



Cape Peninsula
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The use of non-financial performance measures by small and medium enterprises operating in the hotel industry, in the Cape Metropole

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ABSTRACT

Small and Medium Enterprises (SMEs) operating in the hotel industry in South Africa are perceived to be failing/underperforming partly due to their reluctance to use Non-Financial Performance Measures (NFPMs). The main purpose of this study was to determine the extent to which SMEs in the hotel industry use three categories of NFPMs, namely; customer oriented, internal business process as well as learning and innovation, for running their businesses. This objective requires quantitative data to determine the percentage of SMEs in the hotel sector that make use of NFPMS. Specifically, the study aimed to determine the types of NFPMs used by the SMEs, the purposes for which these measures are used, the perceived effectiveness of the NFPMs currently used, as well as the factors that inhibit SMEs from using NFPMs. To this end, a questionnaire survey was administered on owners/managers of 100 hotels operating in the Cape Metropole. Purposeful sampling method was employed.

Test of reliability of questionnaire was done during the experimental stage to ensure the stability, consistence, repeatability, or reproduction of the same results if questionnaires were to be administered to the same population using the same methodology at different times.

The results of the study revealed that customer oriented measures were the most frequently used NFPMs, while learning and innovation related measures were the least frequently used NFPMs by the sampled SMEs. Concerning the purpose for which SMEs use NFPMs, the results revealed that SMEs used the NFPMs mainly for: improving the profitability of their business, improving productivity and effectiveness, as well as for improving decision-making. As far as the perceived effectiveness of the NFPMs currently used by SMEs, the results revealed that customer oriented measures were perceived by the sampled respondents to be the most effective of the three NFPMs. With respect to the factors inhibiting SMEs' use of NFPMs, the results revealed that the main factors were high cost of implementing these measures, incomparability of the measures to those of other SMEs due to their entity specific nature, difficulty in quantifying the NFPMs measures, as well as employee resistance.

This study fills a gap in the literature by making a significant contribution on the usage of NFPMs by SMEs. The study provides useful information on the usage of NFPMs that the Department of Small Business Development and Small Enterprise Development agency

(SEDA) can use to inform the development of interventions aimed at reducing SMEs' failure. These findings may also help SMEs to improve their usage of NFPMs in order to capitalise on the benefits gained from using these measures. Furthermore, these findings may help SMEs to overcome the factors that inhibit them from using NFPMs.

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DEDICATION

I dedicate this thesis to my mother for her belief in me, yet she only has standard three as the maximum class she attended.

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GLOSSARY

Abbreviation

Definitions/Explanations

SMEs	Small and Medium Enterprises
NFPMs	Non-Financial Performance Measures
FPMs	Financial Performance Measures
BSC	Balance Score Card
FMCG	Fast Moving Consumer Goods
GCC	Guest Comment Card
MATs	Management Accounting Tools
SCM	Supply Chain Management
DSBD	Department of Small Business Development

CHAPTER 1: BACKGROUND AND PROBLEM STATEMENT

1.1 INTRODUCTION

This study investigated the use of NFPMs among SMEs operating in the hotel industry, in the Cape Metropole. This chapter presents the background information in Section 1.2, followed by the statement of research problem in Section 1.3. Section 1.4 is on data collection and analysis; while section 1.5 focuses on delineation of the research. Thereafter, section 1.6 presents the significance of the research/study, followed by section 1.7 that looks at the limitations and constraints, while section 1.8 deals with the study's contribution to knowledge. Section 1.9 gives an outline of the study and lastly section 1.10 provides the summary and conclusion of the chapter.

1.2 BACKGROUND INFORMATION

The rapid and steady growth of the tourism sector in South Africa has led to expansion and new investments in hotels (Jacobs & Demes, 2014: 1). The expansion and growth has not only occurred among the upscale five-star hotels that cater for upper-class clientele, but has also occurred among mid-tier hotels and budget hotels catering for the low budget clientele (PWC, 2014:23). The latter hotels have created new business opportunities for Small and Medium Enterprises (SMEs) as well as for large enterprises (Ward & Gillis, 2013).

