



Hotel performance: state of the art

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Abstract

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Purpose – How do we measure the success of a hotel business? What factors determine performances? This paper seeks to explore the responses which researchers and practitioners have given to these questions in the last 20 years.

Design/methodology/approach – The paper is based on the analysis of 152 contributions and uses the balanced scorecard as a model to rationalize the main streams of research.

Findings – The analysis of literature shows the gradually assumed importance of the balanced scorecard as a satisfactory performance measurement system. The findings related to the determinants of results are instead highly complex and far-reaching. The determining factors are generally looked for within the enterprise. Four main functional research fields have been identified (strategy, production, marketing and organization) and for each one main research goals, findings and open questions are defined. The horizontal axis of the balanced scorecard (customer perspective, strategy and process perspective) is the area of greatest research (over half of the papers). This evidence appears in line with the structural features of the hotel business and with the importance held, respectively, by customer relations and the protection of the efficiency of management processes.

Research limitations/implications – The paper shows the main weaknesses and strengths in previous research design in terms of: dependent and independent variables, sample and data sources. At theoretical level, the current research is strongly based on six countries (69 percent of the sample). Given the profound diversity of national contexts, researchers focusing on internal determinants should use external control variables more extensively. Furthermore, some recent subfields appear very fragmented especially in terms of independent variables used.

Originality/value – The paper identifies research streams and gaps in the field of hotel performance.

Keywords Hotels, Business performance, Performance measures, Balanced scorecard

Paper type Research paper

1. Introduction

A firm's ability to last in time is closely linked to the results it achieves. Performance is the time test of any strategy (Hofer and Schendel, 1978) and performance improvement is at the heart of strategic management (Chakravarthy, 1986). It is, therefore, not surprising that many research studies have sought to clarify what we mean by performance, underlining the need to jointly consider several dimensions (Venkatraman and Ramanujam, 1986; Walker and Ruekert, 1987), to integrate financial and non-financial measures (Chakravarthy, 1986; Eccles, 1991), to consider the generated value (Rappaport, 1986), to broaden the survey perspectives to involve the main business stakeholders (Kaplan and Norton, 1992, 1996) and to find the determinants of performance (Capon *et al.*, 1990; Lenz, 1981).

Numerous authors (Chen C.F., 2007; Evans, 2005; Pan, 2005) underline that the main empirical contributions to the performance issue have focused first, above all, on the industrial sector and, subsequently, on some segments in the service sector (banks, retail, insurance), but have neglected the travel and tourism sector, with a few exceptions. However, above all, from the 1990s onwards, many studies have applied



the performance issue to the hotel sector (Okumus, 2002). Some features of hotel businesses (Harris and Brander Brown, 1998; Mia and Patiar, 2001; Winata and Mia, 2005) and, in particular, the presence of three different business units marked by a high intangibility (rooms), the presence of a physical asset (food and beverage) and the typical features of a retail business (stores), above all, make this industry a fascinating research field, together with the strong growth recorded by the sector in the past, growing competition (Collier and Gregory, 1995; Harris and Brander Brown, 1998) and the existence of a high spatial concentration (destinations) (Baum and Mezias, 1992; Dredge, 1999; Enright and Newton, 2004; Ingram and Inman, 1996).

The paper sets out to outline the state of the art, analyzing the main studies published in international reviews in the past 20 years, dealing with hospitality management, tourism and service management, or which despite having service management or specific business functions as their focus, have used the hotel sector as an empirical base. The paper pursues two goals. The first is to analyze and classify the studies, with the main purpose of identifying research streams and the directions developed by researchers. The second is to evaluate, starting from the main research questions of each stream, the coherence between empirical findings and research goals, with the main aim of suggesting a specific research agenda for future efforts and providing managerial implications. The author uses the balanced scorecard (hereafter BSC) in order to summarize the main research fields and to identify implications for the future research agenda. This model is particularly useful for hospitality firms, due to the strong ties linking these companies with stakeholders (shareholders, clients, employees, local community). Furthermore, the traditional wide use of operating indices, such as occupancy, prices, number of sold rooms, customer satisfaction, can help the integration between financial and non-financial indicators, the use of many dimensions and the alignment between indicators and strategy (Brander Brown and McDonnell, 1995; Doran *et al.*, 2002; Evans, 2005; Huckestein and Duboff, 1999; Liang and Hou, 2006; Phillips and Louvieris, 2005; Phillips, 2007).

2. Methods

2.1 Sample

To identify studies for review, the author started with references in the literature reviews. Searches were also made of three databases (Business Source Complete, EbscoHost EJS and Science direct). The keywords used are related to the sector (hotel) and to the topic of this paper (performance). The search was made at the end of June 2009. Only papers published in English have been considered in the sample, which totals to 231 articles. Subsequently, each contribution was analyzed and, according to its contents, classified in one of the two streams described below (Sections 3 and 4). Regarding the second stream, inclusion in the research set required the presence of:

- a dependent variable measuring performance; and
- one or more independent variables used as explanatory factors.

The final sample is composed of 152 articles. A complete reference list is available on request from the author.

2.2 Variables

Each article has been classified, specifying, in the case of the first stream (performance measurement systems), the following information: the theoretical background, the new

perspective or insights proposed, the importance assigned to traditional measures (financial) and the organizational implications related to the proposed new system. The relevance of these variables emerges as important in the papers read. In the case of the second stream (determinants of performance), the coded information has been grouped into four categories relating to:

- (1) the paper;
- (2) dependent variables;
- (3) independent variables; and
- (4) research design.

The information relating to the papers identify the year of publication and type of journal, as in the work of Capon *et al.* (1990, p. 1145).

Concerning the dependent variables (performance), a distinction is made between the dimensions used to assess results and the operational indices employed to measure the selected dimensions (Capon *et al.*, 1990, p. 1154). The dimensions are identified by using the well-known classification worked out by Venkatraman and Ramanujam (1986). The authors propose a tri-partition of performances, distinguishing between a financial, operational and organizational dimension. Regarding the indices, the researchers have very wide choices in the field, but tend to favor financial ratios to measure the financial dimension; occupancy, average daily rate and revenues per available room (Revpar), customer satisfaction, repeat visit and word of mouth, and product development for the operational dimension; and customer and employee satisfaction or the failure rate for the organizational dimension.

The independent variables are first segmented by distinguishing the articles according to whether the performance determinants are sought inside or outside the firm or in both directions (Hawawini *et al.*, 2003; Rumelt, 1991; Schmalensee, 1985). As the author will document, most of the studies use internal variables. Therefore, this subfield has been classified by identifying some business functions. Finally, concerning research design, data relating to the sample and information source have been collected (Barros and Mascarenhas, 2005; Barros, 2005; Chen C.F., 2007; Phillips, 1996; Sin *et al.*, 2005).

3. The performance measurement systems

The analysis of 152 contributions made it possible to identify two different study streams. A first, quantitatively smaller approach (14 contributions) (Section 3), focused on the analysis of performance measurement systems currently used by firms or, more rarely, proposing new index panels. A second stream of research (Section 4) instead explored the link existing between the performances of hotel businesses and some determining factors characterizing business strategy and its functions or the environment in which the business operates. It is a large, growing stream (138 contributions).

