

MANAGERS' PERCEPTIONS OF CRITICAL SUCCESS FACTORS IN HOTELS

The case of Moat House Hotel-Glasgow

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ABSTRACT

This research is about the concept of critical success factors (CSFs) as applied in the management of hotels. The concept has its origins in the field of management information systems although has since been applied in the fields of strategic and operational planning/management, core competency, and value chain and business process perspectives. According to Wheeler and Hunger (1988), the information system should focus a manager's attention to the CSFs in the jobs thus enabling the manager to concentrate their efforts or attention to the areas that influence results. Therefore, CSFs are those few things that must go well if a corporation's success is to be ensured.

This study has its roots in Brotherton and Shaw (1996) exploratory survey into nature, and relative priority of critical success factors in UK Hotels. That study adopted a disaggregated application of the CSFs concept to individual department/functional aspects of hotel operations. The study identified the CSFs and associated critical performance indicators (CPIs) as identified by practitioners in the hotel industry. This study is set out to gather, through interviews, what managers in one hotel unit (The Moat House Hotel-Glasgow) perceive to be the CFFs and CPIs of their functional areas/departments. These findings were compared to the ones of the Brotherton and Shaw study.

The results reveal that there is not much difference in the results of the two studies. From analysis of the findings in the two studies, CSFs in hotels lie on the customers, the employees, financial performance and the business process. For hotels to succeed, they need to pay to pay attention to these areas. Hotels, therefore, need management systems that recognize the importance of these areas. It would be of future research interest to expand this study to a larger sampleframe to test the reliability of the findings. It would also be of interest that future research investigates the effectiveness of the customer satisfaction tracking systems in relation to the CSFs identified in hotels.

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Overview

This research is about the concept of critical success factors (CSFs), also known as key success factors, in hotel operations as perceived by practising managers in one hotel (Moat House) in Glasgow, UK. The study seeks to explore the factors as identified and ranked by departmental managers including the tools they use to gauge their achievement. The study is a continuation of an earlier study “*Towards an identification and classification of Critical Success Factors in UK Hotels Plc*” conducted by Brotherton and Shaw in 1996.

One of the earliest commentators on the concept of critical success factors (CSFs) was Daniel (1961). Little else seems to have been written about the concept until Rockart (1979). The basis of the concept of CSFs is that there are some limited factors that are responsible for the success of firms in an industry. This concept had roots in the field of information systems, though was later expanded to the fields of strategic and operational planning/management, core competency, and value chain and business process perspectives. It was then held that no company could afford to develop a strategy, which fails to provide adequate attention to the principal factors that underlie success in the industry. The critical success factors in the industry lie within these principal factors and it is for this reason, that CSFs form the basis of a management information system. Rockart (1979) identified five sources of CSFs namely: the industry; competitive strategy and industry position; environmental factors; temporal factors and managerial position.

Wheeler and Hunger (1988) contend that business policies are a reflection of a corporation’s CSFs. According to them, CSFs are those elements of a company that determine its strategic success or failures varying from one company to other. Whereas some companies view customer service as crucial to success, others may view new product development, quality, and cleanliness or value as critical to success. An information system is meant to provide an early warning signal to the company management about company performance with this information originating either from within the company or externally. Information system should focus a manager’s attention on the CSFs in their jobs to enable them concentrate their effort or attention to the areas that influence results. They argue that CSFs are those few things that must go well if a corporation’s success is to be ensured.

Boynton and Zmud (1984) contend that CSFs are factors that must go well to ensure operational, managerial and organisational success. CSFs approach was acknowledged as useful to the planning process, management information system and requirements analysis.

They advance the argument that these factors are typically 20% of the total factors that determine 80% of the business unit's performance. They therefore represent those areas that must be given the special and continuous attention needed for high performance.

Rationale for the study

The area of critical success factors was chosen for the fact that there has been little research in this area especially in the hotel industry. Apart from Geller (1985a, 1985b and 1985c) studies, and the Brotherton and Shaw (1996) study, the only other related studies (Harris and Mongiello, 2001 and Kaplan and Norton, 1992) are more into performance measurement tools in the hospitality with CSFs being one of the factors influencing performance measurement.

Even in the general Business Administration field, Grunert and Ellegaard, (1993, p.245) noted that:

All research in business administration is concerned with understanding what makes some businesses more successful than others. In marketing, organisation, finance, accounting- all the academic counterparts of the classical functional areas of business administration are concerned with understanding how that particular business functions, and how this functioning is related to business success. It may, hence, appear strange that a concept like *success factors* could be launched as something new and original, something that merits special research attention.

This study is a continuation of the study "*Towards an identification and classification of Critical Success Factors in UK Hotels Plc*" conducted by Brotherton and Shaw in 1996. The study was an exploratory survey conducted by use of mail questionnaires. The authors of this study identified time, funding and the fact that it was an exploratory study as some of the reasons for using the mailed questionnaire survey approach. They admitted that many prominent commentators in this field (Bullen and Rockart, 1981, Boynton and Zmud, 1984) favour the direct interviewing method as such a method is capable of generating much richer data on the type of issues being addressed here, but does have the disadvantage of being fairly time consuming and costly. The direct interviewing method is identified as

suited to in-depth studies focused upon one organisation though is more difficult to implement on a wider scale with a very limited budget (Brotherton and Shaw, 1996). The direct interviewing method was adopted, in order to generate a richer data compared to questionnaires. The decision to carry out the study in a single unit was borne out of consideration to the time available for the study, the timing of the study being in summer months when most hotel executives go on holiday hence the difficulty in getting them to give interviews. This research was meant to bring down the findings of the Brotherton and Shaw study to the context of an individual hotel unit and assess if the managers in a single unit would identify and rank the factors in a similar trend.

A four star property was chosen because the majority of the respondents (87%) in the exploratory study were four star located primarily in cities (73%) with an average of 100+ rooms and 100+ employees

The research borrows from Hunger D.J and Wheeler (2002), who argue that each industry has certain variables that a company's management must understand in order to be successful. These are variables that significantly affect overall competitive positions of all companies within an industry. They vary from each industry to the other and are crucial in determining a company's ability to succeed within that industry. They are determined by the economic and technological characteristics of the industry and by the competitive weapons on which the firms in the industry have built their strategy.

The departmental managers are chosen for interviewing on the premise that being the ones in charge of daily departmental operations, they would be in a position to point out those factors crucial for the department meeting its objectives and ultimate success.

As indicated earlier, not much research has been carried out in the area of critical success factors in the hotel industry. Therefore, by venturing in this area it is hoped that areas for further research interest can be identified and further understanding of the concept of CSFs particularly in the hotel industry will be enhanced. There were no hypotheses to be tested and the research was confined to the exploratory study (Brotherton and Shaw, 1996) and the research propositions raised from the review of literature and the results of the interviews with the managers. The analysis of this has facilitated the research to determine the extent to which the research agrees or disagrees with the exploratory study. The research analysed the patterns of the managers' responses to the issues under investigation with the view of grouping the

views under the various topics and comparing the same with the results from the exploratory study.

Aims and objectives of the study

The main aim of this research is to determine to what extent the critical success factors as identified and ranked by the Brotherton and Shaw study compare to the ones identified and ranked by the managers at the Moat House Hotel. It will compare as well the critical performance indicators as identified in the two studies. After determining the extent of similarity or difference, the study attempts to explain the factors leading to the differences if any. The study then attempts evaluate, based on the findings, the shortcomings or strengths of the Brotherton and Shaw study and identify areas that still need further investigation to bring out better understanding of the concept of CSFs and CPIs.

Research Question

Are there some factors perceived by the managers to be critical to the success of their departments? If so what are they, how are the ranked and what tools are used to measure their achievement? How do the findings from this study compare to those of the Brotherton and Shaw study?

Summary of the Research Contents

Chapter two reviews some of what has been written on the concept of critical success factors that are relevant to this study. The chapter traces the roots of the concept, the sources of CSFs. It then explores the various definitions of CSFs by different authors and highlights how CSFs are identified and used. The various levels of CSFs are then outlined plus the ranking of CSFs in terms of factors that determine CSF importance. Measurement of CSFs is also covered which is then tied to other performance measurement tools and how CSFs relate to them. Criticisms levelled towards the concept are presented and then prior research into CSFs particularly in the hotel industry are then discussed and how they bear on this study. Particularly the Geller (1985a, 1985b and 1985c) is discussed briefly and the Brotherton and Shaw (1996) study. From the study the model of CSFs in the hotel industry is presented.

Chapter three discusses the methodology used in this research. It starts off by exploring the theoretical perspectives and research methodologies by explaining the relationship between research paradigms, ontology, epistemology and methodology. The chapter then dwells on qualitative research characteristics, advantages and limitations. Issues of research sampling and design are then explained. The chapter then explains how the data was collected and analysed. The chapter also justifies the choice of methodology.

Chapter four deals with the findings of the research. It narrates the information that was gathered during the research. The findings on identified CSFs and CPIs are grouped according to the studied departments namely: front office; food and beverage service; housekeeping and food production. The chapter summarises the findings in the model similar to the one in chapter two.

Chapter five deals with the analysis of the findings. The findings in chapter four are compared to the findings from the Brotherton and Shaw study. Differences and similarities are identified and possible reasons for them presented. The chapter also identifies areas that may require further investigations due to ambiguities or contradictions. The chapter also assesses to what extent the study has achieved its objectives.

Limitations of this Study

As pointed earlier, the fact that this study was carried out in one establishment, it is difficult to generalise the results as either representative of Glasgow city or the four-star hotel category. This one sample study, despite generating in depth information suffers this handicap. It was also not possible to interview the general manager as he was on vacation at the time of the research. The operations manager was interviewed in his place. It is difficult to determine if the results would have been the same had the general manager been available to be interviewed.

Summary

This chapter introduced the concept, which is the subject of this study, presented the rationale for the study justifying why the topic is worthy of investigation, the likely benefits of this study and why one hotel establishment was chosen for study. The

aims and objectives are then presented together with the research question. A brief summary of the contents of the various chapters is then presented plus the limitations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter explores the literature on critical success factors (CSFs). It begins by tracing the roots and origins of the concept, identifies the evolution in the application of the concept from information systems to strategic and operational planning and then in core competency, value chain and business processes. Various definitions and developments of the concept are outlined. The chapter then covers the measurement of CSFs by introducing concepts of strategic performance indicators (SPIs) and critical performance indicators (CPIs). Techniques used in identification of CSFs identified include: Porter's five forces model, use of industry experts, analysis of the competition and the dominant firm in the industry, company assessment, temporal or intuitive factors and profit impact of market strategy (PIMS). Further developments emanating from CSFs like strategic fit applied in organisation parenting, balanced scorecard, and performance measurement perspectives are then presented. Studies in CSFs in the hotel industry beginning with Geller (1985a, 1985b and 1985c) and the exploratory study conducted by Brotherton and Shaw (1996) are then presented together with its findings and the model of CSFs in the study is then presented.

THE CONCEPT OF CRITICAL SUCCESS FACTORS (CSFs)

Brotherton and Shaw (1996) trace the roots of the concept of CSFs in the Information Systems field. The concept was after that adopted in the field as a more 'generic' approach to management applied in Strategic and Operational Planning/ Management fields. Recently it has been linked with Core Competency, Value Chain, and Business Processes perspectives. The main CSF commentators including Rockart (1979), Munro and Wheeler (1980), Ferguson and Dickinson (1982), Ohmae (1982), Boyton and Zmud (1984), Leidecker and Bruno (1984), Jenster (1987), Freund (1988), Sousa and Hambrick (1989), and Grunert and Ellegaard (1993) agree that, the essence of CSF approach to management is, what they call, *Focussed Specialisation* i.e. the concentration of resources and effort upon those factors capable of providing the greatest competitive leverage.

A 'critical' factor is of great importance and has a high priority ranking within the organisation. It is also likely to embody significant consequences of either positive or negative nature on the business performance. Not all factors will be of equal importance to a company with a relatively limited number of factors being crucially

or 'critically', important to the competitive survival / success of a company. It is these CSFs, and to the extent to which they are achieved, which ultimately determine the success or failure of a company. CSFs are therefore, the 'must achieve' factors both within a company and its external operating environment. CSFs are action-oriented and are a means to an end and are not ends in themselves. CSFs are not business objectives or goals but combinations of activities and processes designed to support the achievement of such desired outcomes specified by the company's objectives or goals. In turn, this means that CSFs are actionable and, to a variable extent, controllable by the management and are potentially measurable (Brotherton and Shaw, 1996). CSFs direct the actions of an organisation to those activities that have direct impact on the overall performance of the organisation enabling the organisation to concentrate its efforts and resources on the core activities. The most important CSFs to concentrate on are those within the control of the management and those directly affected by management decisions and actions.

CSFs are derived from, or depend heavily upon, features of both a company's internal and external operating environment, and may arise from wide variety of events, circumstances and conditions of activities that require the special attention of the company's management (Dickinson *et al.*, 1984). Internal determinants of CSFs in a company include the particular characteristics of its products, processes, people and structures. CSFs therefore, will reflect the company's specific situation, in terms of the core capabilities and competencies, which are critical for its competitive advantage. In the context of the general CSF characteristics outlined above, these internal CSFs are clearly actionable, measurable and controllable through the use of Critical Performance Indicators (CPIs), and any associated Critical Performance Measures (CPMs)

Externally, the CSFs faced by a particular organisation will be derived, at meso-level, from the nature of the industrial and market structures/ dynamics within which it operates. At macro-level they will be derived from the broader conditions and trends evident in the wider business environment. These 'external' CSFs will clearly be faced by all companies operating in a given external environment and are less controllable than the internal ones, though there may still be varying degrees of measurement and control (Brotherton and Shaw, 1996).

