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Determination of goals under four perspectives of balanced scorecards and linkages between the perspectives: A survey on luxury summer hotels in Turkey

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Abstract

This study aims to determine the main goals under four balanced scorecard (BSC) perspectives and investigates the relationship between the perspectives for luxury summer hotels in Turkey. It also questions the approaches of the main managerial positions to the four BSC perspectives. This study is based on a two-stage survey which includes twenty luxury summer hotels located in Turkey. The findings of the survey show that finance has the highest priority among the four perspectives and the strongest relationship exists between customer and finance perspectives. It is also concluded that general and financial managers choose financials as the most important perspective while sales and marketing managers consider the customer perspective as the most important.

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Keywords: Balanced scorecard; hotel management; strategic management; performance measurement; Turkish summer hotels

1. Introduction

Performance measurement has been an important issue for both the business world and academics for many years. In the 1980s, some performance measurement methods were formulated; however, the BSC which was

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developed by Kaplan and Norton (1992) has become the most commonly accepted tool by researchers as well as managers. The BSC translates the mission and strategy of an organization into goals and from these goals specific measures can be derived in order to achieve the targets (Kaplan & Norton, 1992). As a flexible methodology the BSC has been adapted to industrial enterprises as well as service organizations since it was developed. It covers quantitative indicators as well as qualitative factors which are critical in service environments. (Ehbauer & Gresel, 2011)

Turkey has shown a substantial development during the last 11-year period, with a GDP increasing from 230 Billion USD in 2002 to 820 Billion USD in 2013. Tourism revenue is an important item in Turkey's GDP and it reveals a rise parallel to the country's progress, from 12 Billion USD in 2002 to 32 Billion USD in 2013. The number of luxury summer hotels has increased more than three times from 311 to 1,015 in the 13-year period between 2000 and 2013. Antalya and Bodrum are Turkey's most important tourism centers and hotels in these centers create an important part of the revenue from tourism. With high-quality services, qualified employees and executive staff, the hotels in these regions achieve worldwide success. For the sustainability of hotel performance, factors affecting success should be determined, and developed continuously.

The purpose of this paper is to identify the main goals of BSC perspectives and the strength of relationships among these perspectives, and also to ascertain the opinions of managers about the perspectives for luxury summer hotels in Antalya and Bodrum.

2. Literature review

Kaplan and Norton (1992) developed the BSC as a new tool including operational measures, as well as financial ones, for performance evaluation. The BSC provides management with a set of measures that give a fast and comprehensive view of the business. The aspect of non-financial assets' accounting for 50-80% of a firm's value supports the importance of the BSC approach (Kim & Lee, 2007).

Since the importance of intangible assets has increased in the hospitality industry as much as tangible assets, the BSC approach has become a popular tool in hotel management (Evans 2005). Denton and White (2000), Brown and Mc Donnell (1995), Mc Phail et al. (2008), and Fisher et al. (2010) explored the BSC applications in hotel management and showed its advantages as a model combining different performance measurements.

Bertan (2009) reviewed the BSC in the hospitality industry and determined how the BSC affects the management strategies of hotels and also explained the cause-result relationship between the perspectives of the BSC.

Denton and White (2000) highlighted the stimulant feature of the BSC, which provides both owners and managers with a fast indication of how well each property is doing. They stated that the BSC establishes mutual targets for all parties in their search for a good hotel guest experience, therefore; it raises financial outcomes. Their research is based on White Lodging Services Corporation (which manages Marriott's service franchises) which implemented the BSC in 1997 and they found that the company's financial indicators became stronger. They also concluded that the company was able to reduce turnover and dramatically increase adherence to internal processes. Another result of their research showed the alarm feature of the BSC. The company's guest-satisfaction scores did not meet targeted levels of improvement. These scores served as an early warning indicator to the management for potential difficulties long before the situation affected the bottom line. Kim and Lee (2007) drew attention to quantifying non-financial measures as an important difficulty in implementing the BSC.

Phillips and Louvieris (2005) analyzed the performance measurement processes of SMEs in the tourism industry in the UK using the BSC framework. They identified budgetary control, customer relationship management, strategic management, and collaboration as priority factors which are slightly different from Kaplan and Norton's perspectives; claiming that these factors fit SMEs better rather than simply implementing management tools developed for larger organizations.

Chen, Hsu, and Tzeng (2011) developed a model using the BSC approach to evaluate the performance of hot spring hotels in Taiwan. Based on their study they claimed that customer perspective has the top priority for management strategies in hot spring hotels.

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