3.1 Performance measurement systems

This section deals with the analysis of performance measurement systems. The starting point for almost all these contributions is a dissatisfaction with conventional indices, with assessments which are excessively profit based (Brander Brown and

McDonnell, 1995), short-term (Denton and White, 2000; Geller, 1985), unbalanced (Harris and Mongiello, 2001), unsatisfactory for businesses seeking a competitive advantage (Evans, 2005; Phillips, 1999b), past oriented (Atkinson and Brander Brown, 2001), little market oriented (Phillips and Louvieris, 2005) and non-holistic (Phillips, 1999a).

This observation was certainly stimulated by the creation of the BSC by Kaplan and Norton (1992, 1996) and, to a lesser extent, by the publication of the work of Fitzgerald *et al.* (1991). Most of the contributions use the BSC as theoretical background (Table I) and even the (theoretical or empirical) studies based on other models in any case cite the challenges, paradigms and critical points introduced by Kaplan and Norton.

The research questions for this stream may be divided in two groups. The first one identifies new performance measurement systems, or the usefulness of existing systems or furthermore the relevance of financial and non-financial indicators. Some examples of research questions are illustrated below:

- RQ1. What are the key characteristics of a new performance measurement system for “small firms” (Bergin-Seers and Jago, 2007) or for companies that “adopt a holistic approach” (Phillips, 1999b) or “seek competitive advantage” (Phillips, 1999a)?
- RQ2. What are the “key indicators used by general managers [...] for decision-making” (Harris and Mongiello, 2001)?
- RQ3. What is the emphasis placed by “general managers on financial and non-financial performance indicators while they evaluate their department managers’ performance” (Mia and Patiar, 2001)?
- RQ4. Is the value chain approach able “to evaluate and control the overall tourism value chain” (Yilmaz and Bititci, 2006)?

A second group of studies focus on the relevance of BSC as a new performance measurement system. Research questions are strongly based on this framework:

- RQ5. Is the BSC “a superior performance measurement method” (Brander Brown and McDonnell, 1995)?
- RQ6. How could the BSC be implemented “in a way that integrated all aspects of the business and changed the company’s culture to achieve the desired results” (Huckestein and Duboff, 1999)?
- RQ7. How is it possible to implement a BSC to address “the issue of divergent stakeholder goals and gauging managers’ effectiveness” (Denton and White, 2000)?
- RQ8. “How can hospitality establishments reap the benefits from implementing the BSC while avoiding its pitfalls” (Doran *et al.*, 2002)?
- RQ9. Is BSC “a key technique of strategic implementation” (Evans, 2005)?
- RQ10. Can the BSC approach “sustain and enhance performance measurement [...] in an SME context” (Phillips and Louvieris, 2005)?

Table I.
The performance measurement systems

Author	Kind of paper	Sample	Sources	Theoretical background	New perspective insights	Relevance of traditional measures	Organizational implications
Brander Brown and McDonnell (1995)	Empirical	One case (UK)	Interview with the hotel's GM	BSC	Customer perspective, internal business perspective, innovation and learning perspective	Traditional measures are more focus on control	From financial executives to a range of senior managers
Harris and Brander Brown (1998)	Theoretical	NA	Literature	Accounting and financial management	CVP, price determination, management of fixed assets	Market oriented and non-cost oriented	Accountant/controller as service provider
Huckestein and Duboff (1999)	Empirical	One case (USA)	Participant observation	BSC	Application of BSC to Hilton Hotels	Relevant but integrated with non-financial	Different levels of stakeholders
Phillips (1999b)	Theoretical	NA	Literature	Strategy (Miles and Snow)	Inputs and processes, environment, strategic orientation and outputs	Not relevant alone ("short-termism")	Involving all levels of management
Phillips (1999a)	Empirical	One case (UK)	Questionnaire	Strategy (Miles and Snow)	Inputs and processes, environment, strategic orientation and outputs	Unable to measure: (i) multiple dimensions of performance and (ii) human resource and marketing issues	Involving all levels of management
Denton and White (2000)	Empirical	One firm (USA)	Case study	BSC	Relevance of non-financial performance measures; balance internal and external perspectives	Short term, unbalanced	BSC and motivation of managers

(continued)

Author	Kind of paper	Sample	Sources	Theoretical background	New perspective insights	Relevance of traditional measures	Organizational implications
Atkinson and Brander Brown (2001)	Empirical	18 firms (UK)	Questionnaire and six interviews	BSC, results and determinants	Relevance of non-financial performance measures; balance internal and external perspectives	Short term, focus on past, ignore the drivers of future performance, unbalanced	Develop measures focus on employees, customers and financial
Harris and Mongtello (2001)	Empirical	Six European firms	Questionnaire and interviews	BSC, business orientation, determinants	Balance, orientation, coherence	Finance indicators are the most used but are not so prominent as to dominate the GMs' behavior	To improve financial results, GMs act on human resources, then on marketing and then on operations
Mia and Patiar (2001)	Empirical	35 managers (four/five stars) (Australia)	Interviews using structured questionnaire	BSC, accounting systems	Role of accounting systems for GMs and DMs	Very important for GMs, less important for DMs	DMs required more non-financial measures
Doran <i>et al.</i> (2001)	Empirical	Five GMs (San Diego, USA)	Interviews (informal discussion)	BSC	Identifying pitfalls in implementing BSC	A set of measures that only focus on lagging, internal, financial indicators cannot provide a balanced report	Translating organization's mission into goals
Evans (2005)	Empirical	UK (42 percent. NA the number)	Questionnaire	BSC	Many of the hotels (71 percent) are currently operating a performance management system that approximates the BSC approach	They are one-dimensional and inherently backward looking	Create a road-map to managers

(continued)

Table I.

Table I.

Author	Kind of paper	Sample	Sources	Theoretical background	New perspective insights	Relevance of traditional measures	Organizational implications
Phillips and Louvieris (2005)	Empirical	Ten SMEs (UK)	Interview (two for each SME)	BSC	Critical success factors and key performance indicators for each dimension of BSC	Accounting-based indicators has been highlighted as inadequate in the service sector	Digitization, holistic approach, well-trained and motivated staff
Yilmaz and Bititci (2006)	Theoretical	NA	Literature	Strategy (value chain)	Evaluate and control the overall tourism value chain	Used especially to measure the internal perspective	From the firm to the value system
Bergin-Seers and Jago (2007)	Empirical	Seven small motel chains (Australia)	Case research (in-depth interviewees)	Performance measurement (Brown)	Examination of the Performance measurement activities of high performing firms	Relevant, but these measures could not provide information for the development of strategy	Create reciprocal relationships with customers and employees

Notes: GM, general manager; DM, department manager; SME, small- and medium-sized enterprise

Most of the research studies in the first stream (performance measurement systems) are of an empirical nature. They are mainly studies devoted to analyzing the features of performance systems in a sample of companies generally made up of a small number of cases, always under 20 (with a single exception), given the need to have detailed, confidential information available. The empirical papers tend to utilize questionnaires or in-depth interviews or, more rarely, case studies. This type of research design is in line with the cognitive objectives aimed at understanding the features of the current performance measuring systems. Moreover, the reference to the BSC (or other models) marks the questionnaire structure or is assumed as the leitmotif in the semi-structured interviews or on the development of company cases. Only two contributions are theoretical in nature (Harris and Brander Brown, 1998; Phillips, 1999b).

3.2 Positive or negative conclusions?

The analysis seems to suggest two different conclusions regarding the state of the art of performance systems. The articles published in the early years, essentially up to and including 2001 (with the exception of Harris and Mongiello, 2001), tend to describe a negative picture. The firms analyzed in fact seem to mainly, if not exclusively, use financial measurements, considered as unsuitable. The words of Brander Brown and McDonnell (1995, p. 8) may be applied to them all:

[...] it has been noted that the more traditional performance measures currently being used by hotel managers – such as occupancy percentages, profit indicators and return on investment – are now thought to provide poor and misleading signals, which do not adequately support the needs of today's organizations.