To survive the ever-increasing competition in the hotel industry, large hotels have embraced both financial and NFPMs to aid in managing their businesses effectively (Wangui, 2013:58). They have done so not only to obtain and retain their highly coveted five-star rating but also to be accredited by international standardisation bodies as well as to obtain membership in international hotel associations (Ongore & Kobonyo, 2011). As a result of adopting both financial and NFPMs, these hotels have shown better results than the mid-tier and budget hotels, which are characterised by a high failure rate (Köseoglua, Topaloglu, Parnell & Lester: 2013:88).

Despite the better results achieved by the large five-star hotels from the adoption of both financial and non-financial measures, researchers have shown concern over the apparent reluctance by mid-tier and budget hotels, typically operated as SMEs, to embrace the NFPMs

(Jamil & Mohamed, 2013:206). Instead, these hotels have solely relied on financial performance measures, which only allow for feedback on the action taken; thus, tend to direct their management's attention towards past actions as opposed to future success (Mcphail, Herington & Guilding, 2008; Türüdüoğlu, Suner & Yıldırım, 2014).

Unlike financial performance measures, NFPMs have been advocated for as they provide businesses with feed-forward information that is future - oriented and thus more relevant for planning purposes (Guilding, 2014). In addition, these measures provide a closer link to long-term organisational strategies. While financial performance measures generally focus on annual or short-term performance against accounting yardsticks. Furthermore, these measures can result in counterproductive behavior whereby managers pursue short-term goals at the expense of more critical long-term goals.

NFPMs are also progressive with regard to meeting and exceeding customers' expectations as well as gaining and maintaining a competitive advantage over competitors. Thus, they are critical in achieving profitability and other long-term strategic goals (Micheli & Manzoni, 2010). By supplementing financial measures with non-financial data relating to strategic performance and the implementation of strategic plans, businesses can communicate objectives and provide incentives for managers to pursue long-term strategies (Kidd & Song, 2008:491; Pangarka & Kirkwood, 2009). Furthermore, NFPMs provide a holistic view of a business' operations and dynamic information (Taticchi, Tonelli & Cagnazzo, 2010). Such an approach enables businesses to evaluate their current performance and continuously monitor operational progress over time (Taticchi *et al.*, 2010). Thus, these measures expose operational weaknesses and opportunities for improvement, which can then be used to review and clarify objectives and priorities. In so doing, a business is able to understand its internal and external contexts, which are likely to compel it to adopt better strategies for improving its management processes as well as business performance (IFAC, 2016; Molloy, Miller & Elicker, 2010).

Non-financial indicators can also capture critical non-financial and industry-specific performance indicators. In the hotel industry, these could include: bed occupancy levels, customer satisfaction surveys completed by customers, guest evaluations of employees' helpfulness, guest evaluations of design, facility renovations and maintenance. Others are:

number of repeat customers, number of complaints, and guest evaluation of extra benefits gained such as relaxation, exercise, and refreshments. Such non-financial measures are the real drivers of value within modern businesses that make their future performance predictable (Phillips & Louvieris, 2010:209; Bongani, 2013:25).

Notwithstanding the above-mentioned potential advantages of non-financial measures to SMEs operating in the hotel industry, prior studies in other countries have observed small and medium hotels tend to over-rely on FPMs (Kambona & Othuon, 2010:859), largely disregarding non-financial measures (Zigan & Zeglat, 2010: 600). This over-reliance on financial measures indicates that management's attention is directed towards the results of past actions rather than towards strategic determinants of success (Wadongo, Odhuno, Kambona & Othuon, 2010: 868). Indeed, some studies have partly attributed the high failure rate of SMEs (estimated to be between 60% and 80%) to a lack of use of NFPMs (Wadongo, Odhuno, Kambona & Othuon, 2010:859). Among the reasons provided for the low uptake of NFPMs by SMEs in general are inadequacy of information systems among these entities, complexity of the NFPMs that renders them incomprehensible and unusable as well as the general perception that the measures are not as important as the financial ones (Chow, Van Der Stede, 2006).