CSFs can thus be characterised by the extent to which they are internal or external to the business, or that part of it which the manager has control over, and consequently, whether they refer to something which should be monitored or built; maintenance of technological leadership would be a source of critical success factors, which a business can build, while changing consumer demographics would be a force that can be monitored, but not controlled.

Background of the concept of CSFs

The concept of critical success factors (CSFs) can be traced to Daniel (1961). It received little attention until almost a decade later when Anthony, Dearden and Vancil (1972) used the concept in the design of a management control system. They pointed out that apart from measuring profitability, a management control system also identifies certain 'key variables (strategic factors, key success factors, key result areas and pulse points)' that significantly impact on profitability. They suggest, among other things that there are usually six different variables; these variables are important determinants of organisational success and failure; they are subject to change and not always predictable.

Critical success factors have also been used in determining the information needs of chief executive officers and general managers (Rockart 1979). This approach forces the chief decision makers to identify those information needs that are critical or important to the success of the business. The factors identified become the basis for the company's management information system and provide the standards for performance measurement and control systems. Rockart's (1979) concept of CSFs was inspired by the fact that for organisations to succeed, they must find the optimal match between the environmental conditions and the characteristics of the business. The environment contains certain requirements and limitations, threats and opportunities to which the business must align its strategy, skills and resources in order to succeed. To succeed in an industry therefore, the business strategy must address the principal factors that underlie that particular industry. It is for this reason that these factors form the basis of a management information system.

Leidecker and Bruno (1984) extend the benefits of CSFs to cover the areas of strategic planning and business strategy development. Identification of CSFs provides a means by which an organisation can assess the threats and opportunities in

its environment. CSFs also provide a set of criteria for the strengths and weaknesses assessment of the firm. These two elements (assessment of environmental threats and opportunities, and specific firm resource analysis) are corner stones of the strategic development process.

Definitions

According to Bullen and Rockart (1981, p. 7)

Critical success factors thus are, for any business, the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. They are the few key areas where 'things must go right' for the business to flourish. If results in these areas are not adequate, the organisation's efforts for the period will be less than defined.

Hofer and Schendel (1978, p. 77)

Key success factors are those variables which management can influence through its decisions that can affect significantly the overall competitive positions of the various firms in the industry. These factors usually vary from industry to industry. Within any particular industry, however, they are derived from the interaction of two sets of variables, namely the economic and technological characteristics of the industry involved..... and competitive weapons on which various firms in the industry have built their strategies.....

Leidecker and Bruno (1984, p. 24)

Critical success factors are those characteristics, conditions or variables that when properly sustained, maintained, or managed can have significant impact on the success of a firm competing in a particular industry. A CSF can be a characteristic such as price advantage; it can be a condition such as capital structure or advantageous customer mix; or an industry structural characteristic such as vertical integration.

Johnson and Scholes (2002, p. 151-2):

Critical success factors are those product features that are particularly valued by a group of customers, and therefore, where the organisation must excel to outperform competition. CSFs vary from one market segment to the other and from one organisation to the other. They further observe that customers in any market segment will have threshold requirements on all features of the product or service. If one or

more of these requirements are not met a provider will drop out of that part of the market. Given that different customers value different product features, organisations will need to compete on different bases and through different resource competencies. They conclude that CSFs vary from one market segment to the other and from one organisation to the other.

Boynton and Zmud (1984, p. 17),

Critical success factors are those few things that must go well to ensure success for a manager or an organisation and, therefore, they represent those managerial or enterprise areas that must be given special and continual attention to bring about high performance. CSFs include issues vital to an organisation's current operating activities and to its future success.

From the above definitions it can be observed that, CSFs are those **limited** areas that influence the success of an organisation. Not all areas are therefore equally important to deserve the same level of attention. CSFs also direct the attention of the managers in a business to those areas of utmost importance to the success of the business. Since managers have limited amount of time, they should spend this time on those factors that have greatest bearing on the performance of the business. CSFs have a direct bearing on the performance of the business in either positive or negative nature; they can enhance the success or spell failure for a business depending on how they are identified and used. They also determine the competitive positions of the firms and should be considered in the setting up of the business strategies. The definitions also acknowledge that some of the CSFs are within the control of the managers while others are not; the important ones are the ones the managers can influence through their decisions. It is also comes out that CSFs vary from one industry to the other and from one firm to the other within the same industry. CSFs emphasise the importance of the customer to the success of the firms; it is only firms that set their strategies with the customer in mind that will survive, the customers are therefore a major determinant of CSFs. CSFs also recognise the important role played by the internal abilities or circumstances of the firms in determining their success. CSFs are not static and organisations must continually analyse the environment. Businesses must therefore align their strategies to those factors in the CSFs within the environment. CSFs should therefore, be incorporated in the current operational issues and is setting future strategy.

IDENTIFICATION AND USE OF CSFs

Leidecker and Bruno (1984) contend that the concept of CSFs analysis has been applied at firm, industry and socio-political environment level. Analysis at each level provides a source of potential CSFs.

Firm specific analysis utilises an internal focus to provide the link to possible factors. Industry level analysis focuses on certain factors in the basic structure that significantly impact on the performance of any firm operating in that industry. A third level of analysis goes beyond industry boundaries for source of critical success factors. This school of thought advocates for perpetual scanning of the environment (economic, socio-political) to provide resources that will be the determinants of a firm's/ or industry's success. All the three levels are sources of potential CSFs. The more macro-oriented approaches are of lesser importance while designing a firm's management information system or internal control system, as they are mostly not within the control of the firm's management.

Hofer and Schendel (1978) came up with a seven-step process in strategy development (Strategy Identification, Environment Analysis, Resource Analysis, Gap Analysis, Strategic Alternatives, Strategy Evaluation, Strategic Choice). Of the seven steps, CSF analysis can aid in three specific junctures; environment analysis, resource analysis and strategy evaluation.

Environment analysis is used to identify the significant threats and opportunities facing a firm. It also allows the identification of the essential competencies, resources and skills necessary to be successful in a particular industry or specific economic climate. Resource analysis involves an inventory of a firm's strengths and weaknesses. It should go further and identify those variables that have been instrumental to a firm's success in a particular industry. This approach leads to a level of sophistication that provides greater depth and insight than a mere listing of a firm's weaknesses and strengths. This level of input provides useful information for assessing a firm's competitive advantage (a firm's competencies vs. its competitors). In addition, firm-specific CSFs can be compared with threats and opportunities to aid with the identification of strategic options. Part of strategy development is strategy evaluation, which involves comparing strategic alternatives with specific goals and

objectives of the firm and any other evaluation criteria deemed pertinent. One of such criteria would be the CSFs of an industry.

Rockart (1979) distinguished five sources of critical success factors:

The industry in terms of: the demand characteristics, the technology employed and product characteristics etc. Since firms are part of industries, they must very much be aware of what is happening within the industry, as this will affect their competitive position. A firm that does not keep abreast of what is happening within the industry will easily be swept aside by the changes it fails to respond to. The more sensitive an industry segment is, the more a firm needs to sharpen its radar of detecting change within the industry.

The competitive strategy and industry position of the firm is a source of CSFs for a firm. A leader in an industry is arguably a source of CSFs for other firms within the industry, since the other firms will keep checking on the activities of the leader to adjust their strategies accordingly. The nature of competition will also affect the CSFs in an industry; like in highly competitive industries firms will be forced to adjust their CSFs based on what the competition is doing.

The environmental factors at the macroeconomic level will affect all the competitors within an industry. Firms have no influence over such factors like demographic changes, government legislation affecting an industry or the general economic situation. Firms must adjust their policies taking cognisance of these factors. Mostly, these factors affect the firms on the long term, but may also affect them in the short term for example the introduction of new legislation may have immediate impact on the firms in an industry. Organisations must therefore keep track of the happenings in the macro environment, as these will affect their success.

Temporal factors within the business itself influence CSFs. Some limitations within the business may affect the implementation of a chosen business strategy for example skill shortage can be a hindrance to the implementation of a strategy or cash flow position can hinder the implementation of a project that is critical to the success of a business strategy.

Finally, each managerial functional area has their *generic* critical success factors. Different functions like human resource management, financial management, marketing management, and operations management have what they hold as critical success factors

According to Jenster (1987), successful strategy development and implementation rely on the quality of available information. This information is seen as a resource, which can make or break a firm's chances of success. The main challenge confronting managers is the identification, selection and monitoring of information which is related to the strategic performance of the company. Also, the right information requested and communicated by the managers will help shape the way in which other members of the organisation define their tasks, interpret the firm's strategy, and determine what is important and what is not.

According to Hise and McDaniel (1984) an increasingly popular approach for identifying 'strategically relevant' information is through the critical success factor method. A study conducted on the use of CSFs (Jenster, 1984) in mature manufacturing industries found a number of interesting results including the fact that firms which had high equity returns; had formally identified their CSFs, used the CSFs to monitor their progress in the implementation of strategic changes and benefited from formally integrated reporting and information systems.

Millar (1984) found that critical success factors, when formally identified, implicitly communicate the top management's priorities and thereby direct organisational efforts in the desired direction. More specifically, the desired direction is attained through the motivation of organisation's employees. Provided with a framework against which they can make priorities, assumptions and environmental conditions, the employees are then able to better contribute to the execution of long-range plans.

Jenster (1984) asserts that effective leadership necessitates the clear definition of success factors, the ideal organisation performance in relation to them, and the explicit communication of these factors to all appropriate levels of management in a structured manner. Furthermore, in addition to providing a bridge between the firm's objectives and management's strategy, the isolation of critical factors also provides a vehicle for the design of an effective system of performance measurement and control. This way, the design of critical success factors becomes more than just identifying the areas that 'must go right', but assumes a powerful strategic role in which the specific efforts of top management and the employees are joined and aligned in a manner consistent with the firm's vision.

Critical success factors are central in the planning process (Jenster 1984). They are the limited number of areas, which must be monitored to ensure successful execution of the firm's strategic programs. These factors can be used to guide and motivate key employees to perform in the desired manner, and in a way, which will ensure successful performance throughout the strategy. Their use in discussions and planning within the firm will clearly and succinctly communicate critical elements of the strategy to members of the organisation. More importantly, the CSFs direct the attention of key managers to focus on the basic premises of the firm's strategy. The selection of proper strategic dimensions is essential, in as much as they will serve as motivation for those whose performance is being measured. The CSFs must therefore; reflect success to the defined strategy; represent the foundation of this strategy; be able to motivate and align managers as well as other employees and finally be very specific and/or measurable.

CSFs are used in strategy formulation to support the strategic planning process. Wijn *et al* (2002) present that when CSFs are used for strategy formulation, then the market and mission are the starting points. According to these authors, CSFs are factors on which a company can distinguish itself from competitors, and thus build a stable, positive relation with the market. Atkinson *et al* (1997) describe CSFs as "The elements, such as quality, time, cost reduction, innovativeness, customer service or product performance that create long-term profitability for the organisation". This market-oriented approach to CSFs is especially interesting for companies surrounded by strategic uncertainties that relate to customer preferences.

In summary, CSFs exist at the levels of the firm, industry and the general socio-political level. Each of the levels have their bearing on the performance of the firm with the firm specific having the most direct impact and the macroeconomic ones having less direct impact on the individual firms. Managers are called upon to monitor all the levels of CSFs for the success of their firms. CSFs are useful tools in the development of the organisational strategy. Environmental analysis, resource analysis and strategy evaluation must be linked to the CSFs of a particular firm. CSFs are generated from various sources ranging from the industry, the competitive strategy, environmental factors, temporal factors and the managerial functional areas. The quality of information used in strategy development will directly affect the

strategy itself and this information should be related to the strategic performance which lies in the CSFs of the particular organisation. CSFs, therefore, point to the strategically important information.

CSFs communicate top management priorities and direct organisational efforts in the desired direction through motivation of employees towards their achievement. CSFs are central in the planning process by directing the attention of the key managers to focus on the basic premises of the firm's strategy (Jenster, 1984).

Identification of CSFs

According to Leidecker and Bruno (1984) identification of CSFs is an important element in the eventual development of a firm's strategy, as well as being, an integral part of the strategic planning process. Some of the techniques used in the identification of CSFs include; environment analysis, analysis of industry structure, industry/ business experts, analysis of competition, analysis of the dominant firm in the industry, company assessment, temporal/ intuitive factors, and PIMS results (Leidecker and Bruno, 1984).

Environment analysis includes approaches that identify the economic, political and social forces that will be and are impacting an industry and/ or firm's performance. Such an analysis is macro in approach and the data obtained does not provide a direct linkage to the determination of the industry, let alone firm specific CSFs but the information can be crucial to industries where survival is dependent on factors outside the industry.

Porter's five forces model (1980) is quite popular in the analysis of the industry structure (suppliers, buyers, substitutes, new entrants and competition). The evaluation of each element and the interrelationships between them provide important data in identifying and justifying industry CSFs.

Use of industry experts though may be subjective may obtain information not available or discernable using the more standard analytical techniques. The 'conventional wisdom', insight or 'intuitive feel' of an industry insider often is an excellent source of CSFs.

Competitor analysis is limited to the competitive environment (or how firms compete) as opposed to the industry structure approach. The rationale for this approach is 'homing in on the target'. It is argued that the advantage of this approach is relates to the specific nature of the firm; that is the thorough understanding of the

competitive environment and each firm's competitive posture allows a firm using this approach the facility to incorporate this information into the strategy development process. The major disadvantage is the inability to identify CSFs not linked to the analysis of how firms compete.