A second group of papers, written more recently, instead reaches radically different conclusions. Although the businesses examined do not explicitly employ a BSC type of system, they tend to utilize non-financial measures suitable for monitoring the perspective of clients, processes and, to a lesser extent, development. Harris and Mongiello (2001, p. 125) write:

[...] interpretation of the findings suggests that general managers select indicators which directly represent their operations, human resources and marketing decisions, instead of simply waiting for the effects of the financial indicators.

Moreover, the indices used (financial and non-financial) tend to be aligned to the real strategy sought by the company. These conclusions are borne out both in articles where the research sample is made up of large-sized firms (Harris and Mongiello, 2001), and in research studies focusing on small firms (Bergin-Seers and Jago, 2007; Evans, 2005).

It is difficult to explain this radical diversity in the conclusions, which might be justified in the light of the profound changes taking place in performance measurement systems in the past few years, or the poor general applicability of research findings based on very small samples, or again by the varying ideological position of the authors. After identifying the theoretical bases, types of papers and research design and the main conclusions, we would now like to analyze the elements of innovation which these contributions have sought to introduce.

The first papers referring to the BSC have simply identified some new challenges awaiting the hotel industry, such as: the need to flank financial measures with new prospects (Brander Brown and McDonnell, 1995), the utility of balancing, orienting and matching indicators with company strategy (Harris and Mongiello, 2001) and the need

to develop internal and external non-financial measures (Atkinson and Brander Brown, 2001). The more recent studies instead show a more focused cognitive goal: analyzing the criticalness of the implementation phase (Doran *et al.*, 2002; Evans, 2005), pinpointing the best practices for each of the four perspectives (Phillips and Louvieris, 2005), examining the features of the performance systems of high-performing companies (Bergin-Seers and Jago, 2007) and supplying functioning BSC examples (Huckestein and Duboff, 1999).

The implications on the organizational front are also of interest. In general, a movement emerges which broadens the problem of performance measurement from the control area of the entire firm (Brander Brown and McDonnell, 1995). This movement is vertical and horizontal. It is vertical because it also involves middle management and often executive levels, above all, in small-sized businesses. It is horizontal because it affects all the functions and, above all, the various divisions of the company.

The results of this first stream confirm a progressive development and change in the performance measurement systems and an increasing relevance of non-financial measures, especially to those that are strongly related with important stakeholders for hotel firms (employees and customers). However, there is a distance between the research issues illustrated above and empirical findings. This gap appears to be tied primarily to research design and especially to the use of very small samples (half of the articles use fewer than ten cases). The aim to outline new performance measurement systems has not been achieved, with the exception of Phillips' (1999b) framework. Furthermore, and more decidedly, the empirical findings describe a gap between the researchers' perception of the performance measurement systems and the effective systems implemented by firms. In many papers, the starting point, as explained above, is a dissatisfaction with conventional indices, with assessments which are excessively profit based. Empirical evidence, however, suggests that hospitality firms are using balanced and multidimensional systems. Evans (2005, p. 384) writes:

[. . .] many of the hotels are currently operating a performance measurement system, which in terms of the aspects being measured approximates to the BSC approach. However, few of the hotels appear to be utilizing the BSC approach explicitly.

The conclusions reached by Harris and Mongiello (2001) and Bergin-Seers and Jago (2007) are similar.

This conclusion could be explained with some hotel sector characteristics, such as geographic proximity, diffusion of hotel chains, labour mobility, wide use of benchmarks, hotel press and training activities. All these factors tend to create a continuous "word-of-mouth" communication of best practices (Baum and Ingram, 1998, p. 1000).

4. Determinants of results

A second research stream investigated the factors able to influence the performances of a hotel company. It is a corpus of quantitatively important studies (138 contributions), and is growing considerably (19 articles published in 2009). From the analysis of the contributions some divisions have been introduced. A first segmentation divides the contributions according to whether the performance determinants were sought inside or outside the business or in both directions (Table II). It is known that in strategy studies there is wide consensus on the fact that the results of an organization may

Independent variables	Number of papers	%	Hotel performance
External	13	9	929
Internal and external	10	7	
Internal	115	83	
Total	138	100	
<i>Internal (percent per column)</i>			
Strategy	32	28	
Production	28	24	
Marketing	24	21	
Organization	21	18	
IT and ICT	10	9	
Total	115	100	
<i>Strategy (percent per line)</i>			
Competitive strategy	11	34	
Hotel traits	9	28	
CRS and environmental strategy	5	16	
Asset management and/or capital structure	5	16	
Entrepreneurship and innovation	2	6	
Total	32	100	
<i>Production (percent per line)</i>			
Efficiency and productivity	24	86	
Outsourcing	4	14	
Total	28	100	
<i>Marketing (percent per line)</i>			
Market orientation and customer satisfaction	8	33	
Quality and pricing	6	25	
Seasonality	6	25	
Relationship marketing	2	8	
Brand management and chain affiliation	2	8	
Total	24	100	
<i>Organization (percent per line)</i>			
HRM	13	62	
Family work	3	14	
Organizational structures	3	14	
Knowledge and intellectual capital	2	10	
Total	21	100	

Notes: IT, information technology; ICT, information and communication technology; HRM, human resource management

Table II.
Independent variables

depend on the strategy enacted by the management (internal variables) and by a series of causes mainly linked to the structure of the market or the sector (outside variables) (Kotha and Nair, 1995; Prescott, 1986).

Given the large number of contributions focusing on internal variables, it was decided to classify these papers, above all, in relation to the specific issue on which the independent variables hinge. Five main streams were, therefore, identified represented by:

- (1) strategy;
- (2) production;
- (3) marketing;

- (4) organization; and
- (5) IT and ICT.

Section 4.1 focuses on external variables and the joint use of external and internal ones, while the internal ones (stand alone) are developed in Section 4.2. In both cases the analysis starts with research questions, and then explores the main findings and (eventually) identifies open questions. In the second part of this section, the dependent variables are presented, in terms of the dimensions and indices used to measure them (Section 4.3).

4.1 External variables or joint use of external and internal variables

The contributions focusing on external causes include a small number of papers (13 articles, 9 percent), whose focus is the effect which the economic environment, the degree of market concentration and of the sectors, the type of destination or external shocks bring to bear on firm performances. It is a large stream of research, related to the field of strategic management and especially to the relationships proposed by the paradigm “structure-conduct-performance” (Bain, 1951, 1956; Mason, 1939, 1949). “The essence of this paradigm is that a firm’s performance in the marketplace depends critically on the characteristics of the industry environment in which it competes”. Industry structure determined the behavior or conduct of firms, whose joint conduct then determined the collective performance of the firms in the marketplace:

[...] The primary elements of structure identified as important to performance in the early industrial organization (IO) research were barriers to entry, the number and size distribution of firms, product differentiation, and the overall elasticity of demand (Porter, 1981, pp. 610-11).

Following this paradigm, the first and most important determinant of performance is to be found outside the firm’s boundary. These conclusions have been empirically confirmed by the work of Schmalensee (1985). The study reported that industry membership accounted for around 20 percent of observed variance in business unit returns while market share accounted for a negligible amount. However, Schmalensee’s study left 80 percent of the total variance in business unit returns unexplained (Rumelt, 1991). More recent studies have substantially revised these conclusions, suggesting the dominance of firm-specific effects (Hawawini *et al.*, 2003; McGahan and Porter, 1997).

