulapapa (2008) stated that the disadvantage of BSC is that identifying and determining the measures is difficult. According to Wisniewski and Olafsson (2004) study, the drawbacks of the BSC are that it needs considerable time, effort and commitment from managers at all levels ; it uses too many measures ; and developing causal relationships and measuring intangibles such as service quality are difficult. Alshammari (2011) mentioned that disadvantages of balanced score card are the following: it is time consuming; needs high consultant costs; and needs good communication skills which every employee does not have.

## **6. Recommendations, Limitations and Suggestions for further research**

This study recommends Egyptian hotels to apply the integrated concept of balanced scorecard in order to accomplish the strategic goals and maintain the actual performance and strength. Managers need to exert more efforts to communicate and align the hotel strategies among the stakeholders especially the external ones. These efforts should illustrate

the indirect effect of the non-financial objectives (learning and growth, internal process, customer) on the financial ones. Hotel management should exhibit commitment to the adoption of the BSC. It is important to increase the hotel employees' awareness of the importance of the balanced scorecard, its advantages, and how to apply it, through periodic workshops, seminars, and training. Managers should hold meetings with expertise to be educated on how to develop alternative performance measurement methods such as the balanced scorecard which is not fully adopted by the hospitality industry. Management needs to attract qualified cadres and experts that can apply the BSC efficiently and effectively. It is necessary to make plans to carry out the BSC included expected budget, and how the BSC information will be communicated and integrated through the hotels.

The first limitation of this study is related to literature review where there was a lack of books and data sources in relation to the application of the balanced scorecard in the hospitality industry. The second limitation of this study is that it is confined to four and five-star hotels only. The third limitation is that the study concentrated only on top-management of the hotels. The fourth limitation is that hotels that use the balanced scorecard in Egypt are few. The researcher also faced a number of challenges included cost and time constraints.

Further research should be conducted to study the applicability of the balanced scorecard in service organizations in Egypt such as: restaurants, universities, hospitals, etc. It may be interesting to conduct comparisons between private and public or profit and non-profit organizations in how they use the BSC. A research could be conducted to investigate the integration of the environmental perspective in the balanced scorecard to enhance the role of hotels in sustainable development. Further research also could be conducted to study the use of the balanced scorecard as a strategic management tool. Further research also could be conducted to study the effect of using the balanced scorecard on organizational commitment or customer satisfaction.

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