Analysis of the dominant firm in the industry is useful in industries dominated by one or few firms. The advantage of this approach is that if the dominant firm establishes the traditional success patterns for an industry, a thorough understanding of what the firm does successfully would aid in one's own internal analysis as well as determining strategic posture. The disadvantage is the narrow focus of this type of analysis. The strategic decision to emulate the dominant firm is fraught with danger.

Company assessment is firm specific. The purpose is to identify the CSFs for a particular firm. Approaches adopted in carrying these activities out include; strengths and weakness assessment, resource profiles, strategic audits and strategic capabilities. The main point is to thoroughly explore what the firm does well and not so well. The positive aspects of the firm's operations may provide the means of determine a firm's CSFs.

Temporal or intuitive factors are similar to relying on experts except the difference here is that the focus is on an individual(s) very familiar with the firm. While this may be subjective, this approach often uncovers subtleties that conventional and objective techniques overlook.

PIMS (Profit Impact of Market Strategy) project data indicates among other things, that relative market share, degree of vertical integration, new product activity, capital intensity and ratios of Research and Development to sales play a major role in determining profitability (Schoeffler *et al.*1974). Profitability is one of a firm's measures of success. If the PIMS results identify the key determinants of profitability, then these inputs provide a starting point for CSF analysis. This approach has the advantage of having an empirical basis but has been criticised as having very general nature of factors. They do not provide a method of analysis to indicate whether the data are directly applicable to a specific firm or industry and /or what their relative importance may be.

Determination of CSF Importance

According to Leidecker and Bruno (1984), the most important criterion while determining CSF importance is its impact on profitability. This can be explained by the importance firms attach to profitability as a measure of success.

In this assessment, CSFs are usually found in the major activity areas of business.

For example, while examining a wholesaler, most of the CSFs would be in and around inventory and warehousing functions as opposed to advertising.

Secondly, major CSFs have large dollar amounts associated with them. For example, in a manufacturing firm, direct labour may be a large dollar amount and the productivity of the workforce might be a CSF. Improving workforce productivity might lead to bottom line performance.

Thirdly, through assessing the sensitivity of overall results to changes in certain activities. If for instance, a small change in price might have an enormous bottom-line impact whereas, doubling the advertising effort might have a little impact.

Fourthly, significant changes in performance of the firm may point to CSF areas. Sudden drop in sales, major profit reversal in a segment of the operation or sizeable increases in margins may be linked to a significant CSF. Whether this is for a short term or long term can be left to the analyst to determine.

Significant CSFs are tied closely to the performance of the business, and sensitivity to the above mentioned areas would assist a firm to monitor a change in the CSFs that warrants attention.

Key Issues on Performance Measurement

The traditional use of profit-based performance measures by many organisations has been criticised on a variety of fundamental grounds: for instance their relative incompleteness and lack of accuracy and neutrality (Emanuel *et al*, 1990), their encouragement of short-termism (Wilson and Chau, 1993) and their lack of "balance"(Kaplan and Norton, 1992).

One performance measurement method which has been recently developed to overcome the defects inherent in the more traditional performance measures is that of the balanced scorecard, which, while giving managers a balance of information from a variety of different perspectives vital to all organisations, also minimises potential

information overload by limiting the number of individual measures included (Brown and McDonell, 1995). There is an apparent high level of interest shown by hotel management in human resources, guest acceptance, managerial abilities and marketing (Geller, 1985a.). It is considered essential that hotel companies develop performance measures unique to their particular market position, age, management style, financial strength and competitive strategy (Geller, 1985b and Brignall *et al* 1991)

In order to overcome the deficiencies noted and to adequately address the needs of hotel companies, it may be useful for hotel managers to consider the balanced scorecard approach developed by Kaplan and Norton (1992).

The balanced scorecard approach aims to provide management with a set of measures, which combine to give a "comprehensive but quick" view of the business. Indeed, it is suggested that the scorecard particularly meets the information needs of managers by combining in a single performance-measurement report the "...many disparate elements of a company's competitive agenda..."while preventing sub optimisation by managers, as they must consider all of their organization's significant performance measures together (Kaplan and Norton, 1992). The cornerstones of the balanced scorecard are: financial, customer, internal and innovation and learning perspectives.

Keeping this balance of perspectives in mind, there are a number of important implications which management in all forms of organisations, not least the hotel sector, should consider with regard to the balanced scorecard approach. First, that the score-card emphasises vision, strategy, competitive demands and the need to keep organisations both looking and moving forward rather than the more traditional focus on control. Indeed, it has been demonstrated that the balanced scorecard appears to be most successful when it is used to drive the process of change (Kaplan and Norton, 1993). A properly designed scorecard should help management to understand the many important interrelationships within their organisations, which more traditional measures generally mask or even ignore. Moreover, the measures incorporated in a scorecard should also provide a balance between external and internal measures and thereby reveal the potential trade-offs between them.

It has been claimed that the balanced scorecard is "much more than a measurement exercise" (Kaplan, 1993). Rather, it is suggested, it should be viewed as a

management system, which can act as a motivating focal point for the organization. Indeed, one executive vice-president with experience of implementing a balanced-score-card system states:

“The real benefit comes from making the scorecard the cornerstone of the way you run the business. It should be the core of the management system, not the measurement system...”
(Kaplan, 1993)

Kotas (1975) argued for the recognition of the fundamental “orientation” and “industry context” when reviewing performance management systems. He noted that the hotel industry has its own particular characteristics associated with the provision of the “hotel product” and, therefore, the measures used to assess hotel performance should reflect the specific activities and kinds of products and services offered. He further argued that although hotels essentially represent a service industry product, closer examination reveals that, through the provision of an integrated room, food and beverage, a hotel encapsulates three significantly different kinds of industrial activity within a single arena, i.e. rooms (a near pure service product); beverage (a retail product); and food (comprising a production function). Thus, although from a consumer standpoint a hotel represents a total “seamless” product, the distinct nature and underlying diversity of activities involved in the provision of hotel services should be recognised and addressed in determination of compatible performance measures.

Though most businesses including the hotel business rely on financial performance as a major yardstick, this orientation has been faulted as being one sided failing to capture the whole spectrum of factors that contribute to success. It is for this reason, that other measures including the balanced scorecard are advanced to address some of the identified weaknesses.

Criticisms to the CSFs Concept

The idea of key success factors is challenged by Pankaj Ghemawat, a strategic management scholar, that “the whole idea of identifying a success factor and then chasing it seems to have something in common with the philosopher’s stone, a substance that would transmute everything it touched into gold”. There is no universal blueprint for a success strategy even in individual industries, there is no “generic strategy” that can guarantee superior profitability. Each market has different

customer motivators and how the competition works. However, understanding these aspects of the industry environment is a prerequisite for effective business strategy. Grunert and Ellegaard (1993), argue that the causes of success in a market are dynamic. Success factors may be transient, and this problem will be more serious, the more concrete the factors are formulated. In addition, recognition of the of the success factors operating in a market by the actors in the market may actually change them: when everybody invests in the same skills and resources, the ability of variation in these skills and resources to explain variation in success will necessarily decline.

Managing in the Hotel Business

According to Jones and Lockwood (1989), whereas hotels in most respects have some characteristics of typical services, they also have a high degree of product orientation. Hotels are not wholly people-based services, but they are largely equipment-based. Hotel guests have a high level of contact with the physical plant of the operation rather than its service personnel. This places a great emphasis in getting the physical surroundings right in the first place. This does not downplay the importance of the nature of the human interaction being of highest quality possible in the short contact time. The reliance in physical plant places very little flexibility on the part of the hotel for instance it may not be easy to change the colour scheme in the room in case a guest does not like it. The lack of flexibility makes a hotel susceptible to competition unless money is invested in maintaining the physical plant and to constantly refurbish and upgrade the property.

The physical plant of the hotel has direct consequences on the cost structure of the business. Hotels are subject to high fixed costs as a proportion of their total operating costs as far as the provision of accommodation is concerned. Unstable demand situations lead them to great fluctuations in profit performance.

Hotels have a difficulty in differentiating from competitors through creating a strong brand image. Although hotel firms have used a variety of images- smiling staff, individuality of units, concern for quality, value for money- but few of these have addressed what it is that hotels provide for their customers. Intangible feelings like comfort, security and homeliness being what attract customers to use hotels, are difficult to depict.

RESEARCH INTO THE CSFs IN THE HOTEL INDUSTRY

The first published study into the concept of CSFs in the hotel industry was by Geller (1985a, 1985b and 1985 c) on the US hotel industry.

In the first study (Geller, 1985a) seventy-four executives and 27 hotel companies were polled to determine company goals and CSFs. Profitability and growth were the most often mentioned corporate goals. Other goals were: best management, market share, guest satisfaction, and wealth. The common generic success factors were: employee attitude, guest satisfaction, superior product (physical plant), superior location, and revenue maximization and cost control.

In the second study (Geller, 1985b), in a survey of 66 hotel executives, the most important indicators of company performance identified were: occupancy percentage, average room rate, gross operating profit, and rooms-department profit. Only twenty-six of the respondents believed their executive information systems (EIS), used to gather and interpret such performance statistics, supported their responsibilities adequately, while 33 felt their EIS did not. Executives indicated the need for more competitive data and more information concerning marketing and human resources. Designing EIS to collect and process data about current and past guests and target groups of future guests can improve hotel marketing efforts. The ease of capturing marketing data was highlighted as well. Automated systems can also improve human resource operations by measuring morale, providing better information, and filling jobs more quickly. Most of the survey respondents agreed that they receive too much useless information; many still track important items manually.

In the third article (Geller, 1985c), a systematic plan was proposed to enhance a hotel company's executive information system (EIS). A good EIS system was proposed to possess such characteristics as: information that is accurate and responsive to user needs, flexibility and providing support for the organization's management philosophy. Although each hotel company should devise its own specific plan for improving its information system, a general foundation for all companies can be found in an 8-step program. This program involves: establishing a project team,

documenting plans and goals, analysing information needs, evaluating the current EIS, and defining required EIS enhancements and implementing them. In a good system, information will be filtered out as it goes up the management pyramid. This condensation greatly reduces the volume of information received, and it directs executive attention to those items most needing attention.

The focus of the Geller studies was purely in the management information systems. They attempted to develop a system whereby the top management's attention was focused into the critical areas for the success of the business.

Brotherton and Shaw (1996) carried out an exploratory survey into the nature and relative priority of, Critical Success Factors in UK Hotels. This unique study both in terms of the investigation of the CSF concept in UK hotels and the disaggregated application to individual departmental/ functional aspects of hotel operations and identified the associated Critical Performance indicators, by practising managers in the UK hotel industry. The study covered 15 hotels in the three and four-star categories spread in the cities and provincial town in the UK.

The questionnaires concentrated on what the managers perceived to be critical to the success of their departments. The departments covered were: front office, food and beverage service, food and beverage production, conference and banqueting, leisure operations, back of house, sales and marketing, human resource management, accounting and control and guest accommodation.

Given that my study covered only five departments, those are the departments whose results will be represented here. The tabulation of the results is in appendix III.

Front Office

The general objectives as identified by the respondents for the front office points towards maximisation of occupancy, revenue, yield and profitability on the one hand and the provision of an efficient and smooth reservations service to customers on the other. This were reflected in the CSFs where the operation of an accurate and efficient reservation system was ranked as top CSF and occupancy percentage, average room rate, room yield and guest questionnaire being the corresponding CPIs. Given that one of major functions of the front office is selling rooms, an efficient way to do this will assist the department to achieve the hotel's business objective. High also in rank of CSFs are the "softer" elements of the front office environment

like “customer care” and “staff attitudes” and more “technical” elements of “reservation system” and “revenue/ yield management”.

The study also revealed that “customer feedback” the most critical source of measurement used to assess the achievement of this efficiency/care combination. The customer thus plays a central role in the evaluation of the service delivery. The authors suggested the need for further research to assess how the customer feedback system is organised, and how systematic, accurate and effective it is.

The future front office CSFs identified include: accurate billing, pricing/yield/ market share, check in /out times, and staff attitudes. CSFs considered important for the present and the future include: staff attitudes, accurate and efficient reservation system followed by staff appearance, enquiry handling and pricing/yield/market share.

The theme weaving through these findings reveal the customer and the staff being in the centre of the success of the front office department assisted by appropriate business processes (reservation system, yield management, check in/out procedures). Employees with the appropriate skills and attitude will use the set system to satisfy the guests and achieve the business objectives.

Food and Beverage Service

The main themes that emerged from the objectives provided by the respondents were the achievement of the gross profit, revenue and sales targets; implementation of effective cost controls; generation of increased and repeat business; and satisfaction of customer expectations by providing high standards of food products and service. These findings reflect the importance given to the volume and profitability of the food and beverage aspects of the hotel business on the one hand and the more qualitative aspects embodied in the quality of food products and service provision on the other.

In the overall pattern of CSFs rankings, “qualitative” or “softer” aspects such as high level of service; enhancing customer care; developing and maintaining high level of staff skills; staff attitudes and appearance and providing quality of ambiance and environment. The CPIs rankings however, emphasise on more “quantitative” or “harder” measures of business volumes like repeat business; sales generation; number of covers; customer feedback; new business etc.

This relationship suggests that the respondents see a clear, directional relationship between the “quality” of the softer aspects of food and beverage service provision and the achievement of the harder outcomes from such activity. However, there is a significant reference to the use of “softer” forms of measures in the form of customer feedback. The respondents mentioned customer feedback as a CPI for all the five CSFs.