This stream of studies presents a limited development in hospitality research (9 percent). The underlying research question in these articles is the effect brought about by external variables (not controllable by management) on firm results. The used variables are different: macroeconomic forces (Barrows and Naka, 1994; Chen *et al.*, 2005; Chen M.H., 2007; Tang and Jang, 2009); shocks such as 9/11 (Enz and Canina, 2002) or the severe acute respiratory syndrome epidemic (Chen *et al.*, 2007); the structure of sector or market (Davies, 1999; Pan, 2005); and the type of destination (Reichel and Haber, 2005).

The empirical evidence confirms a positive relationship between performance and market concentration (Pan, 2005), money supply (Barrows and Naka, 1994; Chen M.H., 2007) and gross domestic product (Tang and Jang, 2009). A negative relationship was found with inflation, unemployment and the term structure of the interest rate or the yield spread. The overall explanatory power of macroeconomic forces on the hotel return is less than 10-8 percent (Barrows and Naka, 1994; Chen M.H., 2007).

The limited development of this first stream of studies in hospitality research (9 percent) is not surprising. The reviews analyzed have a prevalent focus on management (and hence on the companies) instead of on economy (and hence on aggregates such as sectors and markets). Furthermore, since the inside variables (as will be explained in detail below) emerge as a powerful determinant of company performances, it follows that all the studies focusing exclusively on outside variables lose sight of some of the main factors influencing results. Finally, the tourism industry does not have an abundance of broad historical series, in many cases limiting or complicating the construction of necessary databases to analyze the effect stemming from outside causes.

The studies making joint use of internal and external variables are also small in number (7 percent, ten articles). These articles generally place particular emphasis on outside, typically proxy variables, of the intensity of competition in the sector or of the specific destination within which a structure operates, but the importance of certain internal choices is recognized to explain the impact on the dependent variables.

Regarding the research questions, it is possible to identify two streams. The first one analyzes choices made about geographic location and production positioning – usually defined by price, size, services and affiliation – during the entry stage. These decisions are critical due to the high cost of relocation and product redefinition (Baum and Haveman, 1997; Urtasun and Gutiérrez, 2006). This stream mainly centers on the studies carried out by Ingram and Baum and develops the theme of “localized competition”:

In organizational ecology, the intensity of competition among organizations is predicted to be mostly a function of the similarity in organizational resource requirements: the more similar the resource requirements, the greater the potential for intense competition [...]. At one extreme, organizations with identical resource requirements are perfect competitors. At the other, organizations with distinct resource requirements do not compete. More formally, the potential intensity of competition between organizations is proportional to the overlap or intersection of their resource requirements. This argument yields the basic localized competition hypothesis: the more similar a focal organization is to its competitors, the greater the intensity of competition it will experience (Baum and Mezias, 1992, p. 581).

Economists have, however, long acknowledged the opposite possibility: proximate competitors might be beneficial. Marshall (1920) suggests that firms can gain from agglomeration: “those external economies available to firms in large concentrations of economic activity that arise because large markets allow wider choice and greater range of specialised services” (Chung and Kalnins, 2001, p. 969).

In the Manhattan hotel industry, establishments that are more proximate in location, price and physical size reduce each other’s probability of survival (Baum and Mezias, 1992). Hoteliers locate new hotels sufficiently close to established hotels that are similar on one product dimension (price) to benefit from agglomeration economies, but different on another product dimension (size) (Baum and Haveman, 1997). Chung and Kalnins (2001) demonstrate that in rural markets (Texas), chain hotels and larger hotels contribute to positive externalities. Urtasun and Gutiérrez (2006) suggest that agglomeration occurs only among differentiated establishments. In the balance between agglomeration and differentiation strategies, particularly significant is the trade-off between price and geographic dimensions. The work of Tsang and Yip (2009, p. 155) shows that “only high star-ranking joint venture hotels contribute to heightened demand while hotels of all star rankings benefit similarly from agglomeration”.

A second, very marginal stream (two articles) combines external variables linked to the structure of the sector or the market with internal variables mainly represented by the so-called “hotel traits”. The limited extension of this stream is perhaps linked to the extreme complexity of these studies. Generally speaking, this first stream of research (external variables and joint use of external and internal ones) can open new perspectives in the field of performance by:

- identifying a clear set of external forces that must be used as a control variable also in studies using internal determinants;
- exploring the effects generated by shocks such as natural disasters, epidemics, terrorist attacks, etc.;
- measuring the effects generated by major events, like the Olympic Games; and
- an in-depth understanding of the trade-offs between competition and agglomeration and their implications on hotels’ performance.

4.2 *Internal variables*

The number of studies focusing on internal variables is the highest (83 percent). This datum appears in line with the statement made by Chathoth and Olsen (2007, p. 502, our italics) “*firm strategy* formulation and implementation decisions have been pointed out to be *the key* in explaining superior firm performance”. This choice is mainly justified by the greater simplicity of the research strategy, the more direct identification of the relations between dependent and independent variables and the greater importance of the conclusions for enterprises. It is in fact more difficult for a firm, especially if it is a SME, to affect outside variables with its behaviors.

Given the large number of contributions, it was decided to classify the papers, above all, in relation to the specific issue on which the independent variables hinge. Five main streams were therefore identified (Table III), represented by:

- (1) strategy;
- (2) production;
- (3) marketing;
- (4) organization; and
- (5) IT and ICT.

Given the small number of articles focusing on IT and ICT, this last subfield will not be analyzed.

Strategy. The most recurrent theme is strategy (32 articles), seen as the interaction model chosen by the enterprise to deal with its competition. Four main subfields have been identified, and for each one the following are presented: research questions, findings and open questions or remarks.

Competitive strategy is the broadest subfield. Papers focusing on the link between performances and competitive strategies, identifying “strategic groups” characterized with high level of results (Claver-Cortés *et al.*, 2006a, 2007), highlighting the importance of diversification (Lee and Jang, 2007) and the business portfolio (Yeung and Lau, 2005), applying competitive framework (Garrigós-Simon *et al.*, 2005; Tse and Olsen, 1988), identifying some critical factors for success (Gursoy and Swanger, 2007) or hotel

Dimensions and indicators of performance	Number	Total	%	Hotel performance
				933
<i>1. Dimensions</i>				
Operational performance	49		36	
Operational and financial performance	33		24	
Financial performance	32		23	
Organizational performance	16		12	
All three dimensions	7		5	
Financial and organizational performance	1		1	
Total	138		100	
<i>2. Indicators</i>				
<i>Operational performance</i>				
Occupancy/volume/price/sales	29		59	
Efficiency or productivity score	9		18	
Customer satisfaction	3		6	
Market orientation	3		6	
Service quality and innovation	3		6	
Others	2		4	
Total	49		100	
<i>Operational and financial performance</i>				
Profit and volume and/or sales	15		45	
Efficiency or productivity score	10		30	
Profit, volume and customer satisfaction	7		21	
Profit and quality of service	1		3	
Total	33		100	
<i>Financial performance</i>				
Financial ratios	17		53	
Stock prices and/or risk	8		25	
Financial margins	4		13	
Efficiency or productivity score	3		9	
Total	32		100	

Table III.
Dependent variables

management practice (Golembki, 2007), developing the links with capabilities (Blayney, 2009), planning (Phillips, 1996) and growth (Nicolau, 2002).