Although the use of NFPMs by SMEs has been extensively researched over the years in the developed countries, little has been done in South Africa. The few studies that have investigated the use of NFPMs in the country have focused mostly on large organisations (Pooe, 2007). Therefore, there is a dearth of research on NFPMs employed by the SMEs, particularly those operating in the hotel industry. Given the importance of SMEs operating in the hotel industry in creating the much-needed jobs, and considering the high failure rate of these entities when compared to their larger counterparts which have adopted non-financial measures, it is imperative that the use of non-performance measures by SMEs be investigated.

1.3 STATEMENT OF RESEARCH PROBLEM

1.3.1 Problem statement

The problem investigated by this research was that SMEs operating in the hotel industry in the Cape Metropole are perceived to be failing partly due to their reluctance to use NFPMs. These

entities are perceived to have over relied on FPMs which only present the partial picture of their performance, thus resulting in critical decisions being made without a proper appreciation of their implications (Bruwer, 2010:29). As a result of disregarding NFPMs, most SMEs within the hotel industry sector have been outperformed by their larger competitors who have embraced NFPMs (Salloum, 2011:1).

Indeed, prior studies have attributed the hotel industry's SMEs persistent struggle to survive due to their reluctance to use NFPMs (Abdullah & Hamdan (2012). In fact, these entities over reliance on FMs have resulted to a high failure rate of up to 80% within five years of their commencement (Wadongo, Odhuno, Kambona & Othuon, 2010: 859). Despite the benefits that SMEs can derive from NFPMs, little research has been conducted to investigate the extent to which SMEs within the hotel industry sector in Cape Metropole use these measures. Therefore, little is known as to whether these entities use NFPMs and whether they derive the anticipated benefits from these measures. Given the high failure rate of these entities in South Africa in general and considering their importance in the creation of the desperately needed employment opportunities, it was imperative that their use of NFPMs be investigated through a study such as this one.

1.3.3 Purpose statement

The main purpose of this study was to determine the extent to which SMEs in the hotel industry sector use NFPMs.

1.3.4 Research question, Research sub-questions, methods and objectives

To what extent do SMEs in the hotel industry in the Cape Metropole utilise non-financial performance measures?

Table 1. 1: Research sub-questions, methods and objectives

Investigative Questions	Method(s)	Objectives
--------------------------------	------------------	-------------------

What types of NFPMs, if any, are utilised by SMEs?	Questionnaire survey Descriptive and inferential statistics	To determine the types of non-financial performance measures, if any, that are used by SMEs
For what purposes do SMEs use NFPMs?	Questionnaire survey Descriptive and inferential statistics	To determine the purpose for which SMEs use NFPMs
What are the perceptions of decision-makers of SMEs regarding the effectiveness of the NFPMs that are currently employed by these entities?	Questionnaire survey Descriptive and inferential statistics	To determine the perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities
What factors, if any, inhibit SMEs from utilising NFPMs?	Questionnaire survey Descriptive and inferential statistics	To determine the factors, if any, that inhibit SMEs from utilising NFPMs

1.4 Data collection, analysis

Taking into cognisance that the researcher seeks to gather unbiased information relating to the extent to which hotel SMEs operating in the Cape Metropole currently use NFPMs, primary data was collected from hotel owners, managers or accountants of the selected SMEs, by means of a self-administered questionnaire. This instrument was selected because it is practical when a large volume of information is to be collected from a large number of respondents in a short period of time and at a relatively low cost (Brynard & Hanekom, 2006). In addition, a questionnaire is suitable for data collection from a sample as it allows statistical

analyses and generalization of results to a population. Descriptive and inferential statistics were used to analyze and interpret the data collected (Mabesele, 2009).

1.4.1 Questionnaire design

The questionnaire was divided into five sections to ensure clarity. Section one focused on the types of NFPMS utilised by hotel SMEs, section two dealt with the purposes for which NFPMS are used by hotel SMEs while section three focused on the respondents' perception on the effectiveness of NFPMS currently employed by these entities. Section four concentrated on the factors inhibiting hotel SMEs from using NFPMS and finally section five) aimed at obtaining the respondents' business profile.

1.4.2 Data analysis

Descriptive statistics was used to explain the composition of the sample. The Statistical Package for Social Sciences (SPSS) version 24.0 was used in aggregating and analyzing the data.

1.4.3 Reliability and validity tests

Reliability is the assurance that the items posited to measure the constructs are sufficiently reliable and will produce stable and consistence results.