In terms of future CSFs in the food and beverage service the rankings were: improvement of sales/yield; enhanced staff skill; improved restaurant ambience; presentation of food and drink; staff attitudes and customer care.

CSFs regarded as having the constant highest priority were: staff attitude and appearance, quality of food and drink, high level of service, service response time, improved sales, presentation of food and drink and speed of service.

Two aspects emerge strongly from the respondents in as far as this department is concerned on one hand, quantitative aspects like sales volumes, gross profit percentage, cost savings and qualitative aspects like restaurant ambience, staff skills, attitudes, speed and friendliness of service.

Food and Beverage Production

The predominant themes identified in the food and beverage production objectives stated by the respondents were as follows: the achievement of gross profit; budget and cost targets; improvement/re-engineering of current production methods; competitive purchasing of goods and exploration of alternative supply sourcing; maintenance/improvement of the quality and consistency of food and its presentation. The themes indicate a primary emphasis upon efficiency and profitability in the food and beverage production function. This emphasis needs to be balanced with the quality/consistency aspects of this activity.

The identified CSFs in order of rank were: consistent quality of food; installing appropriate standards and procedures; maintaining efficient purchasing practices with effective liaison with suppliers; ensuring minimal food wastage; utilisation of efficient production methods and maintaining high standards of hygiene.

Their corresponding CPIs were mainly the ‘hard’ financial measures (new and repeat business, increased sales and profitability, monthly food GP%, stock turnover period

and labour costs) except for customer feedback, customer complaints and hygiene audits.

In terms of future CSFs the highest ranked for food and beverage production were: the quality of food, minimisation of waste, use of efficient production methods, and effective liaison with service staff. The only one given low priority by the respondents was hygiene.

The CSFs that were given constant highest priority were: minimisation of food wastage, use of efficient production methods, use of standards and procedures, maintenance of high standards of hygiene, staffing levels, staff skills and training and correct buying methods. These results present a clear emphasis upon future importance of those CSFs concerned with the efficiency of production.

Since the industry has been forced to significantly improve its hygiene practices to comply with the more demanding hygiene regulations introduced as a consequence of the Food Safety Act (1990), this may explain the low ranking of hygiene as a future CSF.

Due to the changing business environment, the food production function is getting stringent budgets with the emphasis shifting to minimising waste, introducing more efficiency and achieving financial goals though there is emphasis as well on maintaining consistency and product quality. Customer feedback is quite a strong CPI as well.

Guest accommodation

The predominant themes quoted in guest accommodation objectives were: maintenance/increase in standards of accommodation provision, in terms of cleanliness and safety; meeting customer demands and exceeding expectations wherever possible; and exceeding competitors' standards of provision. These themes emphasise the increasing needs for hotels to extend, and maintain, higher standards of guest accommodation in line with rising customer expectations and relative competitive advantage imperatives.

The CSFs emphasise the importance of an adequate quality and variety of provision. The CSFs identified were: providing consistent quality; ensuring high levels of cleanliness; meeting customer needs; operating appropriate training programmes; minimising costs and providing sufficient variety of rooms.

The CPI in order of rank were: guest comment cards; level of repeat business; occupancy levels; average room rates; staff appraisals; reduction in operating costs; multi-skilled staff and efficient purchasing and utilisation of resources.

Amongst the high priority future CSFs are: variety of room types and standardisation of room types. The CSFs of highest constant priority were: consistent quality and staff training.

The accommodation services seemed to have been valued more on the ability to provide a comfortable and clean product and a product that meets the expectation of the customers. There is emphasis on the investment in the physical plant both in terms ensuring there is variety in terms of rooms and their comparison to the competition.

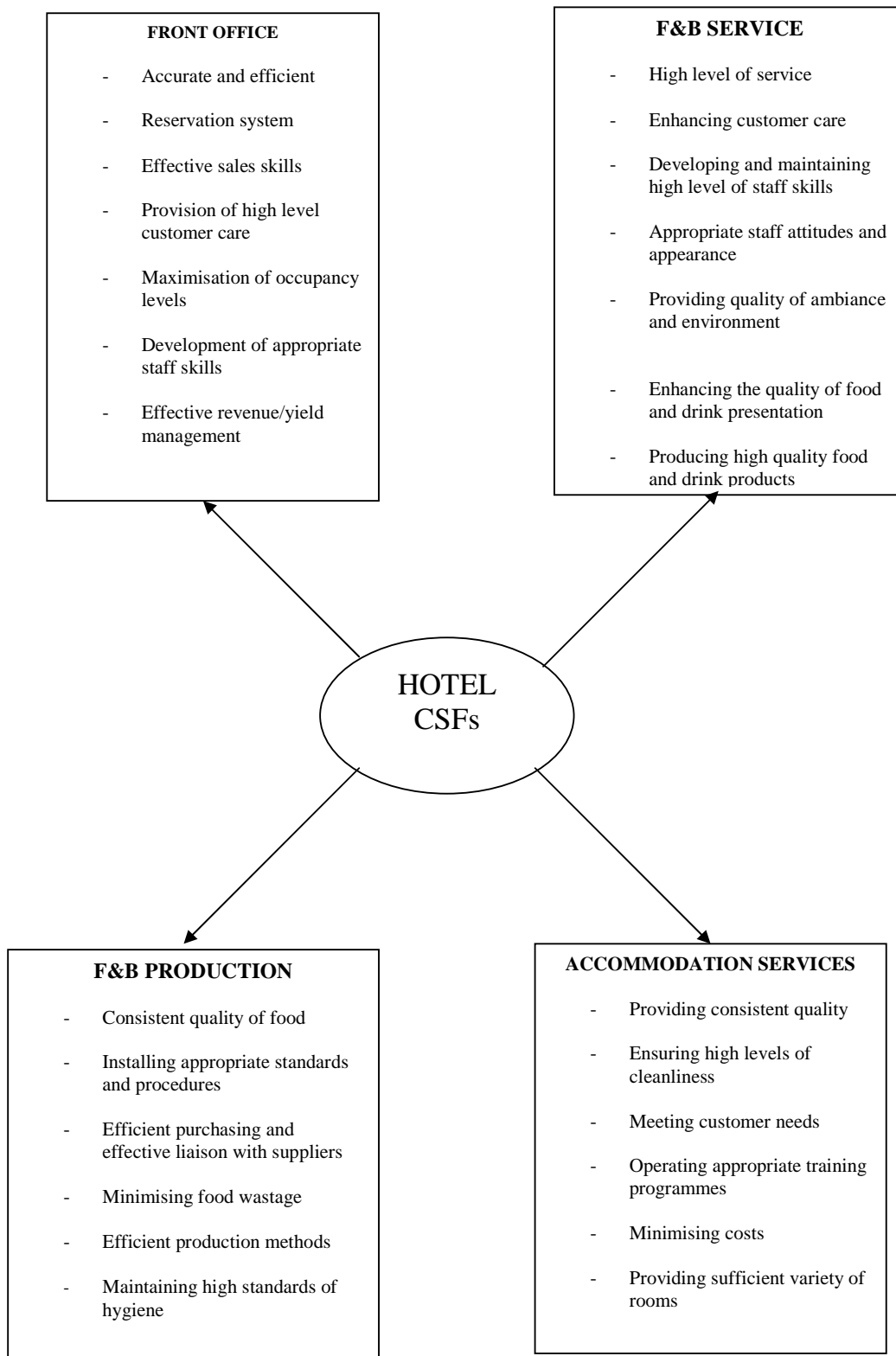
Chapter summary

This chapter traced the roots of the concept of CSFs from its use in the management information systems to planning and performance measurement. The various levels of CSFs were explored; the firm, the industry and the macro-economic level. Firms derive their CSF from various sources including the industry, the competitive strategy, and temporal factors and on the basis of the managerial functional areas.

CSFs are central to the planning process of an organisation and several techniques exist for the identification of CSFs. It was demonstrated that CSFs in a company mostly occur in the major activity area, involve large dollar amounts, have impact on profitability and have to do with significant changes in the performance of the firm.

Some of the prior researches in this area in the hotel industry are explored with the findings of the Brotherton and Shaw (1996) study presented as they form the basis of this study.

Figure 2.1: Model of Hotel CSFs



Source: Adapted from Brotherton and Shaw (1996)

CHAPTER THREE

METHODOLOGY

Introduction

This chapter outlines the methodology that was adopted in carrying out this study. It begins by exploring some of the philosophical arguments on research including research paradigms, epistemology, and methodology. It then highlights the differences between the two main perspectives (positivism v. interpretivism) with their advantages and weaknesses. Qualitative research, which is the methodology adopted for this study, is then explained before the way the issues of research sample, research design, data collection and interpretation are handled is explained. The learning experiences from this study conclude the chapter.

Theoretical Perspectives and Research Methodologies

Taylor and Edgar (1999) in presenting the inquiry paradigms talk of paradigm as the basic sets of beliefs that guide action- human constructions of first principles that cannot be established as to their ultimate truthfulness. Paradigm consists of ontology, epistemology and methodology (Denzin and Lincoln, 1994). Ontology is concerned with the nature of reality (is it out there waiting to be discovered or is it constructed as a result of human interaction, intellect, resulting in existence of multiple realities sometimes conflicting and capable of changing over time?). Epistemology, is concerned with how we know the world and the relationship between what is to be known and the inquirer. Can the inquirer see the world objectively, neutrally and directly or the inquirer must interact with the subject to create knowledge? Methodology is the means by which knowledge about the world is gained. They summarise that the belief about the nature of the world (ontology) adopted by an inquirer will influence their belief about the nature of knowledge in that world (epistemology) which in turn will influence the inquirer's belief as to how that knowledge can be uncovered (methodology)

Sarantakos (2003) defines paradigm as 'a set of propositions that explain how the world is perceived; it contains a world view, a way of breaking down the complexity of the real world, telling researchers and social scientists in general what is important, legitimate and reasonable'. Methodology is a model, which entails theoretical principles as well as a framework that provides guidelines about how research is done in the context of a particular paradigm. Methodology therefore,

translates the principles of a paradigm into a research language, and shows how the world can be explained, handled, approached or studied. Methods on the other hand refer to the tools or instruments employed by researchers to gather empirical data or to analyse data.

Gray (2004) contends that a researcher's choice of the method to use is influenced by research methodology, the theoretical perspective adopted by the researcher, and, in turn by the researcher's epistemological stance. Ontology is the study of being, that is, the nature of existence. While ontology embodies understanding *what is*, epistemology tries to understand *what it means to know*. Epistemology provides a philosophical background for deciding what kinds of knowledge are legitimate and adequate.

Easterby-Smith *et al* (1991), point out the importance of epistemological perspective; first, it can help to clarify issues of research design; meaning more than just design of research tools. It means the overarching structure of the research including the kind of evidence that is being gathered, from where, and how it is going to be interpreted. This knowledge will also assist the researcher to recognise which designs will work (for a given set of objectives) and which will not. Amongst the most outstanding theoretical perspectives are positivism and interpretivism. Other theoretical stances include: critical inquiry, postmodernism and feminism.

Positivism remained the dominant epistemological paradigm in social science from the 1930s through to the 1960s. Its core argument is being that the social world exists externally to the researcher, and that its properties can be measured directly through observation. In essence; reality consists of what is available to the senses (seen, smelt, touched, tasted etc.); inquiry should be based upon scientific observation (as opposed to philosophical speculation), and therefore on empirical inquiry; the natural and human sciences share common logical and methodological principles, dealing with facts and not with values.

Interpretivism on the other hand looks for 'culturally derived and historically situated interpretations of the social-life world' (Crotty, 1998). There is no, direct, one-to-one relationship between humans and the world. Interpretivism asserts that natural reality (and the laws of science) and social reality are different and therefore require different kinds of method. While the natural sciences are looking for consistencies in the data to deduce 'laws' (nomothetic), the social sciences often deal with the actions

of the individual (ideographic). Interpretivist approaches are shown in the examples of: symbolic interactionism, phenomenology, realism, hermeneutics and naturalistic inquiry.

Table 3.1: Theoretical perspectives in social sciences

Criterion	Positivism	Interpretivism
Reality is.....	<ul style="list-style-type: none"> - Objective, 'out there to be found' - Perceived through senses - Perceived uniformly by all - Governed by natural laws - Based on integration 	<ul style="list-style-type: none"> - Subjective, in peoples' minds - Created, not found - Interpreted differently by people
Human beings are.....	<ul style="list-style-type: none"> - Rational individuals - Obeying external laws - Without free will 	<ul style="list-style-type: none"> - Creators of their world - Making sense of their world - Not restricted by external laws - Creating systems of meanings
Science is	<ul style="list-style-type: none"> - Based on strict rules and procedures - Deductive - Relying on sense impressions - Value free 	<ul style="list-style-type: none"> - Based on common sense - Inductive - Relying on interpretations - Not value free
Purpose of research:	<ul style="list-style-type: none"> - To explain social science - To predict course of events - To discover the laws of social science 	<ul style="list-style-type: none"> - To interpret social life - To understand social life - To discover people's meanings

Source: Adapted from Sarantakos (2003).

Sarantakos (2003) concludes that as a result of similarities and differences in the nature and principles of the various perspectives, two methodologies; quantitative and qualitative methodologies have emerged in social sciences each of which contains certain theoretical and methodological principles. Though a third methodology; *critical methodology* entailing Marxist and feminist research, has been practised among social scientists for some time, it has not been accepted in the social sciences as a distinct, clear and independent methodology of the level of the other two.