In the second subfield, hotel traits, strategy takes shape, above all, in defining the essential features of company positioning in terms of dimension, brand and affiliation, location and ownership (Capó *et al.*, 2007; Damonte *et al.*, 1997; Enz *et al.*, 2001; Ingram, 1996; Ingram and Baum, 1997a; Israeli, 2002; Pine and Phillips, 2005).

Corporate social responsibility (CRS) and environmental strategy is a recent subfield with the goal to determine the direction of the relation between hotel firms' degree of CRS and/or social-environmental responsibility and their profitability levels (Carmona-Moreno *et al.*, 2004; Claver-Cortés *et al.*, 2007; Lee and Park, 2009; Rodríguez and Cruz, 2007). Kang *et al.* (2010, p. 3) distinguish between positive and negative CRS. Negative CRS is important because "a group of social science researchers examined the negativity effect, arguing that people place more weight on negative information than positive when evaluating a target".

Finally, a small number of studies focus on the relationship between capital structure, risk and assets management, on the one hand, and firm performance, on the other. The relevance of these contributions is related to the theme of growth:

[. . .] when a chain decides to open a new hotel in a specific geographical area, it aims, among other things, to increase its market share, to maintain or boost its image, or to implement a segmentation strategy [. . .]. Regardless of its reasons, however, such a decision is particularly important in this industry as it usually implies an enormous financial investment. Likewise, the large amount of fixed costs generally involved also makes hotels be strongly revenue-dependent, which leads them to suffer from profit instability during periods of shifting demand. Therefore, in this context, the analysis of the variation-increase or decrease-in the risk of the chain's performance derived from the introduction of a new hotel is a crucial aspect (Nicolau, 2005, p. 105).

It is not easy to summarize the main results of this stream of research (strategy). The articles, in fact, tend to show more a fragmented picture rather than a waste overlap of results. Each research is strongly focused on its own determinants and method; there are many relationships with other papers in the introduction and in the literature review, but very few in the discussion and conclusion sections. Therefore, it is possible to discern the link (direction, sign and importance) between the specific variables used in a specific context and the firm performance, but it is quite difficult to know what are the relationships with other variables assessed in other contributions. Usually, overlap is limited only with studies that use exactly the same method and variables. But, as shown above, the literature review describes a wide variety in term of determinants (independent variables). Hotel traits (such as size, location, ownership and affiliation) appear to have a very important link with performance. Therefore, they should be used in future research as control variables, also in studies using different determinants. Finally, the wide use of subjective measures of performance tends to identify the predicted relationship (positive or negative) between independent and dependent variables.

Production. A second important theme is the use of independent variables linked to the production function. Efficiency and productivity management is a rapidly growing stream of studies, given the increase in competitive pressure. The oligopolist features of the market (Barros, 2004; Chung, 2000) have made the search for efficiency "become essential not only for profitability, but also for a hotel's survival" (Chen C.F., 2007, p. 696). Research questions focus more on two critical points:

- (1) how to measure efficiency and productivity; and
- (2) how to improve it.

Regarding the first aspect, an increasing number of contributions use data envelopment analysis (DEA):

The DEA model computes the performance or efficiency index for DMU [Decision Making Unit] k as a ratio of multiple outputs to multiple inputs, subject to the constraint that all the efficiency indexes for other DMUs are equal to or smaller than one (Neves and Lourenco, 2009, p. 4).

The inputs are usually a mixture of variables such as the number of full-time employees, number of rooms, surface (eventually divided per departments), some categories of costs and investments (Chiang *et al.*, 2004; Hsieh and Lin, 2010; Johns *et al.*, 1997; Neves and Lourenco, 2009; Sigala, 2004). Outputs are usually related to revenues, occupancy or guest satisfaction.

This heterogeneity in the selection of inputs and outputs has created different DEA models. Yu and Lee (2009, p. 572) suggest classifying them in at least three types. Some papers:

[...] investigated the relationship between input resources and their produced outputs (or capacity provisions) which can be classified as a production version; productive efficiency can be obtained in the sense. Some are interested in how much expansion of consumed products can be achieved at a given level of produced outputs (e.g. higher hotel capacity utilization). This can be viewed as service version, and service effectiveness can then be estimated for the hotels. Among those previous works mentioned earlier, most used revenues (consumed outputs) as outputs, and included number of employees, number of rooms, payroll and expense as inputs to measure how the capability of hotels can reach productive effectiveness. This can be classified into operation version, e.g. the relationship between input resources and their revenues.

Concerning the second question, how to improve efficiency, Morey and Dittman (2003, p. 53) show how benchmarks for a group of hotels are developed and give the general managers of the hotels scores for efficiency:

By using such scores one can determine whether additional operating efficiencies are achievable or whether the manager has employed the optimal level of resources for the revenue and service levels achieved. The value of the approach is that one can identify the practices of the most efficient general managers [...] and use that information as the basis for discussions with other GMs.

They are normally two types of benchmarking: the internal method, conducted among different units of the same enterprise (Barros, 2004, 2005; Johns *et al.*, 1997) and the external method, based on comparing different enterprises in the same sector (Anderson *et al.*, 1999; Hu and Cai, 2004), destination (Chiang *et al.*, 2004) or category (Sigala, 2004).

Efficiency and productivity may be measured as a single chain, by constructing indices for its units or at the level of destination, country (Hwang and Chang, 2003) or category (Sigala, 2004), by constructing rankings to assess the relative efficiency of the single companies. The indicators may be represented by synthetic measures at company level (Anderson *et al.*, 1999; Chen C.F., 2007) or for single departments (Sigala, 2004).

The findings of this stream are not univocal. More recent studies, however, underline a progressive growth in productivity, a symptom of a real increase in competitive pressure (Chiang *et al.*, 2004). Moreover, interesting links emerge between efficiency management and some strategic variables. Thus, for example, Barros (2004, p. 189) emphasizes that efficiency may be influenced by ownership, Hu and Cai (2004, p. 35) highlight the link with the quality level, while Brown and Dev (1999, p. 29) underline the importance of brand and Yu and Lee (2009, p. 572) suggest that plural form networks are on average more efficient than strictly franchised and wholly owned chains. Considering the possibilities to standardize inputs, outputs and the statistical model, for the future it is important to increase the overlap between different studies, in order to compare results and to identify relevant control variables. Interesting research questions could be related to the role played by destinations, organizational structures and networks in managing efficiency and productivity.

Marketing. A third dominating theme appears in the papers exploring some marketing themes as an independent variable, in particular market orientation, quality

and price management and seasonality. Market orientation is defined as organizational-wide information gathering and dissemination, and a quick response to current and future customer needs and preferences. Thus, market orientation contributes to a hotel's continuous learning and knowledge accumulation through continuously collecting information about customers and competitors and using the information to create superior customer value and competitive advantage (Kohli and Jaworski, 1990).

The importance of market orientation is clearly expressed by Sin *et al.* (2005, p. 563) "The long-term survival of a hotel firm in such an increasingly competitive environment depends on its ability to satisfy customers' demands efficiently and effectively". The findings underline the strong, significant impact which market orientation (and in particular customer orientation) has on performance (marketing, financial and overall performance). These results contrast with the study by Au and Tse (1995), which shows a negative correlation with performance. However, Tse *et al.* (2005) put forward an interesting hypothesis. Market orientation is not a priority in company strategy during periods of prosperity – as was the period examined by Au and Tse (1995) – while "during periods of economic downturn, the orientation of a property to the market becomes a deciding factor on its survival and profitability" (Tse *et al.*, 2005, p. 1146).