Validity refers to the degree to which a tested construct measures what it is meant to measure.

1.4.4 Ethical considerations

Due to human participation in the study, an approval to conduct the research was obtained from Cape Peninsula University of Technology's Ethics Committee before commencing data collection.. The Committee requires that research participants are assured of protection from any potential negative consequences that may arise as a result of participating in the research.

1.4.5 Informed Consent:

To comply with the requirements of the Ethics Committee, the researcher explained the research aims to the respondents and emphasised that the respondents could withdraw from

participating in the survey at any time without obligation. A consent letter was given to the participants who read and were encouraged to ask questions to gain clarity. Once a participant's consent was obtained, the questionnaire was administered.

1.4.6 Confidentiality and Anonymity:

The participants were given the choice to remain anonymous, and were assured that the confidentiality of their personal details would not be compromised or revealed to third parties. In addition, the participant information and responses were kept confidential and the survey data was captured in an anonymous manner so as to protect the identities of the participants.

1.5. DELINEATION OF THE RESEARCH

The boundaries of this research was limited to managers, owners or accountants in the hotel industry situated in the Cape Metropole as these were deemed to be the decision-makers of SMEs that should be familiar with performance measurement. According to Collis & Hussey (2003: 129), the reason for delineating the study is to make sure that the research is focused in one area as opposed to a broader scope.

1.6. SIGNIFICANCE OF THE RESEARCH

This study sought to inform the SME owners, managers or accountants about the NFPMs that could enhance the sustainability of their businesses. The study provides useful information on the usage of NFPMs that the government agencies such as Department of Small Business Development (DSBD) and Small Enterprise Development agency (SEDA) can use to inform the development of interventions aimed at reducing SMEs' failure. It examined the NFPMS use by the hotel SMEs in order to determine their preferences. The study exposes SMEs in the hotel industry to the importance of various NFPMs which can enhance their likelihood of success in their respective businesses and to be competitive in the hotel industry. Furthermore, the research identifies NFPMS usage gaps among hotel SMEs which if filled may help hotel owners, managers or the accountants in ensuring that their hotels survive and even thrive.

1.7. LIMITATIONS AND CONSTRAINTS

Given that only a few studies have been conducted on the usage of NFPMs by hotel SMEs, the proposed study was informed by limited prior literature. In addition, the study focused on SMEs from the hotel sector located in the Cape Metropole. Accordingly, the findings obtained may not be representative of all SMEs in South Africa. Furthermore, only the use of NFPMs by SMEs was investigated, therefore, the results may not represent the extent to which these SMEs measure performance in general.

Due to the busy schedule of the respondents, it was difficult to get most of the targeted participants to answer the questionnaire, and some were biased or reluctant to answer their questions. However, the researcher visited such respondents severally persuaded them to participate in the survey.

One of the well-documented weaknesses of a questionnaire survey method is a low response rate which leads to a non-response bias (De Vos, Strydom, Fouché & Delpont, 2011). This undermines the generalisability of the results to the entire population. The risk of a low response rate was reduced by drawing up a relatively short questionnaire comprising of closed- ended questions.

The sensitive nature of the required information, as well as the risk involved in disclosing it, can justify the unwillingness of some respondents to partake in the study (De Vos, et al. 2011). To overcome this limitation, the researcher avoided sensitive questions and reassured the respondents of the confidentiality of the information divulged.

A low response rate can also be as a result of the researcher not being able to meet or engage with the respondents in order to explain or clarify ambiguous terms and concepts (De Vos, et al. 2011). The researcher therefore, prioritised a face- to- face survey approach as often as was required.

1.8. CONTRIBUTION TO KNOWLEDGE

This study aimed at filling a gap in research on the usage of NFPMS by hotel SMMEs in South Africa. Although many studies have been conducted on the usage of these tools in other

countries, little research has been conducted on the same in South Africa (Ahmad, 2012). The few studies that investigated the usage of NFPMS in South Africa did not focus on the hotel sector, nor did they investigate the usage of NFPMS (Mabesele, 2009). Hence, the findings of this research contribute to the debate on the usage of NFPMS with specific application to the unique context of SMEs operating in the hotel industry.