Quantitative methodology whose characteristics are outlined in Table 3.1 has been criticised (Girtler, 1984; Brieschke, 1992; Collins, 1992; Hughes, 1990) for the reasons: that social phenomena exist not 'out there' but in the minds of people; reality cannot be defined objectively but subjectively: reality is interpreted social action; the overemphasis on quantitative measurement is wrong and unjustified, as it cannot capture the real meaning of social behaviour; the use of hypotheses determines the course of the study at the outset and restricts the options for questions and responses. Quantitative research also restricts experience to only what can be perceived by the senses and by employing only standardised tools, based on quantifiable data. The methodology also fails to distinguish between appearance and essence of social events. It also employs a theoretical perspective and form of research that supports the status quo and existing power structures. The method also places overemphasis on the method, which is considered more important than the research object; methods determine what is allowed to be studied and determine the experience. Research is limited to what can be approached through the existing methods hence reality is adjusted to methods. Quantity is more important than quality. The methodology also attempts to neutralise the researchers or reduce or eliminate as much as possible their influence on the researched to the extent they become 'disembodied abstractions' and depersonalised. Quantitative methods have also been criticised as trying to dissect the research elements into parts and analyse them, which though possible in natural sciences, is not possible with social sciences. Respondents in social sciences cannot be treated as objects or producers of data, but should be treated as partners and 'experts' whose views are sought. It is also not possible nor is it necessary to achieve neutrality and objectivity in social research. It is difficult to standardise social experiences.

Positivism has a gendered character based on the inherent trend to separate the world into fundamental dichotomies (culture versus nature, subject versus object), one that is the masculine versus the feminine division.

Table 3.2: Features of Qualitative Methodology

Naturalistic inquiry, which studies real-world situations as they unfold
Inductive analysis in which the evaluator is immersed in the details and specifics of data to discover important categories
Holistic inquiry, in that the whole phenomenon under study is understood as a complex system that is more than the sum of its parts
Qualitative data, detailed, thick description
Personal contact and insight, with the researcher getting close to the people, situation and phenomenon under study
Dynamic systems, with attention to process and change
Unique case orientation, assuming each case is special and unique
Context sensitivity, placing findings in a social, historical and temporal context
Empathetic neutrality, with the researcher passionately seeking understanding of the world, rather than either ephemeral objectivity or subjectivity that undermines credibility
Design flexibility, with the evaluator open to adopting inquiry as understanding deepens

Source: Adapted from Patton (1990)

The strengths of qualitative research according to Chadwick *et al* (1984) are that people are researched in their natural settings; stressing interpretations and meanings; achieving a deeper understanding of the respondent's world; humanising research process by raising the role of the researched; allowing higher flexibility and presenting a more realistic view of the world.

The method however, suffers from the shortcomings of reliability caused by extreme subjectivity; risk of collecting meaningless and useless information; being very time consuming; representativeness and the generalisability of findings; objectivity and detachment and problems of ethics (entering the personal sphere of subjects)

RESEARCH SAMPLE

Key issues in sampling

According to Sarantakos, (2003), the sampling approach employed in qualitative research is less structured, less quantitative and less strict than the techniques employed in quantitative research. He contends that sampling methods used in qualitative research include: accidental sampling, purposive sampling or snowballing, or a version or combination of quantitative sampling procedures. In all cases, sampling is closely associated with theory either being theory-driven 'up-front' or progressively. In choosing the sample, the researcher decides the kind of people to contact, the time when to contact them, the type of event or processes to be studied (routine events, special events or unexpected events) and the setting in which the research will be conducted.

Many writers (Berger *et al.*, 1989; Lamnek, 1988; Miles and Huberman, 1994) note that qualitative sampling is directed towards typical cases; towards sample that is flexible in size and types or subjects; towards purposive sampling; towards theoretical sampling; sample whose number will be adjusted while study is in progress; and not towards representativeness but rather towards suitability.

Sampling in this study

Nothing could be further from the truth above in as far as the sampling in this study was concerned. One four star hotel located in Glasgow was chosen (Moat House Hotel). It was picked because it shared similar characteristic with the majority of the hotels that participated in the Brotherton and Shaw study. It was also a hotel where it was foreseen that gaining access would not be a problem. Within the hotel the operations manager, the front office manager, the food and beverage manager, the executive chef and the executive housekeeper were picked purposely because they were the ones best placed to provide the information required for the study.

RESEARCH DESIGN

Issues in research design

Whereas qualitative research is meant to be unstructured, Sarantakos (2003) contends that qualitative researchers are equally expected to develop a design to specify in some way how, where, when and under what conditions they will collect and analyse

their data. He further states while comparing qualitative to quantitative research, that the design of the former is well planned but not prescriptive, the sampling is well planned during data collection; is not representative and scales mostly nominal. Quantitative research on the other hand has a well planned design which is prescriptive, well planned sampling which is representative and measurement scale employed is broad.

So from the outset, the study was designed carefully having identified that the study was to be conducted at The Moat House Hotel and identified the heads of departments to be interviewed. The next step involved meeting the operations manager to explain the purpose of the research and the sort of data to be collected. The operations manager gave his consent and even organised the schedule for the interviews. The venue of the interviews was the hotel and all the interviewees were ready at the appointed time. Though the interviews were semi-structured, a brief plus the interview questions were sent to the interviewees beforehand. The data was to be collected through interview notes and tape recording of the interviews. After the interviews the data was transcribed and then analysed.

Interviews in qualitative research

In qualitative research interviews are either structured or unstructured (Sarantakos, 2003): structured interviews are rigid and are no different from a questionnaire while the unstructured ones are the opposite. In this study semi-structured interviewing was employed but leaning more towards unstructured. Generally, qualitative interviews: use open-ended questions; are predominantly single interviews, questioning one person at a time; have no fixed or rigid question structure and offer interviewers more freedom in presenting the questions, changing wording and order, and adjusting the interview so that it meets the goals of the study.

According to Sarantakos S. (2003), qualitative interviews are far from a soft methodological option or an easy form of research. It is generally accepted (e.g. Lamnek 1988; Pannas 1996) that, though they involve a few typical cases, qualitative interviews pose challenges in that they: require the development of trust, collegiality and friendship between interviewer and respondent; require high competence on the part of the interviewer; require a high ability of the respondent to verbalise views, opinions and ideas and are demanding and time consuming.

The interviewing method used in this study, had the advantages of flexibility in putting the questions to the respondents (paraphrasing and clarifying); yielded high response rate (was able to see all the respondents I had intended to), presented the opportunity to observe non-verbal behaviour. The method also enabled the respondents to view themselves as active participants in the venture.

However, as the interviews were being conducted at the premises of the interviewees, there was no complete control by the interviewer. For example, the managers allocated the interviews to be conducted in the lobby, which had a bit of 'noise' literally and in the form of distractions (they were brought papers to sign in the course of the interview). As a method, interviewing is costly in terms of time, as I had to make four trips to the hotel and because of their location forced to use taxis. A lot of time was also spent transcribing the interviews. One of the interviewees initially was at a loss as to why I was conducting the interviews so initially gave very little information though he opened up when the objective of the interview became clear. The questions were modified after the first two interviews to introduce the question "What are the challenges facing you in running the department?" which pointed out to the potential CSF areas.

Data Analysis

Data analysis is concerned with making sense out of the information gathered and to identify the meaning contained in the data.

According to Sarantakos, (2003), qualitative analysis contains a minimum of quantitative measurement, standardisation and mathematical techniques. Qualitative data is different from quantitative data in the following ways: they appear in words and in extended texts and in numbers; they are collected in a variety of ways and they need to be processed before they are ready for use. During data analysis, the investigator looks for patterns of data, in the form of recurrent behaviours, events and when such patterns are identified, interprets them. Barton and Lazarsfeld (1979), see qualitative analysis as the study of single cases, which are expected to lead to the establishment of classes of similar phenomena (classification, establishing typologies) and to systematic comparisons; these are in turn expected to identification of factors that influence relationships or behaviour processes, leading in that way to more integrated answers to the research question.

During the interviews, main points were noted down as the interviews were taped as well. After the interviews the interviews were transcribed into scripts, after which

this data, which was enormous, was reduced into the major themes of general objectives, CSFs and CPIs of each department. The data was first presented in a narrative before being tabulated in the line of the model developed from Brotherton and Shaw (1996) study for the purposes of analysis. The data is presented mostly in texts and tables and any models as appropriate.

Data interpretation:

After the data was presented, it was analysed to draw conclusions in relation to the research question and objectives. Trends were identified and any deviations from the exploratory study were highlighted with the possible explanation for the deviations. From the analysis and conclusions, gaps that require further research are identified and validity of some of the basic theories and concept are tested.

The qualitative methodology adopted for this study proved quite suitable. It generated very rich data, which possibly would not have been obtained had quantitative methodology been employed. Because it was possible to clarify and rephrase the questions answers were obtained where none would have been had a questionnaire been used. The interview proved to be more challenging than had been anticipated, especially when a respondent went 'dry' after identifying only one CSF for the department.

CHAPTER FOUR

FINDINGS

Introduction

This chapter presents the findings of the study. The findings are based on the interviews that were conducted with the operations manager, the front office/commercial manager, the executive chef, the executive housekeeper and the food and beverage manager. The interviews were meant to identify those factors they perceive to be critical to the success of their departments and how they measure the achievement of these factors.

Other than the information gathered during the interviews, the master scorecard and the departmental scorecards did provide useful insights in the monitoring of performance on areas perceived to be crucial to the success of the hotel. The findings from interview with the operations manager plus the brief analysis of the master scorecard provide background into the key result areas identified in the hotel in general and of concern to the general management.

Tabulation of the results of the interviews are presented in appendix II.

Interview questions sheet (Appendix I) was sent out before the actual interviews to the interviewees. The purpose was to give them a brief introduction to the concepts to be covered in the interview and a guide on the questions to be asked.

General Hotel Operations

From the perception of the general management, the key areas identified were: financial performance, the team, the customer and the process.

Financial performance was identified as the core around which everything rotates. The business exists to make money and this is achieved through customer satisfaction, team satisfaction and the business process. Finance has the two sides namely revenue and costs. “The top line brings in the money, and the bottom line the profits”(Spencer-Smith, 2004). The main challenges to financial targets are, the swing in business volume between low and high periods and balancing the businesses mix between business and leisure clients. The hotel has about 50-50 business and leisure mix, with the business clients being higher yield as compared to the leisure segment. It is difficult to achieve optimal staffing levels with the swing in business levels. In his own words “the fixed labour costs cannot exceed the lowest level of business or else the situation is untenable”. Revenue and yield management

is also crucial in attaining the financial targets of the hotel. It is important that all the revenue due to the hotel is realised and not lost either through laxity or pilferage. Yield management is concerned with ensuring that the hotel obtains the optimum volume of business at the optimum rates.

The second key factor is the team because the team have a direct influence on the financial performance of the hotel. The management relies on the team to deliver the services to the customers. A motivated team will have less cases of absenteeism, will have low turnover reducing the costs of replacement and training. The hotel has 14% labour turnover, which is quite low compared to similar hotels in Glasgow. Continuous training and development is undertaken, internal promotions are encouraged, teamwork is encouraged all the times and the pay package offered is competitive to retain the team. The team is also involved in decision-making within the hotel as much as is possible to enhance their ownership of the decisions.

Customer satisfaction was identified as another key area. Satisfied customers return to the hotel cutting the cost attracting new customers and also act as marketing agents for the hotel. Happy customers also tend to spend more money in the hotel; they will use the bar, health club, the restaurant and other facilities in the hotel. The hotel strives to give personalised services to the guests for example; front desk employees are encouraged to use guest names instead of referring to guests by their room number despite the hotel having close to 300 bedrooms. Efforts are also made to recognise all returning guests so that they are accorded different treatment from the first timers. Front line staff are also expected to treat guests in a friendly manner, and to make guests to feel welcome all the times by anticipating and taking care of the guest needs. The hotel is very sensitive to guest complaints by thoroughly investigating them and giving feedback to the guests as to what has been done to resolve them. The level of customer service is assessed using mystery customers and customer satisfaction tracking (CST) system. The data gathered is used in identifying the gaps in customer service pointing on the areas that need improvement. These areas are incorporated in subsequent staff training sessions and in departmental feedback meetings.

Another key success area is the process. The process is concerned mainly with the elements of health and safety for both the customers and the employees who use the

property. An external body that check the status of safety and health plus the status of maintenance within the property carries out this assessment. Emphasis is placed on preventive maintenance instead of corrective maintenance. The process is also concerned with personnel reviews per department

Finally, awareness of the business environment is critical for the success of the business. The hotel needs to monitor continuously how the competitors are performing and general happenings in general in the city especially activities likely to affect the business. The hotel also keeps a watch on the calendar of Conference and Exhibition Centre next to it as it has direct influence on both the room and food and beverage business.

The master scorecard that was obtained during the meeting with the operations manager is developed in similar lines to his presentation on the key success areas, in fact his presentation gave a complete summary of the master scorecard.

This document (Master Scorecard) assesses performance at the hotel and departmental level. It also incorporates visual indicators simulating the traffic light system, whereby *red* signals, “we have go work to do”; *amber* “we are making progress, keep going”; *green* “we have done it- well done”.

Front Office Department

In the interview with the front office manager, he identified the following areas as the key success areas for the department: people, product and pricing and customer service.