The main research questions of this subfield focus on identifying the determinants of market orientation and exploring the links with firm performance. Findings suggest the importance of customer orientation and a wide range of its determinants. Capiez and Kaya (2004, p. 28) suggest that "customer satisfaction is relative not only to the product and service satisfaction but also to the practices of yield management". The link with performance is positive (Cizmar and Weber, 2000; Gu and Ryan, 2008; Sin *et al.*, 2005; Tajeddini, 2010; Tse *et al.*, 2005), with the exception of Sargeant and Mohamad's (1999) study. The link with innovativeness is also interesting. In a recent study, using a wide sample of hotels in Switzerland, Tajeddini (2010, p. 8) does not find a relationship between these two variables.

The importance of service quality to business performance has been established in hospitality (Bowen and Shoemaker, 1998; Pizam and Ellis, 1999). "It is generally accepted that service quality is antecedent to customer satisfaction [...] and that customer satisfaction is antecedent to customer loyalty" (Wilkins *et al.*, 2007, p. 841). Research questions in this subfield focus on identifying quality determinants and the link with performance.

Findings present heterogeneity especially in the independent variables used. Harrington and Akehurst (1996, p. 283) explore "the nature of service quality in the UK"; Claver-Cortés *et al.* (2006b) aim to study the reasons for the adoption and certification of quality system; Danziger *et al.* (2006) suggest the relevance of strategic assets; Wilkins *et al.* (2007) use the SERVQUAL paradigm, developed in the field of service (Parasuraman *et al.*, 1988). The link with performance is positive, with the exception of Harrington and Akehurst (1996).

A third research theme concentrates on seasonality as one of the distinctive factors in hotel businesses. In an explorative study, instead of monthly data as used in other studies (Koenig and Bischoff, 2004), Jeffrey and Barden (2000a) also used the daily data from 91 British firms. The results are relevant because they show the strong link between the destination in which a firm operates, the segments served and seasonality. For this reason, this research stream has been included in marketing studies.

Thus, for example, it emerged that the structures operating in countryside business have a greater share of business clientele and a structure in the within-week occupancy marked by a high weekday occupancy and a strong reduction at weekends (Friday-Sunday). On the other hand, the structures operating in countryside leisure show a complementary situation. The firms showing a greater regularity in within-week occupancy are those which:

- are located in large urban destinations able to attract both a business and leisure clientele;
- have a wide range of services, making it possible to meet the needs of both segments; and
- develop a decided marketing approach reflected in a flexible price policy, “aimed at stimulating demand (particularly for short holidays) on low occupancy nights” (Jeffrey and Barden 2000a, p. 188).

These findings were essentially borne out by a second study (Jeffrey and Barden, 2000b) carried out by the authors using a broader sample (279 hotels).

Human resource management. A fourth theme is the influence which organizational variables and staff management, in particular, exert on performances. HRM allows the formation of a workforce that permits an organization to achieve its goals and missions. HRM:

[...] is considered a strategic asset and research has indicated that human resource policies and practices are an important source of a firm’s competitive advantage in the marketplace since they are difficult to trade or imitate (Namasivayam *et al.*, 2007, p. 575).

The main question addressed in these studies is the link with performance. Recent papers tend to find indirect relationships with results, suggesting the importance of “complex” determinants. Øgaard *et al.* (2008) discuss the characteristics of organic and mechanistic organizational modes and their effects and Hu *et al.* (2008) the role of support team culture in maintaining and moderating the relationship between knowledge sharing and service innovation performance. Chi and Gursoy (2009, p. 245) find “an indirect relationship between employee satisfaction and financial performance, which is mediated by customer satisfaction”.

Other important determinants are related to organizational characteristics and HRM practices (Alleyne *et al.*, 2006; Boselie *et al.*, 2003; Chand and Katou, 2007; Hoque, 1999; Karatepe and Aleshinloye, 2009; Karatepe *et al.*, 2006; Øgaard, 2006; Ooncharoen and Ussahawanitchakit, 2008), manager behavior (Umbreit and Eder, 1987), compensation (Namasivayam *et al.*, 2007), commitment and service quality (Worsfold, 1999), involvement (Harrington, 2004), leadership (Patiar and Mia, 2009) and work and family role (Karatepe and Bekteshi, 2008).

Empirical evidence does not usually find a direct relation with company performances but some interesting indirect links with non-financial performance (Patiar and Mia, 2009), customer satisfaction (Chi and Gursoy, 2009), service innovation (Hu *et al.*, 2008), business strategy and quality focus (Hoque, 1999), market share and sales growth (Alleyne *et al.*, 2006).

The discussed findings describe the interesting role that organization variables and especially HRM could play as an “indirect determinant”. “Hotels are ‘people oriented businesses’, in which an efficient and effective interaction between staff and customer

is crucial for achieving customer loyalty” (Patiar and Mia, 2009, p. 256). The observations of Chi and Gursoy (2009, p. 246) are similar:

Since most hospitality and tourism products are heterogeneous and inseparable, hospitality and tourism employees tend to be more involved with hospitality service offerings. Their involvement and interaction with customers, therefore, tend to play a significant role in quality perceptions and customer satisfaction due to the fact that hospitality and tourism products are often highly complex and present a summation of interaction, exchange and performance between employees and customers.

This research subfield, due to the high involvement, makes a large use of questionnaires to collect data. The firm performances are mainly measured by using subjective measures. An important way to increase reliability is, therefore, to integrate (or in some case to substitute) subjective indices with objective ones. Furthermore, the relative “youth” of this research stream – 71 percent of the articles are published after 2005 – has generated a highly fragmented picture, reducing the overlap between different studies. For the future, it is important to search for methodological issues that increase comparability.

4.3 Dependent variables

The dependent variables were classified in two groups:

- (1) the dimensions giving content to the performance concept itself; and
- (2) the specific indices used to measure the selected dimensions.

The dimensions were identified by using the well-known classification by Venkatraman and Ramanujam (1986), as explained in Section 0. Table IV applies this segmentation to the studies collected.

Generally speaking, a central body of studies (114 articles) emerges, dealing with the financial and operating dimension (83 percent), utilized separately (59 percent) or jointly (24 percent). The organizational dimension is used stand alone in a smaller number of papers (12 percent); there are very few studies using the three dimensions (5 percent) or other combinations (1 percent) at the same time. The indices applied to measure the selected dimensions are primarily related to occupancy, volume, price and sales (29 articles, 59 percent of the operational dimension). This is not surprising, given the relevance that these measures have for managers and due to the existence of many national and international statistics.

The operational and financial dimension is measured jointly with synthetic measures of profitability (operating profit more frequently than financial ratios) and operational indices, which often are related to occupancy and sales. There are some exceptions, such as service innovation (Alleyne *et al.*, 2006), customer retention and satisfaction (Sin *et al.*, 2005; Tse *et al.*, 2005), repeat visits and word of mouth (Ham *et al.*, 2005) and product development (Reichel and Haber, 2005). The financial dimension is generally found in some recurrent financial ratios, mainly represented by return on assets or investments, return on sales and return on equity.

