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Performance measurement for teaching hotels: A hierarchical system incorporating facilities management



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ABSTRACT

Intended to establish a performance measurement system (PMS) for teaching hotels, a study was conducted involving face-to-face interviews with the senior management of a typical teaching hotel. Key performance indicators (KPIs), grouped into four dimensions—education support, brand enhancement, financial performance and facilities performance, were shortlisted to form a performance measurement hierarchy. Using an analytic hierarchy process (AHP), the intended PMS was developed. Instead of financial performance, education support was the most important dimension, followed by facilities performance. The PMS, which is a pilot of its kind, may be used for other teaching hotels.

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1. Introduction

Successful hotel management entails an array of works such as marketing, engineering, logistics, administration, accounting and human resources. Underpinning such activities is a variety of facilities services, including maintenance, cleaning, security, catering, etc. that require substantial resources (Rutherford & O'Fallon, 2007). Without proper management of these services (i.e. facilities management (FM)), the core businesses of hotels (e.g. guestrooms, food and beverages) would not be satisfactory. For teaching hotels, in particular, they need to attain not only a healthy business but also the mission of supporting hospitality education.

In general, facilities managers of hotels are expected to be well versed in managing their facilities services. But when asked about whether the services affect the overall performance of their hotels or to what level the services contribute to the overall performance, they often find it hard to give a definite answer. A common reason for this is the lack of a credible system that embraces assessment of the FM performance in hotels.

Over the past few decades, FM has been increasingly recognized as a multi-disciplinary profession encompassing a range of support services for ensuring functionality of built facilities, thereby enabling the growth of organizations (International Facility Management Association, 2014; European Facility Management Network, 2014). Yet, a performance measurement system (PMS) incorporating assessment of FM performance in hotels was not available. Intended to develop such a PMS and illustrate its application in practice, a multi-stage research project was carried out based on a case study of a teaching hotel.

In the first stage of the project, a desktop study was conducted to review literature and past research works that are related to performance measurement and facilities management for hotels. In the second stage, a methodology which is appropriate for obtaining the various types of data needed was formulated, and the corresponding data collection tools were

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designed. Then the data collected were analyzed, enabling the establishment of the intended PMS. In the final stage, the applicability of the system was verified based on the case study. These stages of works, analyses of the findings, results of the project as well as some suggested future works are reported in the following.

2. Literature review

Traditionally support services belonging to the integrated FM function for hotels spread across different departments, and the term FM was not commonly applied in the hotel sector (Jones, 2002). For many hotels, implementation of the integrated FM function remains a new initiative; holistic assessment of their FM performance is even an untried idea. Research studies in this area are yet to be seen.

In the beginning of the current study, a literature review was conducted to identify the key features and principles of facilities management and performance measurement so as to understand how they may be applied for assessing FM performance in the hotel environment. The ensuing parts present the main findings of the review.

2.1. Scope and function of FM in the hotel environment

Facilities management is an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of an organisation in order to create an environment that supports the primary objectives of that organization (Barrett, 1995; Atkin & Brooks, 2000). According to Alexander (1996), FM is the process by which an organization ensures that its buildings, systems and services support core operations and processes as well as contribute to achieving its strategic objectives in changing conditions. As a business discipline, FM is concerned with all the processes that ensure user's needs are satisfied, setting up the conditions in which processes can be improved (Alexander, 1994).

With reference to the above definitions, the scope and function of FM are wide-ranging. Whereas it is the typical responsibility of the engineering department of a hotel to operate and maintain its facilities, the concept of FM, when applied in the hotel environment, requires the FM function to also cover ongoing improvement of the facilities, implementation of environmental conservation measures, compliance with health and safety requirements, and so on. The nature of such a comprehensive, dynamic role of FM is both operational and strategic, supporting the continual growth of the hospitality businesses. Assessing the contribution of the FM function, therefore, necessitates a PMS that covers not only the traditional engineering service but also the other essential, facilities services.

2.2. Importance and characteristics of a PMS

A PMS is defined by Neely, Gregory, and Platts (1995) as "the set of indicators which can be used to quantify the efficiency and effectiveness of actions". Performance measurement, being a key factor in ensuring the successful implementation of an organization's strategy, is important to any function or operation (Fitzgerald, Johnston, Brignall, & Voss, 1991). In the FM context, it also provides the basis for an organization to assess how well it is progressing towards its predetermined objectives and identify areas of strengths and weaknesses (Kincaid, 1994; Amaratunga & Baldry, 2002a, 2002b). Facilities managers are accountable to senior management for the contribution of FM to the business result and economic health of their organizations (Amaratunga, Kulatunga, & Baldry, 2005).

It is widely recognized that "what gets measured get done" is a cornerstone for achieving business goals (Eccles, 1991; Kaplan & Norton, 1992). If performance is not measured with the correct focus, issues that are potentially detrimental to the business of an organization would be overlooked (Atkinson, Waterhouse, & Wells, 1997). Given the increasing competition in the hotel market, it has become vital to measure and analyze all services playing a crucial role in a hotel organization (Zigan & Zeglat, 2010).

In order to develop an effective PMS for the FM function, one must be clear about the objective of having the PMS. As Amaratunga, Haigh, Sarshar, and Baldry (2002) stated, a PMS can achieve four potential benefits: satisfying customers, monitoring progress, benchmarking process and activities, and driving change. The main objective of an integrated PMS is to help organizations identify a set of measures that better reflect their performance (Kennerley & Neely, 2003). Such a PMS needs to be a balanced framework that consists of both financial and non-financial measures, enabling multi-dimensional evaluations of organizational performance (Martinez, Kennerley, & Neely, 2004).

Before embarking on the development of a PMS, it is crucial to obtain a thorough understanding of the organization's business goal and missions, followed by converting them into facilities-related objectives. These objectives, in turn, will form the basis for establishing the necessary performance measures (Varcoe, 1996). For organizations with a hierarchy of workforce, different categories of performance indicators targeting the operational, tactical and strategic levels are needed (Lai & Yik, 2006). Such indicators, often grouped into different clusters, can be used to measure how well the organization's mission, management, program and individual goals are met (Cable & Davis, 2004).

2.3. Performance measurement in FM and hotels

In general, business performance is commonly measured using key performance indicators (KPIs) and may involve a benchmarking process in relation to the performance outcomes (Kaplan & Norton, 2001; Madritsch & Ebinger, 2011; McDougall & Hinks, 2000). While different categories of KPIs may be employed by hotel general managers to assess the

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