The front office manager identified the general objectives of the department as being to achieve the business targets for the department in terms of room occupancy percentages, average room rates, yield targets and control of wages. Customer satisfaction was also identified as an objective for the department. This he indicated could be achieved through personalised and proactive service to the customers.

In terms of CSFs customer service ranks top followed by business performance, the team and product and pricing in that order. He justified the customer service topping because satisfied customers bring in money and save the business money. All customers have interaction with the front office no matter how brief their stay.

Pricing is crucial especially when dealing with leisure clients who make up about fifty percent of the total business. This segment is very price sensitive.

The CPIs identified for the four CSFs are dominated by more quantitative measures as opposed to the soft ones. Most of the CPIs can actually be statistically captured either in terms of financial/occupancy levels or through audit reports, customer satisfaction tracking, team turnover or comparison with competitors. There was almost no emphasis placed on procedural aspects like reservation, check in/out procedures probably because these are part of the team training aspects and are considered basic (threshold competencies)

The identified CSFs in order of ranking were: customer service, business performance, team members and product and pricing. The argument presented was that satisfied customers, led to positive business performance through repeat patronage, high expenditure within the hotel and positive word of mouth advertisement. People are identified as the core to the delivery of guest service, which in turn affects business performance. The CPIs are mainly business performance related except for customer satisfaction tracking and employee satisfaction related measures.

Table 4.1: Ranked Front Office CSFs

<ul style="list-style-type: none">- Customer service- Business performance- Team members- Product and pricing
--

Source: Interview

Food and Beverage Production

According to the chef, the food production function is affected and dependent on the communication from other departments in the hotel with direct contact with the customers and potential customers. It is the restaurant, banqueting and sales staff

who take the orders and then transmit them to the chef. The chef's input may be limited to the developing of the menus and pricing them

The first key success factor emanating from the above point is effective and clear communication. The chef needs accurate and prompt communication as to the requirements of the customers in terms of menu items chosen, the numbers involved, time of service, bookings in the restaurant and any special requirements. This communication is crucial in chef's central planning. This enables the chef to order the correct items in the correct quantity at the correct time. This will ensure availability of the required items and avoid wastage through over-ordering. This information is also important in labour planning so as to have optimum levels of staff. This will ensure that the product from the kitchen meets the expectations of the customers.

The second key factor is cost control. Labour cost is one of the elements the chef is expected to control. The chef prepares a weekly wage forecast, which gets compared to the actual wages paid. If it goes over then an explanation must be presented to the manager. Staff scheduling ties very closely to labour cost control, he was able to schedule the employees such that all of them do straight shifts. Food cost is another element of cost the chef is expected to control. The budgeted food gross profit is 67% and if it goes below that the chef is required to submit an explanation "if it higher, nobody says anything" the chef said. To obtain the budgeted level of profitability, the sales mix is critical. Banqueting menus achieve better food gross profit figures compared to restaurant menus. So a period with more banquets will produce a more favourable food gross profit and vice versa. This is attributed to the costing of banquet menus and the fact that they usually involve large numbers leading to economies of scale.

Another key success area is consistency of the product that comes out of the kitchen. The product is supposed to be as promised and is supposed to be the same despite who makes it. This is achieved through adequate supervision by the Sous- chefs, use of standard recipes, standard operating procedures and continuous staff training. The presence of a steady workforce has helped to maintain this.

Safety and hygiene is also crucial for the food production function. There is very stringent food safety and hygiene legislation in place (Food Safety Act, 1990), which must be followed. Incidences of food poisoning can be devastating to the image of a hotel and can lead to heavy penalties. There is a sous-chef charged with the responsibility of hygiene and safety in the food production areas. He is responsible for ensuring highest hygiene and safety standards are maintained in the kitchen and storage areas. His responsibility includes training of staff on safety and hygiene. There is also a cleaning schedule this chef ensures compliance to and he conducts safety and hygiene audits.

Reduction of wastage in the production areas is also critical as this has direct bearing on the costs. Menu planning and forecasting assists in ensuring that only what is required is purchased. It also ensures that the items are brought in at the best possible price instead of last minute purchasing which may be expensive. Proper production methods and use of correct equipment also reduces wastage. Constant supervision and inspection of the production and storage areas also reveal if any wastage is taking place.

The team is critical as well to the success of the food production function. Kitchen work is a labour intensive activity and the role of a motivated team cannot be overemphasised. Motivation will reduce absenteeism and reduce labour turnover, which will reduce costs. Kitchen work can be stressful especially during the peak periods. There is therefore great need to understand the team and treat them with consideration. The team is also involved in decision-making and since the hotel has only one central kitchen, teamwork is easy to build.

Proper equipment is critical for the success of the food production function; the hotel seems to have aging kitchen equipment, which is affecting the operations of the kitchen. Modern and efficient equipment enhances efficiency, eliminates expensive downtime, reduces labour cost and may enhance staff morale.

The identified CSFs in order of ranking were: proper communication; consistency of the product; the team; hygiene and safety; cost control; minimisation of wastage and good relationship with suppliers.

The CPIs reflected a fair balance between the quantitative and the qualitative elements.

Table 4.2: Ranked Food Production CSFs

<ul style="list-style-type: none">- Proper communication- Consistency of the product- The team- Hygiene and safety- Cost control- Minimisation of wastage- Good relationship wit suppliers
--

Source: Interview

Food and Beverage Service Department

In the food and beverage function the areas identified to be critical to success were: service, standards, training, team morale, meeting financial targets and the dining environment.

Service is central to the success of the food and beverage department. What customers are purchasing is an experience and the way the food and beverage products is delivered is a very integral part of the experience. Staff are expected to create a friendly atmosphere in the dining outlets, are supposed to maintain communication with the customers and anticipate their needs. Speed and flow of service are important elements of the experience. The performance in service is monitored through customer scorecards, through the amount of complaints and compliments, mystery customer reports and through service audits. The managers and supervisors seek feedback from the guests as they consume the service and feedback obtained from the staff is considered as well.

Maintenance of standards is an important part of the service delivery. Service standards are communicated to the employees during the training sessions. The standards have to do with the sequence of service, the service process, anticipation of guest needs and efficiency (speed) in service delivery. Standards are monitored using the same measures as for service.

Training is central to the success in service delivery. Training needs are identified through analysis of customer complaints. The training department within the hotel also has set guidelines on the training process and programmes in the hotel. The food and beverage manager is enrolled in the Food and Drink Trainer course (trends in the food industry) and is expected to pass on what is learnt in this course to the staff. Training records are maintained for each employee and employees are encouraged to give feedback on the training they are receiving. All new employees undergo a structured three-day training programme to assist them settle in their jobs. The company believes the training assists employees to settle in their jobs and reduces employee turnover.

Employee motivation is viewed as one of the CSFs in the food and beverage service department. The management continually monitors the level of team morale through job chats, performance reviews and employee involvement in the activities of the department. At the moment of the interviews, team surveys were in progress to gauge the employee feelings about their jobs and style of management and supervision.

Financial performance is a core criterion used to judge the performance of the department. Comparison is done between the budgets and the actual revenues and costs. There are weekly, monthly and annual targets to be achieved. The department is expected to practice up selling, suggestive selling and merchandising to ensure that the revenue targets are achieved. Resident customers must be encouraged and enticed to dine within the hotel instead of hoping they will turn up in the restaurant. Payroll is one major cost element in the department, the challenge being to match the staffing levels with the volumes of business through proper scheduling and use of part time staff whenever required. Payroll costs should match the budget or else the “alarm bells go ringing” he said.

The dining environment is another important factor in the food and beverage department. The quality of the environment is monitored through customer feedback. The morale of the team determines the quality of the dining atmosphere. If the morale is low, then the team is usually given an incentive for the evening to work towards. Teamwork is also important in dining outlets so the team members are

encouraged to work as a team while serving the customers since that team spirit improves the dining atmosphere.

The CSFs as ranked by the manager give prominence to the ‘soft’ elements of staff training and morale, service and standards over the ‘hard’ elements like financial and volume targets. The reasoning appears to be that the soft elements if gotten right will be followed by the hard elements. Customer feedback however, features as a strong CPI.

Table4.3: Ranked F&B Service CSFs

<ul style="list-style-type: none">- Training and team morale- Service quality and standards- Financial performance- Dining atmosphere
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Source: Interview

CSFs in Housekeeping department

In the interview with the housekeeper, that factors that were identified as to critical to the success of the department include: staffing, staff training, equipment, cleaning products, proper linen, proper coordination and cost control.

Housekeeping is a labour intensive activity and according to the housekeeper labour cost is one of the areas of constant headache. This is particularly so because the occupancy level keeps swinging, which has, direct influence on staffing demands. Staff scheduling is of utmost importance, with staff being asked to do overtime during peak periods and being given holidays and pending off days during the slack periods. During peak periods banqueting staff are brought to assist in the preparation of the rooms for sale (multi-skilling). Scheduling is done in such a way that they use no agency staff at all even during peak periods. Staff motivation is taken seriously in order to retain the staff. Feedback from the staff is obtained in the weekly meetings, appraisals and in her own words “treating the staff the way one would want to be

treated”. Staff costs are monitored through the housekeeping wages per occupied room statistic.

In order to maintain standards, employees are continually trained in areas of: health and safety, handling of chemicals and cleaning agents, manual handling and customer care. Customer feedback and complaints forms the basis of training needs. There is also constant supervision where employees are corrected on the spot in cases of deviation from the standards.

Cost control is crucial in housekeeping department. The monthly profit and loss account and weekly labour costs are some of the aspects of financial responsibility the housekeeper has to shoulder. She is also expected to exercise control on cost of cleaning materials, products and linen stocks in the hotel.

Communication within the housekeeping and with other departments within the hotel is critical. Communication with the front office will be in the area of room sales (arrivals and departures), special requests and handling of lost and found guest items. With the food and beverage department includes: cleaning of the public areas, decoration of function rooms and handling of mini bars in the rooms. Without proper flow of information, the housekeeping department cannot function as expected.

Equipment is also critical to the functioning of the housekeeping department. Functioning and modern equipment will increase efficiency and reduce staff frustration. They will also reduce labour costs directly through the resultant efficiency.

The CSFs were ranked as follows in order of importance: people/training/morale, equipment, cleaning products/linen, cost control, communication and health and safety. These themes point staff being central in ensuring the housekeeping department discharges its role of providing the customers with a safe and clean environment.

From the findings the underlying themes point towards CSFs revolving around: financial performance, customer satisfaction, employee and the business processes or procedures. The CPIs on the other hand, can be categorised into qualitative ‘soft’ and quantitative ‘hard’ ones. Hard ones have got to do with the statistical or the easily

measurable elements while the soft ones are not easily to quantify. Customer feedback features very strongly in the assessment in all the departments.

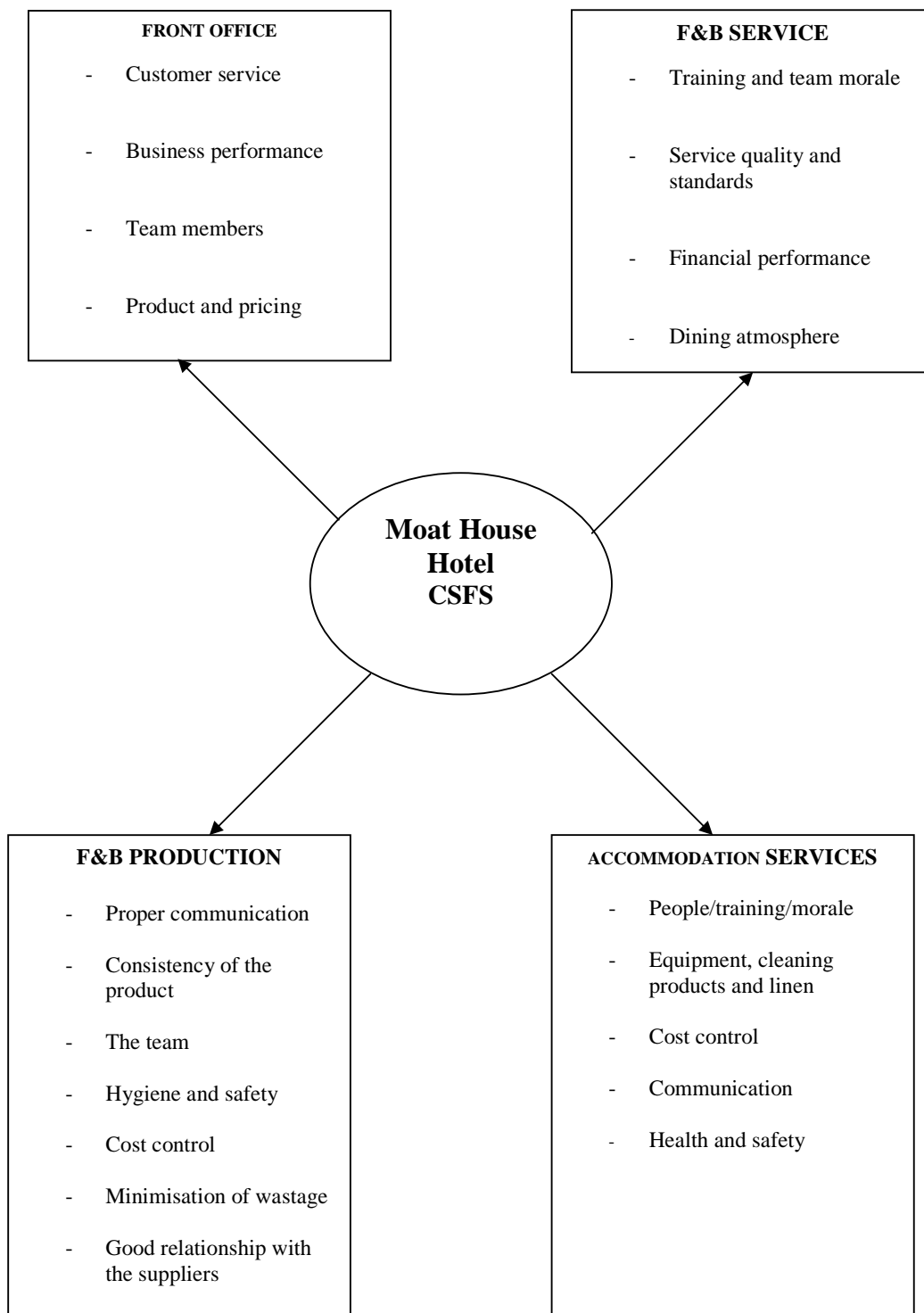
Table 4.4: Ranked Housekeeping CSFs

- People/training/morale
- Equipment, cleaning products and linen
- Cost control
- Communication
- Health and safety

Source: Interview

From the above findings the following model on CSFs at Moathouse Hotel (in the order of ranking) can be drawn.