Finally, the organizational dimension is found in indices aimed at measuring the satisfaction of some stakeholders, mainly customers and staff or by the failure rate of hotel businesses in specific destinations or countries. It was decided to classify the failure rate among the organizational indices, above all, according to Ingram and Baum’s

	Number of papers	%	Hotel performance
Destination	103	75	939
Country	28	20	
Continent or world	6	4	
Total	137	100	
Europe	48	35	
Asia	39	28	
America	36	26	
World	4	3	
Australia	4	3	
Africa	3	2	
Middle East	3	2	
Total	137	100	
USA	32	24	
Taiwan	17	13	
Spain	15	11	
UK	15	11	
China	11	8	
Others (22 countries)	41	31	
Total	131	100	
<i>Sample size</i>			
1-49	40	29	
50-99	37	27	
100-199	16	12	
≥ 200	45	33	
Total	138	100	
<i>Kind of data</i>			
Questionnaire	69	50	
Archival	62	45	
Questionnaire and archival	5	4	
Documentation	2	1	
Total	138	100	
<i>Number of years (only archival data)</i>			
1-3	37	55	
4-6	11	16	
7-9	3	4	
≥ 10	16	24	
Total	67	100	

Table IV.
Research design

(1997b, p. 77) definition of the “risk of failure, that is a measure of the organization’s long-term performance”, hence able to measure the firm’s capacity to meet the expectations of primary stakeholders. The evidence suggests that researchers make a large utilization of non-financial measures, but they preferably use one dimension. This practice is surely not coherent with the multidimensional concept of results and with the need to integrate the financial and non-financial measures mentioned above (Section 1).

4.4 Research design: sample and data sources

Every type of empirical research has an implicit, if not explicit, research design. In the most elementary sense, the design is the logical sequence that connects the empirical data to a study’s initial research questions and, ultimately, to its conclusions (Yin, 1994, p. 19).

In this section, we set out to explore two essential elements in a research design: the sample structure and data sources utilized (Table IV).

The sample was explored by analyzing the geographical factor and the number of observations. One article was excluded here due to its theoretical nature. In geographic terms, empirical research shows a prevalent focusing on countries (75 percent), with a decidedly lesser one on destinations (20 percent); and the use of continents or the world is marginal (4 percent). Three continents account for 88 percent of the papers: Europe (35 percent), Asia (28 percent) and North and Central America (26 percent); in terms of countries, five nations account for 69 percent of the sample. It is interesting to note that some relevant countries for international tourism, like France and Italy, do not appear in the list. To this regard, six articles using worldwide or continental evidence were excluded.

Regarding the sample size, some dimensional groups were subjectively defined. Most of the contributions use broad samples, made up of a number of observations – normally represented by hotel units – equal to or higher than 200 units (33 percent) or small (1-49; 29 percent) or medium-small samples (50-99; 27 percent). The collected data have been classified by distinguishing, in the case of the empirical papers, between data collected through questionnaires, archival records or both and documentation. The percentages show an equilibrium between the use of questionnaire (50 percent) – classifiable as primary data – and archival records (45 percent) – i.e. quantitative data drawn from public sources and hence classifiable as secondary data. Only 4 percent of the contributions use the two information sources jointly; the use of documentation is also marginal (1 percent).

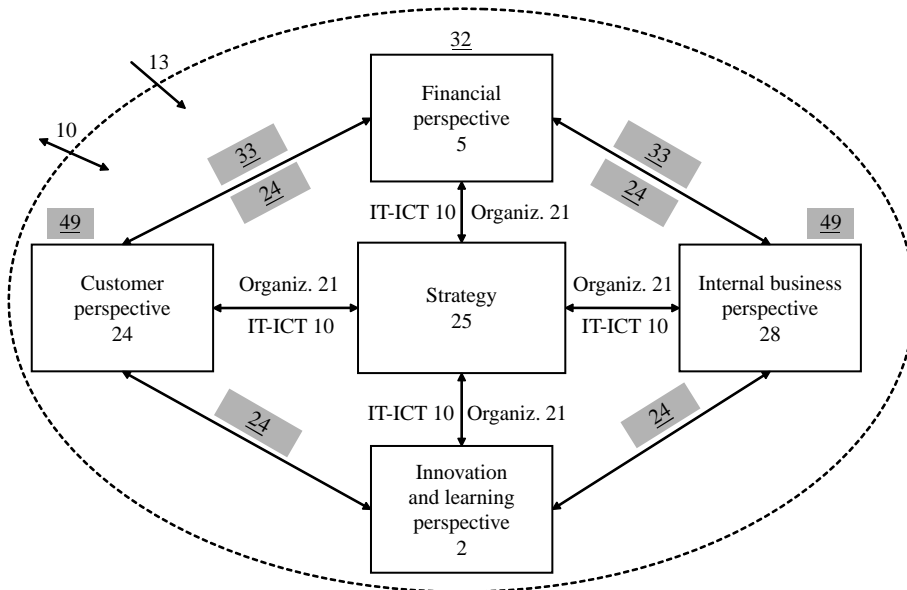
This picture suggests that actual results concerning determinants are strongly country based. The USA, Taiwan, Spain, the UK and China represent 69 percent of the sample. Remembering the importance of some environmental forces (Section 4.1), it is crucial to develop a common use of external control variables. On the other hand, it is not easy to understand the role played by each internal subfield cited above (Section 4.2) in explaining performance.

5. Conclusion: fitting the pieces in the puzzle

In the previous sections, we classified the single contributions pertinent to the field in question (performance and hotel industry), seeking to identify the streams (dependent and independent) variables and salient traits in the research methodologies employed (sample and sources). The work carried out made it possible to examine the particular features in the main research streams. To use a metaphor, we may now ask ourselves whether, in relating the studies in each particular stream, a puzzle or mosaic emerges in the research, where the single articles are the pieces in this puzzle or mosaic.

To deal with the various contributions, it was decided to use Kaplan and Norton's BSC model, due to the profound influence which this framework has had (Section 3, Table I). Figure 1 positions the papers devoted to analyzing the performance determinants within the four perspectives (Section 4), picking up the segmentations previously introduced between external variables, internal and external variables and internal ones and, concerning the latter, the segmentation for functional areas.

All the papers are collocated in the figure in the following ways: each quadrant shows the number of papers exploring the specific perspective; each paper is identified by a number. In order to not make the figure too complex, the particular research issues



Notes: Normal number: independent variable; underlined number: dependent variable; in grey: dependent variables repeated; plotted line: environment; one-directional arrow: external variables; two directional arrow: external and internal variables

Figure 1.
The BSC of previous research

have been omitted. A perception is thus given of the independent variables used in the principal studies. The previously identified functional studies have been linked with the four perspectives in the model, in particular, marketing is related to the customer perspective and production to the internal business perspective. The papers in the strategy group (32 articles, Table II) focusing on innovation and entrepreneurship (two papers) have been classified in the learning perspective, those using financial determinants (five papers) in the financing perspective.

Outside each quadrant is shown the number of papers using that perspective to construct performance indices. In the case of joint use, the number has been placed in the center of the arrows joining the quadrants affected. In particular, papers using operational and financial dimensions have been positioned along the arrows linking the customer and financial perspective, on one side, and internal business and financing perspective, on the other side. Papers using the organizational dimension (stand alone or jointly) have been placed along the four arrows that link the four perspectives. We may thus have a perspective of the dependent variables.

Business strategy has been collocated in the center of the model as the element unifying its four dimensions (Kaplan and Norton, 1996). Near the arrows linking the strategy with the four perspectives, it was decided to position the papers devoted to the organizational variables and ICT, defined as “facilitating”. These variables may, in fact, be seen as facilitating factors, if well managed, or hindering, if unmanaged or badly managed, in the development of a BSC approach.