1.9. OUTLINE OF THE RESEARCH STUDY

Chapter 1: Introduction and problem identification: This chapter provides an overview of NFPMS and the identification of the subject matter.

Chapter 2: Literature review: This chapter provides a discussion of pure literature review and fundamental concepts relevant to this research. Further, theoretical constructs are extracted and explained.

Chapter 3: This chapter explores the design and methodology of the study and presents the sampling techniques, methods of data collection and analysis used.

Chapter 4: This chapter focuses on the analysis and interpretation of the research findings. The results obtained were analysed, compared and evaluated based on the literature on current and passed findings from previous studies.

Chapter 5: This chapter presents the conclusions and recommendations of the study. In addition, the recommendations emanating from this study are provided based on the findings.

1.10. SUMMARY AND CONCLUSIONS

In chapter one, the researcher introduced the topic titled, “The use of NFPMS by small and medium enterprises operating in the hotel industry, in the Cape Metropole”. The study aimed at determining types of NFPMS, the purpose for which these measures are used by SMEs, the perceptions regarding the effectiveness of NFPMS and the factors that inhibit SMEs from utilising NFPMS. Pre-literature review and the design applied in order to collect data was introduced.

Chapter two reviews the prior studies related to the topic of this study. Based on the review, gaps in the prior literature are identified to justify this study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The aim of this chapter is to review prior studies on the usage of NFPMs by Small and Medium Enterprises (SMEs). Through the review, the chapter identifies the gaps in the current literature on the types of NFPMs used by SMEs. Further, it identifies the purpose for which these measures are used by these entities, the perceived effectiveness of the NFPMs used and the factors that inhibit SMEs from using NFPMs. This chapter begins with the definition of an SME, a brief discussion of their importance to the South African Economy in section 2.2. This is followed by a discussion of the importance of the hotel industry in South Africa in section 2.3. Section 2.4 then discusses the importance of NFPMs as well as the different types of the measures relevant to the hotel industry, while section 2.5 reviews prior studies on the types of non-financial measures used by SMEs. Section 2.6, reviews prior studies on the purpose for which SMEs use NFPMs, while section 2.7 reviews prior studies on the perceived effectiveness of the NFPMs used by SMEs. Section 2.8 reviews prior studies on the factors that inhibit SMEs from using NFPMs, while Section 2.9 outlines the gaps identified in prior literature and research questions that have remained unanswered. Lastly, section 2.10 provides the summary and conclusion of the chapter.

2.2 DEFINITION OF SMES AND THEIR IMPORTANCE TO THE SOUTH AFRICAN ECONOMY

2.2.1 Definition of SMEs

In South Africa, the most cited definition of an SME is provided by the National Small Business Act No. 102 of 1996 as amended by the National Small Business Amendment Act of 2003 and 2004. It defines a small business as “a separate and distinct business entity, including its branches or subsidiaries, managed by one or more owners, predominantly carried on in any sector or subsector of the economy”. The Act also provides a generic classification of SMEs (See Table 2.1). The classification is based on the number of employees, total annual turnover and/or the estimated gross asset value excluding fixed property.

Table 2. 1: Classification of small and medium enterprises in South Africa

Size of enterprise	Number of employees	Annual turnover (Rand value)	Gross assets, excluding fixed property
Medium enterprise	Less than 100 or 200 depending on industry.	Less than R4 million or R50 million depending on the sector.	Less than R2 million or R18 million depending on sector.
Small enterprise	Less than 50.	Less than R2million or R 25million depending on sector.	Less than R2 million or R4.5 million depending on sector.
Very small enterprises	Less than 10 or 20 employees depending on industry.	Less than R200 000 or R500 000 depending on sector.	Less than R150 000 or R500 000 depending on sector.
Micro enterprises	Less than 5 employees.	Less than R150 000.	Less than R100 000.

Source: National Small Business Act Amendment no 26 of 2003.