Figure 4.5 Moat House Hotel CSFs model



Source: Interviews

CHAPTER FIVE

DISCUSSIONS AND CONCLUSIONS

Introduction

This chapter presents the discussion on the findings of this study in relation to the objectives of the study. The chapter will compare the findings from this study to the Brotherton and Shaw (1996) study on a per department basis to determine the extent to which the two studies identified and ranked the CSFs and CPIs similarly or differently. This will lead to passing judgement on the Brotherton and Shaw study as to how well it identified the CSFs and CPIs on the basis of this study. Areas that require further research emanating from this study will also be highlighted. Finally an attempt will be made to evaluate the value of this study to practitioners and general research in the area of CSFs.

Front Office

In the identification and ranking of CSFs for the front office, the Brotherton and Shaw study identified accurate and efficient reservation system as the first with occupancy %, average room rate, room yield and guest satisfaction as the CPIs. This study ranked customer service as the first CSF and customer feedback, external audits, repeat business, complaints and compliments being the CPIs. So according to the exploratory study, front office must be efficient in doing its core function (selling rooms) and must achieve its business objectives whereas from the findings of this study it must treat customers well so as to achieve business objectives.

The second CSF as per Brotherton and Shaw is tied closely to the first in that staff should have effective sales skills, whereas this study ranks business performance as the second CSF. The CPIs from both studies are the same.

Looking through the identified CSFs for the two studies, out of the six CSFs identified by Brotherton and Shaw study, four of them have to do with operational aspects of the front office: handling reservations; handling sales; maximisation of occupancy and maximisation of yield. This means that room sales and the corresponding revenues are critical to success. This study however, only identifies only one out of four CSFs has got to do with room sales and maximisation of revenue. The manager did indicate that operational issues are dealt with in training and all staff are competent in them so they are threshold competencies.

Both studies identify customer service as a CSF for the front office with the Brotherton and Shaw study only identifying customer complaints as the CPI while this study identified customer complaints, return customers, audits and customer satisfaction tracking as the CPIs.

Both studies also identified the team as critical to success, whereby Brotherton and Shaw study emphasised appropriate staff attitude, whereas this study revealed a more holistic approach to team ranging from presentation, motivation, training and teamwork.

This study identified the product and pricing as a CSF while the nearest the Brotherton and Shaw study captured it (pricing) partially in yield management

It can thus be concluded that, customer service, maximising room sales and staff attitude and motivation are crucial for the success of the front office and even though the ranking may be different, in general the two studies identified similar CSFs and CPIs though in this study the role of external service auditors is quite pronounced.

Food and Beverage Service Department

From this study, the highest ranked CSF for this department is staff training and morale followed by high service standards, whereas from the Brotherton and Shaw study the two highest ranked CSFs are high level of service and enhancing customer care. Findings here suggest that, well trained and highly motivated team will lead to customer satisfaction through high quality service, satisfied customers will bring in the revenues and well motivated team will create a conducive atmosphere for the diners in the restaurant. This may be a case of putting the cart before the horse where as well trained and motivated staff will provide a high level of service and take care of the customers. Satisfied customers will return to the hotel hence bring in more money to the hotel.

Both the studies put emphasis on the staff with the Brotherton and Shaw study identifying maintaining high level of staff skills, appropriate staff attitudes and appearance as CSFs and this study identifying training and morale as the first CSF. This means that the team is central to the success of the food and beverage department. The management relies on the team to deliver the service, to care for the customers and to provide a good atmosphere for the diners. Well-trained and

motivated staff act as sales people for the organisation enticing the customers to spend more in the dining room. It is in recognition of this that incentives are given to service employees from time to time.

Whereas the exploratory study puts emphasis on the issues of quality as a CSF (level of service, customer care, staff skills, appearance and attitude and ambiance) the majority of CPIs cited on the other hand, emphasise the measures of business volumes. This duality represents the relationship between the softer elements assisting towards the achievement of the business objectives and targets. This confirms the argument by the manager that when customers are happy, then the money will follow. The following diagram adopted from Jones and Lockwood (1989), clearly depicts this relationship

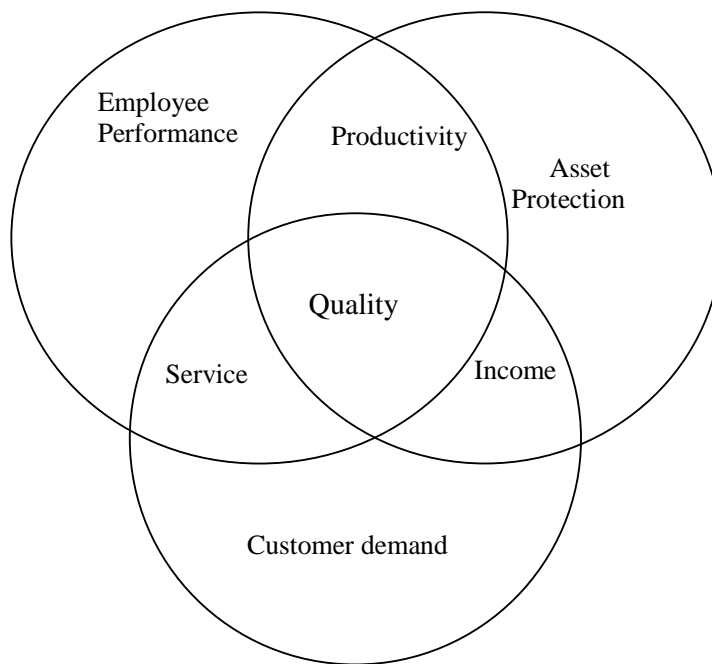


Figure 5.1: Secondary result area (Source: Jones and Lockwood, 1989)

From this model any interaction in the hospitality industry involves customers who have their expectations and but are the source of income for the organisation. They expect service from the employees. They will base their judgement of quality on the basis of the service encounter plus the physical facilities provided by the hotel. The management expects employees to be productive and protect the assets; likewise customers are no expected to abuse the assets of the company.

From both the exploratory study and this study, customer feedback is cited as a CPI in almost all the CSFs identified in both the studies. This emphasises the importance and sensitivity attached to customer valuation in food and beverage service. Again because Moat House hotel makes use of external auditors to monitor its service delivery, the role of such assessment has come out very clearly in the CPIs especially on assessing service standards and dining atmosphere.

According to the findings of this study, enhancing the quality of food and drink presentation and quality of the food and drink products are not cited as CSFs for the department, as opposed to the Brotherton and Shaw study. This could be attributed to the perception that issues of food quality and presentation are the concern of the kitchen and there is little the service department can do on drink products to enhance quality. The interview also revealed that cost control within the department is a responsibility of the manager; particularly labour cost, while the exploratory study only makes a mention of the volume of business as a CPI. It appears then that the respondents in the exploratory study only perceive their role as revenue generating and have no cost responsibility. This is rather lopsided since profitability is determined by the difference between revenue and costs.

As a department that sells items prepared by another department (kitchen), the relationship or communication with the producer departments should have been one of the factors crucial to the success of the service department, interestingly both the exploratory and this study do not reveal any importance attached to this relationship in terms of CSFs or CPIs. It would be of interest that future research addresses this lack of recognition by the service department of the importance of the relationship and communication between the two food and beverage departments.

The common thread running through the two studies in as far as the food and beverage department is concerned is the importance of service delivery, customer care, the employees, and achieving of business objectives. There appears to be difference in the Brotherton and Shaw study identifying quality of food and drinks and food and drink presentation as CSFs. This may require further investigation.

Food and Beverage Production Department

The CSF ranked first by the chef was effective communication due to the fact that the department rarely has direct contact with the customers and relies on other departments for customer needs and feedback. The planning in the department is also based on information generated from other departments, making their activities fully reliant on 'external' information. This is the reason for the central role of effective and timely flow of information. Brotherton and Shaw study did not identify this factor as a CSF for this department.

The second CSF in rank by the chef is the same as the one ranked first by the exploratory (consistency of the product). Consistency of the product leads to customer satisfaction, leads to reduced costs through minimisation of wastage, encourages increase in volumes of business and assists the operation achieve its revenue and cost targets.

The chef identified the team as a CSF. This is due to the labour intensive nature of kitchen operations and wages being one of the major cost elements of the department. This therefore, means that this has direct effect on departmental profitability. Motivated and well-trained manpower saves costs through minimisation of waste, minimal absenteeism and labour turnover. Brotherton and Shaw highlight this through utilisation of efficient production methods that lead to higher productivity and lower payroll costs as the CPI.

From this study and the exploratory one it is clear that the chef is held directly responsible for costs in the department (material and labour). The exploratory study captured this through the CSFs of appropriate standards and procedures; efficient purchasing; minimising food wastage and utilisation of efficient production methods. The study captured this aspect in CSFs of cost control and minimisation of wastage. The CPIs give a lot of emphasis on financial measures with GP% being cited as CPI for four of the six CSFs identified in the exploratory study and other measures like stock turnover, payroll costs and profitability being cited as well.

Good relationship with the suppliers is identified as a CSF in both studies. Whereas the exploratory study ranked it third, this study ranked it seventh. Asked why he ranked it seventh, the chef explained that being part of a chain their purchasing practices are standardised and quite elaborate. So most of the procurement concerns

are not quite his headache since they are addressed in the system, however he believed that good relations was crucial especially in ensuring quality and deliveries in cases of emergencies.

Hygiene and safety was ranked fourth as a CSF while in the exploratory study it was ranked sixth. The chef explained that the company took the issue of hygiene and safety seriously, that is why there was a sous-chef assigned the responsibility to conduct training and inspections on the same. The Brotherton and Shaw study attributed the ranking to the Food Safety Act (1990) thereby making hygiene a threshold requirement (non negotiable).

From the two studies it can be concluded that consistency of product, standards and procedures, minimising of wastage, efficient purchasing procedures plus good relationship with suppliers and hygiene are critical for the kitchen. To a large extent the findings of the two studies are similar.

Housekeeping Department

From this study employees were identified as critical to the success of the housekeeping operations. Housekeeping operations are generally labour intensive. Labour cost control and optimal scheduling of labour is critical for housekeeping operations. This is particularly a challenge owing to variation on the volume of business. Training is also crucial to enable team efficiency and consistency. To obtain the best results from the team, the team must be motivated. The team is important because a motivated team is a productive team, saving on money for the hotel through reduced absenteeism, reduced labour turnover. The Brotherton and Shaw study identified appropriate training programmes as a CSF for this department

The CPIs identified for this factor are both financial and customer oriented emphasising the relationship between customer satisfaction and financial results. The Brotherton and Shaw study ranked appropriate training programmes fourth with the corresponding CPIs being staff appraisals, reductions in operating costs and maintenance of standards. This perspective concurs with the one from the interview as training will save money and assist in maintenance of standards leading to guest satisfaction.

The Brotherton and Shaw study ranked providing consistent quality as the first CSF in accommodation provision. This study however, captures this aspect in the training and morale leading to consistency in quality. CPIs are mostly financial performance based (repeat business, occupancy levels and average room rate). This also represents the relationship between customer satisfaction and volume of business and financial performance.

This study identified equipment, cleaning products and linen as the second CSF for the department. The second ranked CSF from the Brotherton and Shaw study is ensuring high levels of cleanliness. As proper equipment and correct cleaning products will ensure high levels of cleanliness the factors are therefore the same. On the corresponding CPIs the exploratory study used customer-based assessment while this study identified more operationally oriented assessment leaving out the customer on the assessment.