The management of the organizational variables is important to generate tension in the various levels of the company structure and to “propagate” the strategy in the

various perspectives. ICT, instead, is a crucial variable to circulate the right information (which goes to feed the BSC indices) and to manage efficiency in the processes. This makes it possible to grasp at a glance the areas in which the research has invested in terms of dependent, independent (internal and external) and facilitating variables. Concerning independent variables, the horizontal axis in the model (customer perspective, strategy and process perspective) shows the area of greatest research (over half of the papers). This evidence appears in line with the structural features of the hotel business and with the importance held, respectively, by customer relations and the protection of the efficiency of management processes.

The strategy is interpreted, above all, in the light of the basic major decisions which a hotel business has to make (hotel traits), revealing a prevalent strategy concept as “positioning”.

The customer perspective is a natural area for research in a business with oligopolistic features, strongly affected by seasonality and a mainly fixed-cost structure. The internal process perspective documents the growing attention which firms in the sector address to management efficiency and productivity, also considering the high level of competition.

The relation between business and environment is a fairly frequently explored theme (17 articles), above all, assuming a two-directional relation (11 articles). The environment tends to be identified, above all, with the sector, market or with the specific destination within which the hotel business operates. The two-directional papers combine these external variables with some strategic variables, mainly represented by hotel traits.

The areas least covered by research are the financial perspective and development. The small number of papers utilizing independent variables of a financial nature is in line with the widely shared assumption in literature that the determinants of financial results are to be sought, above all, along the operational and organizational dimension. These variables have been made operational by working along the horizontal axis of the model shown in Figure 1.

The small number of papers examining development and innovation is, however, more surprising. In a sector marked by high, growing competition, development may constitute the first way to renovate and construct sustainable and defensible competitive advantages. Two factors may explain this apparent paradox: one linked to the characteristics of the industry and one of a methodological nature.

Regarding the former, Baum and Ingram underline that the development of new products calls for exploring new routines, while by working on (exploiting) existing routines one tends to maximize efficiency. However, on the one hand, “the routines to which organizations become committed tend to be determined more by initial conditions, experiences, and actions than by information gained from later learning situations” (Baum and Ingram, 1998, p. 998); on the other, to reduce uncertainty and the cost of the research, “the best strategy for any individual organization is often to emphasize the exploitation of successful explorations of others” (Levinthal and March, 1993, p. 104). The result is that development is based more on “congenital” and “vicarious” learning (Ingram and Baum, 1997b), the latter developed, above all, at population level or that of related organizations.

A second observation of a methodological nature may explain the lack of dynamism in research on the learning issue. Innovation is normally a complex process which demands lengthy times, while researchers tend more to use short-time horizons

(Table IV). Concerning facilitating variables, two different types of variables have been collocated in this group: organizational and ICT. The organizational variables explored, above all, the link existing between HRM and the effects on performances, identifying some critical points in the definition of compensation systems and organizational principles. As previously recalled, empirical findings tend more to suggest an indirect relationship between HRM (stand alone) and firm performances. For this reason we considered this variable as a “facilitating”.

The information and communication variables showed the great potential which technology management may reveal, above all, in monitoring the various perspectives, in feeding new performance indices and in managing efficiency and productivity in management processes.

Read jointly, the facilitating variables suggest that the implementation of a BSC system may not be a formal exercise, but must redefine the organizational variables and information systems. This conclusion is consistent with Hilton’s experience in implementing the BSC:

The point of the history is not so much that Hilton embraced the balanced-scorecard concept but that the scorecard was implemented in a way that integrated all aspects of the business and changed the company’s culture to achieve the desired results (Huckestein and Duboff, 1999, p. 29).

The role played by organizational variables and especially firm culture is crucial. “A rigid hierarchical structure without a common culture throughout the organization may need to be changed prior to the implementation of the balanced scorecard” (Phillips, 2007, p. 743). For this reason “a successful BSC implementation should enable organizational change, not solely for measurement’s sake” (Phillips and Louvieris, 2005, p. 202).

The dependent variables are marked by an underlined number. Most of the contributions (49, 36 percent) use indices linked exclusively to the operational dimension. In this case, it was decided to collocate the papers above the quadrants of the customer and internal business perspective, since they are mainly indices relating to occupancy, prices and revenue per available room, and hence, depending not only on the relationships established with customers, but also on the ability to saturate production capacity.

A second group (33, 24 percent) uses dependent variables constructed by jointly enhancing the financial and operational dimension. In this case, the papers are collocated on the lines joining the financial perspective with the customer and internal business perspective. The indices are normally represented by financial ratios and gross operating profit, to which operating measures linked to occupancy and prices are added. Dependent variables constructed using only financial values – primarily financial ratios and economic margins – have been placed above the financial perspective quadrant.

The studies using organizational performance measures (16, 12 percent) are collocated above the strategy, since above all, the studies using failure rates are part of this group. We may recall that this index is proxy of the firm’s ability to survive in time, which is definitely a feature of the strategy and overall functioning of the business system. Finally, the papers jointly analyzing the three dimensions (7, 5 percent) or other combinations (1, 1 percent) are positioned along the lines linking the four perspectives.

These articles jointly use indices relating to the operational, financial and organizational performances affecting the various BSC perspectives.

Generally speaking, the analysis of the dependent variables confirms the central importance assumed by the operational and financial dimension used stand alone (59 percent) or jointly (24 percent). These results are definitely influenced by the relative ease of access for researchers to operating data (official statistics) and financial data (annual reports). The analysis makes it possible to outline some conclusions of a theoretic and empirical nature. At the theoretical level, this paper is strongly based on six countries (69 percent of the sample). Given the profound diversity of national contexts, researchers focusing on internal determinants should use external control variables more extensively. Furthermore, some recent subfields appear very fragmented, especially in terms of the independent variables used. The determining factors are sought mainly in marketing, strategy and processes, ignoring the innovation and learning perspectives. At the empirical level, this paper tends to suggest operational implications focused on current activities, using prevalently operational and financial dimensions. Also in this case, the learning perspective has not been thoroughly unexplored.

6. Limitations and further research

Two potential limitations of this study should be noted. First, the literature review has been analyzed primarily using two keywords (hotel and performance) in three important databases. This research strategy could not identify relevant articles, affecting comprehensiveness and integration of the analysis and the value of the findings. Second, each paper has been analyzed by coding some information about independent (Table II), dependent variables (Table III) and research design (Table IV). Regarding the findings, the author has not coded either the sign of relationship between independent and dependent variables (positive or negative), or the score of this link. This bias has not made it possible to apply statistical procedure in the analysis of findings. However, the goal of the paper is not to make a meta-analysis of the literature regarding performance, but rather to map research streams and to discern state of the art. This limitation could be the topic for further investigation in later studies.

Implications for future research suggest two main directions. First, in order to increase comparability between studies related to different contexts and samples, it is important to use a shared set of control variables related both to environment and firm characteristics. On the other hand, it is difficult to compare findings based on similar independent variables but different samples and contexts. Second, to develop more complex and structured models, better able to explain performance, researchers should enlarge the overlaps and connections between new independent variables and old ones. This is imperative inside each main stream (Sections 4.1 and 4.2) and between streams (Section 5). On the other hand, each study (or stream) simply draws some links between one or more determinants and firm performance, measuring sign and intensity, but the findings of the each paper (or the field) remain "isolated".

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