For the purpose of this study, SMEs are classified on the basis of number of employees as shown in Table 2.2. Given that this study focuses on the hotel industry, and bearing in mind the labour intensive nature of the industry, only the Small and Medium size categories are included in this study as hotels are unlikely to employ less than five employees. Micro enterprises are therefore excluded from this study. Moreover, unlike Micro enterprises, SMEs are expected to have attained a size and sophistication that requires usage of NFPMs and can certainly afford to implement these measures (Armitage & Webb, 2013:13).

Table 2.2: Classification of SMEs for the purpose of this study

Category of enterprise	Description (according to number of employee)
Small	6-50
Medium	51-200

Source: National Small Business Act Amendment no 26 of 2003.

2.2.2 Importance of SMEs

The significance and contribution that SMEs have towards sustainable economic growth, Gross Domestic Product (GDP), Gross National Income (GNI) and the curbing of unemployment by employing unskilled, semi-skilled and skilled labours is not only acknowledged locally but also globally in the developing and developed economies alike (Ahmad, 2012; SBP Alert, 2013).

2.3 THE IMPORTANCE OF THE HOTEL INDUSTRY IN SOUTH AFRICA

The hotel industry is one of the fastest growing industries in South Africa, averaging a real growth rate of 1.3% per year (PWC, 2016). The industry makes a vital contribution to the country's economy by creating employment opportunities for unskilled, semi-skilled and skilled South Africans, given its labour intensive nature (Bongani, 2013). Additionally, according to Malai (2016), "SMEs employment representing 60% of private sector jobs is one that fuel economic growth". Government has also acknowledged the significant contribution that "social entrepreneurs" make to curb poverty and empowering previously disadvantages groups (OEC, 2004:8). Thus, SMEs "help to drive economic growth, create employment, and are sources of innovation and new ideas" (SBP Alert, 2009:2).

Malai (2016) states that, "SMEs are 'the world's most concentrated, booming and innovative engine for global economy growth", "With 95 per cent of global enterprises comprising SMEs, they serve as key drivers of innovation, social integration). Due to high competitive nature of the industry in which SMEs operate, these entities have opted for innovation in order to outperform their counterparts and to be sustainable in their respective industries, and

those that have opted to do so have enjoyed the benefits of high profits and financial performance as oppose to the competitors (OEC, 2004:8). Malai (2016) concludes that, “SMEs need to be innovative in order to match with the current economic growth traffic. Innovation needs to be considered a continuous capability in a business and it has to be embedded in the organization”.

In addition, the hotel industry provides approximately 71% jobs in the accommodation industry and has provided opportunities to the previously disadvantaged communities (Stats SA, 2014). The industry also provides the desperately needed foreign exchange to the country (Stats SA, 2014). Furthermore, the hotel industry provides the South African Government with revenue in a form of a variety of taxes (Stats SA, 2014). Moreover, the hotel industry contributes towards the development of the infrastructure of the country through the investments in constructing hotels, roads and so on in both developed urban areas and lesser developed rural areas of the country (Monks, 2010:15).

The rapid and continuous growth in the tourism industry fuelled growth in the accommodation industry in South Africa (PWC, 2014). As a result of such growth, more business opportunities were availed in the hotel industry, with existing hotels upgrading their facilities, renovating their properties or making plans to open new hotels in the country (PWC, 2014). With the aim to instil an entrepreneurial spirit, government has introduced a number of interventions and support programs granting financial support to motivate citizens to part take in these venture opportunities (Thulo, 2015). The government also used these opportunities to solve some of the challenges experienced in South Africa as a result of unemployment, particularly by those who were previously disadvantaged, and specifically, poverty that leads to crime.

2.4 THE IMPORTANCE AND TYPES OF NFPMS

2.4.1 The importance of NFPMS

Unlike financial performance measures, NFPMS have been advocated for, as they provide businesses with feed-forward information that is future- oriented and thus more relevant for planning purposes (Harris & Mongiello, 2001: 120-127: & Georgescu, Budugan & Crețu, 2010:315). While financial performance measures generally focus on annual or short-term

performance against accounting yardsticks. Furthermore, these measures can result in counterproductive behavior whereby managers pursue short-term goals at the expense of more critical long-term goals. Moreover, FPMs are backward looking, giving report based on the past performance of the business as oppose to NFPMs that are future – oriented. Hence this study focuses on NFPMs. NFPMs are progressive with regard to meeting and exceeding customers’ expectations and obtaining a competitive advantage against competitors. Thus, they are critical in improving performance and other long-term strategic goals (Micheli & Manzoni, 2010).