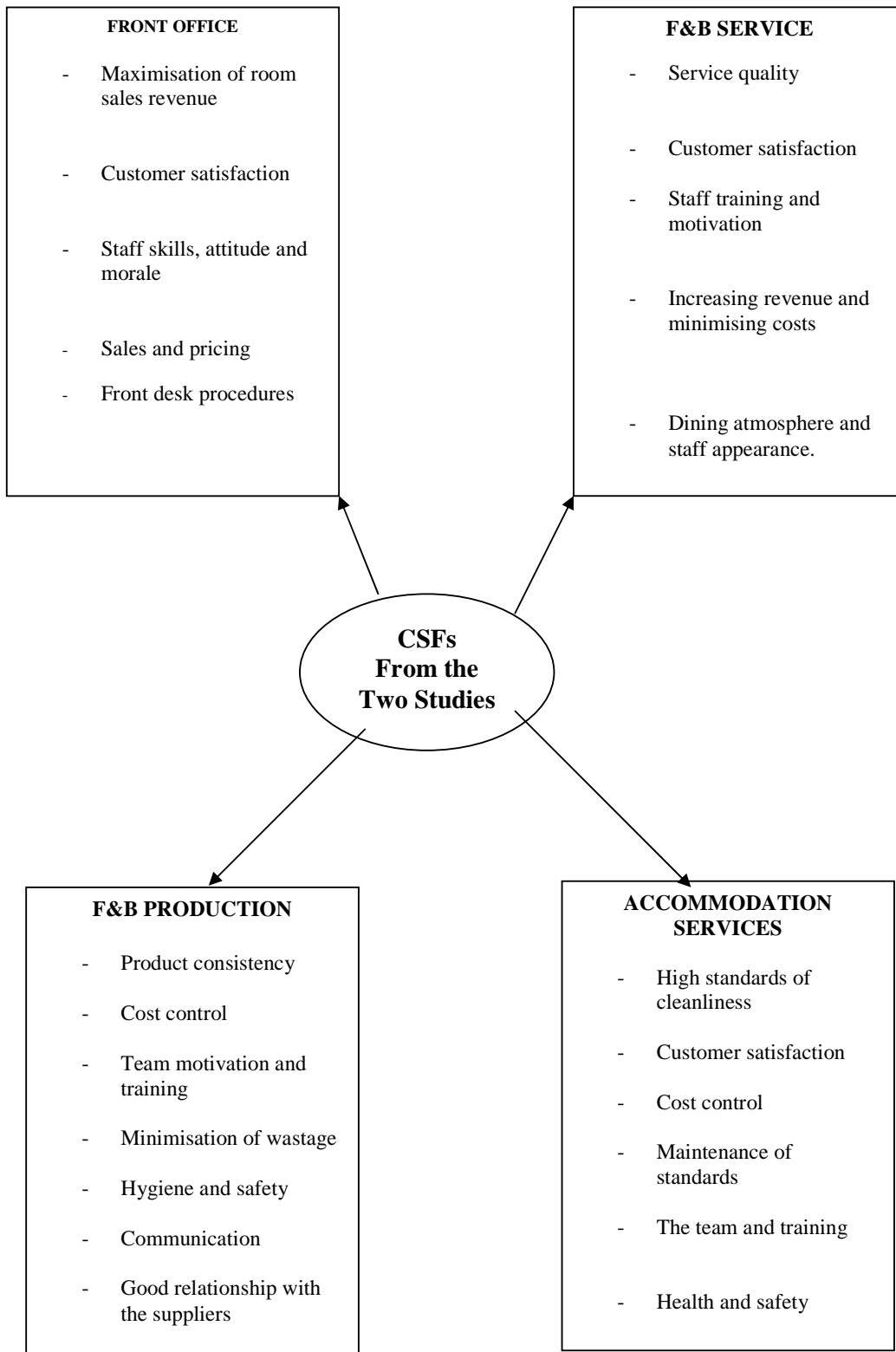
Minimising of cost was identified as a CSF from both the studies. The exploratory study ranked it fifth while this study ranked it third. The assessment in terms of CPIs is financially based with two cost areas identified namely: labour and materials. The housekeeper is held directly for the costs of the department and the weekly, monthly, quarterly and annual reports present the performance against the budget. Any discrepancies are investigated to identify their causes. Labour cost is monitored through the housekeeping wages per room sold. The study revealed that one of the strategies used especially in controlling labour costs is the use of banqueting staff to assist in cleaning of rooms during peak times. The exploratory study on the other hand, identified number and variety of multi-skilled staff as a CPI in minimising costs.

This study also identified health and safety as a CSF in housekeeping operations. This was particularly so because the employees use different cleaning agents and chemicals, which if handled carelessly can harm the staff. The employees at times have to lift heavy things and could injure themselves easily if they used the wrong techniques. This is the reason why they are given training on handling of chemicals and manual handling. The employees must also be conscious of the safety of guests and report any suspicious occurrence or anything that may jeopardise the safety and security of the guests. The employees also receive fire drills to be prepared in case of any eventuality.

One major apparent difference between the two studies is presented in the identification of provision of a sufficient variety of rooms as a CSF in the Brotherton and Shaw study. Possible explanation for this can be borne out of the fact that probably the study looked broadly at the rooms division in accommodation provision whereas the variety of room types is ordinarily without the control of the housekeeping department.

From both studies people are important, standards are important, cost control is crucial, and high level of cleanliness is essential for the success of the housekeeping department.

Figure 5.2: Hotel CSFs identified from the two studies



Source: Brotherton and Shaw (1996) and Findings from this study

CONCLUSION

The objective of this study having been to compare to what extent the CSFs and CPIs in hotel departments identified by the Brotherton and Shaw study are similar to/different from the ones identified by the managers at the Moat House Hotel. To that extent we can conclude that there isn't a big difference on the CSFs and CPIs identified in the two studies. Where differences exist, they compensate for each other in for example one study ranks a factor first and the other ranks the same factor second and vice versa. However, we can only speculate the reasons for the ranking in the Brotherton and Shaw study, the respondents were simply asked to rank the factors, whereas in this study, they were prodded further to explain the reasons for ranking. The data generated in this study though limited in sample is more rich and reasoned.

To validate the findings further, it would be useful to study a larger sample and compare the findings to determine their applicability either in a geographical or hotel category sense.

The use of the findings of this study to practitioners

This study in a very modest way contributes to the understanding of the concept of CSFs in the hotel industry. This is particularly so, given the scarcity of research in this area in the hotel industry in particular. The findings of this study can help departmental managers to appreciate some of the areas that have influence on their success in order to focus their efforts on areas tied to success of the business. The research has also reiterated the need to balance performance measurement to go beyond the narrow financial and traditional measures.

Future areas of research

Since customer feedback featured as a popular CPI in both studies, it would be of future research interest to investigate the effectiveness of the current customer satisfaction tracking systems and find out to what extent they incorporate the CSFs in the particular department.

Another area of research interest would be to find out how CSFs identified are understood by the operating staff as opposed to the management since the employees are the ones on the shop floor (Employee understanding of CSFs or the operationalisation of the CSFs).

APPENDIX I

Interview Introduction Sheet

Introduction to the concept of Critical Success Factors

The essence of Critical Success Factors (CSFs) approach to management is, *Focussed Specialisation* i.e. the concentration of resources and effort upon those factors capable of providing the greatest competitive leverage.

Consequently not all factors will be of equal importance to a department and a relatively limited number of factors will be crucially or 'critically', important to the competitive survival or success of a department.

CSFs are therefore the 'must achieve' factors both within a department and its external operating environment.

Apart from measuring profitability, a management control system also identifies certain 'key variables (also strategic factors, key success factors, key result areas and pulse points)' that significantly impact profitability.

Critical success factors thus are, for any business/ department, the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation. They are the few key areas where 'things must go right' for the business to flourish.

Key success factors are those variables which management can influence through its decisions that can affect significantly the overall competitive positions of department or hotel.

CSFs as those product features particularly valued by customers, and, therefore, areas where the organisation must excel to outperform competition.

Questions for the Interview

1. What do you consider to be those factors that are important for your department to succeed in it performing its expected role in the hotel (Which are those areas you must constantly pay attention to)?
2. Why do you think these factors are important?
3. How would you rank the factors in order of importance?
4. How do you measure whether or not you are achieving these factors? What are the indicators you employ to inform you of how you are fairing?

APPENDIX II

CSFs And CPIs From The Brotherton and Shaw (1996) Study

1. Front Office

CSFs	Rank	CPIs
Operation of Accurate and Efficient Reservation system	1	Occupancy % Achieving Average Room Rate Room Yield Guest Questionnaires
Effective Staff Sales Skills	2	Achieved Room Rates Customer Feedback
Provision of High Levels of Customer Care	3	Customer Complaints
Maximisation of Occupancy Levels	4	Monitoring of Occupancy Performance, Competitors and Market Trends
Development of Appropriate Staff Attitudes	5	Guest Comments Repeat Business Management Observation and Monitoring
Effective Revenue/ Yield Management	6	Average Room Rate Growth Yield per Available Room

2. Guest accommodation services

CSFs	Rank	CPIs
Providing Consistent Quality	1	Guest Comments Level of Repeat Business Occupancy Levels Average Room Rate
Ensuring High Levels of Cleanliness	2	Customer Feedback Guest Questionnaires
Meeting Customer Needs	3	Repeat Business
Operating Appropriate Training Programmes	4	Staff Appraisals Reduction in Operating Costs Standards Maintained
Minimising Costs	5	Number and Variety of Multi Skilled Staff Efficient Purchasing and Utilisation of Resources
Providing a Sufficient Variety of Rooms	6	Guest Comments Room Sales and Occupancy Levels

3. Food and Beverage Service

CSFs	Rank	CPIs
Providing a High Level of Service	1	Customer Feedback and Satisfaction Repeat Business Sales Generation
Enhancing Customer Care	2	Customer Feedback Number of Covers
Developing and Maintaining a High Level of Staff Skills	3	Customer Feedback Observed Standards of Performance Volume of Business Training Needs Analysis and Appraisal
Inculcation of Appropriate Staff Attitudes and Appearance	4	Customer Feedback Repeat Business Volume of Business Manager Observation/ Reports
Providing Quality of Ambiance and Environment	5	Customer Feedback Volume of Business Level of Repeat Business Enquiry Levels and new business Market Awareness and Competitor Observation
Enhancing the Quality of Food and Drink Presentation	6	Customer Comments Repeat Business Volume of Business
Producing High Quality Food and Drink Products	6	Customer Comments Repeat Business Increased Volumes of Business

4. Food and Beverage Production

CSFs	Rank	CPIs
Producing a Consistent Quality of Food	1	Guest Comments Level of New and Repeat Business Increased Sales and Profitability
Installing Appropriate Standards and Procedures	2	Monthly Food GP % Specification Manual and Daily Monitoring
Maintaining Efficient Purchasing Practices and Effective Liaison with Suppliers	3	Number of Stockholding Days GP % and Increase in Overall Profitability
Ensuring Minimal Food Wastage	4	GP % Number of Days Stockholding Purchasing
Utilisation of Efficient Production Methods	5	Productivity and Payroll Costs Number of Days Stockholding Customer Complaints GP %
Maintaining High Standards of Hygiene	6	Hygiene Checks, Programmes and Audits

APPENDIX III

Findings from the Interviews

1. Front Office

Rank	Critical Success Factor	Critical Performance Indicator
1	Customer Service	<ul style="list-style-type: none"> - Customer Satisfaction Tracking - External audits - Volume of business compared to competition - Repeat business - Complaints and compliments
2	Business performance	<ul style="list-style-type: none"> - Departmental Profit and loss accounts - Occupancy percentage - Average room rate - Revenue Per Available Room (RevPar) - Competitor comparison - Catering spend per room sold - Market share of potential business (obtained from Travel Click, Daily Net and Share of business from GDS)
3	Team members (people)	<ul style="list-style-type: none"> - External audits - Level of absenteeism - Turnover - Appraisal - Feedback - Complaints and compliments - Training and development programme
4	Product and pricing	<ul style="list-style-type: none"> - Customer feedback - External audits - Competitor comparison - Cleanliness and maintenance audits - Health and safety audits

2. Food and Beverage Production

Rank	Critical Success Factor	Critical Performance Indicators
1	Proper communication	<ul style="list-style-type: none"> - Accurate and timely flow - Function sheets, menus
2	Consistency of the product	<ul style="list-style-type: none"> - Customer comments - Complaints and compliments
3	The team	<ul style="list-style-type: none"> - Absenteeism and labour turnover - Team morale through observation - Team feedback - “If chef is left alone” - Performance reviews - In house opinion survey
4	Hygiene and safety	<ul style="list-style-type: none"> - Hygiene and safety audits - Inspection
5	Cost control	<ul style="list-style-type: none"> - Food gross profit report - Wages report - Business forecast
6	Minimisation of wastage	<ul style="list-style-type: none"> - Inspection of storage areas - Observation of working procedures - Food cost report
7	Good relationship with suppliers	<ul style="list-style-type: none"> - Supply prices - Quality of products delivered - Ability to deliver in emergencies

3. Food and Beverage Service

Rank	Critical Success Factor	Critical Performance Indicators
1	Training and morale	<ul style="list-style-type: none"> - Staff training records - Team feedback - Staff turnover and absenteeism - Job chats - Team survey
2	Service and standards	<ul style="list-style-type: none"> - Guest complaints and compliments - Mystery customers reports - Customer satisfaction tracking - Customer feedback - Moment of truth observations
3	Financial performance	<ul style="list-style-type: none"> - Profit and loss account - Labour costs - Average check - Food and drink revenues
4	Dining atmosphere	<ul style="list-style-type: none"> - Customer feedback - Mystery customer reports - External assessments

4. Housekeeping Department

Rank	Critical Success Factor	Critical Performance Indicators
1	People/ training/ morale	<ul style="list-style-type: none"> - Labour cost - Staff turnover and absenteeism - Training records - Team feedback - Customer feedback - Customer complaints
2	Equipment, cleaning products and linen	<ul style="list-style-type: none"> - Cost reports - Breakdowns - Wastage - Standard operating procedures - Equipment replacement projects
3	Cost control	<ul style="list-style-type: none"> - Profit and loss account - Housekeeping wages per room sold - Actual vs. budgeted wages
4	Communication	<ul style="list-style-type: none"> - Customer complaints and compliments - Accurate and timely reports - Teamwork - Coordinated services

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