A study conducted by Kala & Bagri (2014) on balanced scorecard usage and performance of hotels, reveals that, although majority of the hotels are focusing on financial performance measure, some of them do pay attention to NFPMs. These include: state of the art infrastructure, quality of hotel staff, regular staff training, innovative process, error free services, and guest satisfaction and retention. As a result, such SMEs enjoy high bed occupancy levels, high guest and customer satisfaction and retention, cheering goodwill and an increasing market share in their respective towns. Thus, customer satisfaction resulting to retention rate leads to an increase in revenue, profits and financial performance for these SMEs.

Another study was conducted by Georgescu, Budugan & Crețu (2010) on non-financial performance control-the key to a successful business. The study found that integrating non-financial performance to accounting reports with regards to strategic performance and applying strategic plans gives support to decision-makers to approach long term strategic objectives. Moreover, the results revealed that NFPMs helps entities to better estimate their future financial performance. In addition, by adopting NFPMs these entities by default invest in guest satisfaction and this could improve the economic performance of the business in the future due to customer loyalty, and by attracting new customer and reducing expenses related to “customer litigation”. Lastly, NFPMs do not only benefit the entity through increase in income, but could also help “auditors in their evaluation of fraud risk” during the period of performing audit.

In addition to the above benefits, a study was conducted by Korir & Imbaya (2013), the study revealed that majority of the respondents used NFPMs and by doing so enjoyed the following

benefits to a large extent (they effectively respond to changes in the market, improved positive business reputation, improved perceived customer satisfaction, generate higher profits year on year, increase customer loyalty). Lastly, this study found that, to a moderate extent, the respondents agreed on the following benefits of using NFPMs. (acquire new customers, obtained higher profits in relation to their expectation and their counterparts).

Emphasising the significance of NFPMs another study was conducted by Banker, Potter & Srinivasan (2005) confirming that the usage of these measures is significantly associated with the financial performance and revenue of the entity. This study further explained that the reason for higher revenue and profits is caused by customer oriented measures that result in satisfaction.

However, some hotels are still found to be uninformed on the kind of non-financial measures they should measure (Atkinson & Brander Brown, 2001). Furthermore, the hotel industry seems to be focusing and over-relying on financial measures (Harris & Mongiello, 2001; Evans, 2005; Kambona & Othuon, 2010:859; Zigan & Zeglat, 2010:600). These hotels are still unaware that by supplementing financial measures with non-financial data, which relate to strategic performance and the implementation of strategic plans, businesses can communicate objectives and provide incentives for managers to pursue long-term strategies (Kidd & Song, 2008:491; Pangarka & Kirkwood, 2009).

2.4.2 Types of NFPMs relevant to the hotel industry

2.4.2.1 Customer - oriented measures

Customer oriented measures refer to those measures that target customers, because businesses in the hotel industry operate because there is a customer to serve (Valdani, 2009). These measures include market share percentage, sales growth, bed occupancy rates, customer satisfaction surveys, guest evaluation of employee helpfulness, guest evaluation of facilities, number of repeat customers, guest evaluation of extra benefits provided such as exercise and refreshment, and guests' complaints (Denton & White, 2000). According to Duobienė & Rautkienė (2010) customer- oriented measures answer the question "What do customers think makes the business successful?" and look at measures that "capture customer opinion".

Despite the significance of customer measures for financial performance of hotels, little research has been conducted on NFPMs as used by hotels in the Cape Metropole. A single study conducted by Wadongo, Odhuno, Kambona & Othuon (2010), investigated the key performance indicators in the hospitality industry, and found that decision-makers give more attention to measures such as sales growth. Thus, this measure is frequently used and is regarded as one of the mostly used measure, while market share is hardly used because decision-makers believe it to be less imperative.

Banker, Potter & Srinivasan (2005) researched on internal success factor of hotel occupancy rates, and found that there are a number of factors that affect bed occupancy levels. Among those factors was hotel facilities, designed cleanliness, employee helpfulness to customers, renovation, and maintenance. The study further recommended that hotel managers should recognise the importance of meeting and satisfying customer demands, as this would increase the chances of a customer returning to the same hotel next time, leading to higher occupancy levels and consequently more revenue. However, the study highlighted that internal factors or measures used to ensure customer satisfaction are very costly in the short run, but payback in the long run, which is very good for the business since the increased bed occupancy levels in the long run, will increase revenue and profits leading to success and sustainability of the hotel.

Although, bed occupancy level is significant for revenue, profits, success, performance and sustainability of the hotel, the following study highlights that, there are factors that affect it. This study was done by Saleem, & Juboori (2013) on “factors affecting hotels occupancy rate”. Several factors that affect bed occupancy level were identified as: hotel location, size, number of rooms, service quality, room facilities, prices, employees’ attitudes and cleanliness, economic status, exchange rate, political situation, and intensive competition. This study recommended that decision - makers should be aware of these factors in order to overcome them through lowering room rate during low season or having random promotion for local citizens and target new markets with new marketing strategies to ensure that they maintain higher bed occupancy levels in all seasons.

Wadongo, Odhuno, Kambona and Othuon (2010) found that decision-makers pay no attention and less usage is given to evaluations of attitude, behaviour, and expertise of employees, guest

evaluations of design facilities renovations and maintenance, and guest evaluations of benefits gained such as relaxation, exercise, and refreshment. Thus, it is likely that a number of customers do not return to such business.

The number of repeat customers is crucial as it contribute to the profitability of the entity, since more customers returning to the hotel will result to revenue to the business (Bowen and Chen, 2001). In addition, number of repeat customer has a direct relationship with customer satisfaction (Egan, 2001), meaning the more customers is satisfied the more likely hood that they will return to the entity.

In a study conducted by Petzer, Steyn and Mostert (2009) on customer retention practices of small, medium and large hotels In South Africa. Small hotels in operating in Gauteng obtain an average of 41.2% retention rate, followed by 27.6% retention rate on medium hotels and large hotels retention rate of 20% of their customers. This study concluded that majority of hotels in the Gauteng region measure the number of repeat customers with overall customer retention rate.

According to Choi, and Chu (2001) hotels that attract and maintain their customers are likely to have more repeat customers and survive in the industry. Therefore, it is significant that hotels understand guest demand so that they can fully satisfy them to entice them for a repeat purchase. This study further found a positive correlation between the level of guest satisfaction and the number of repeat customers and these findings were in union with those of (Cronin & Taylor, 1992; Hennig, Thureau & Klee, 1997).

Another study on the significance of customer satisfaction was done by Melia (2010), confirming that customer care has direct relationship with repeat customers. This study concluded that customer care contributes to a percentage of 60% of repeat customers. This study highlights the significance of customer care and guest satisfaction as it contributes to repeat business and retention rate. Another significance of encouraging repeat customers through customer satisfaction is that, it facilitates the survival and growth of the organisation. These findings were also in line with that of (Pedraja & Jesus, 2004). Similarly, Wadongo, Odhuno, Kambona & Othuon (2010) revealed that customer satisfaction survey is very

frequently used and found to be a one of the significant measures hotels use to measure performance.

Banker, Potter and Srinivasan (2000) conducted an empirical investigation of an incentive plan that includes nonfinancial performance measures. The purpose of this study was to revise the old managerial compensation scheme that was based mainly on financial measures to a new plan that included NFPMs. The analysis of the results revealed that customer satisfaction measures are significantly related to the future profit and performance of the hotel. As oppose to financial performance measures that focus on short-term and immediate performance, customer oriented measures are more associated with long-term performance and sustainability of the hotel, thus predict the future financial performance.

With regard to the old financial incentives which managers previously focused on, hotel managers focused on incentives based on profit rather than those based on the level of customer satisfaction, which is a non-financial measure. When they were informed of the new non-financial performance measurement scheme, that mostly focus on the customer and the significant impact the customer oriented incentive measures had on financial performance of the hotel, they were all unaware. Without such knowledge revealed from the findings of findings of this study, these managers would not have recognised the financial benefit of investing more time, effort and resources on customer satisfaction. Thus, this study was very critical for informing decision-makers on the significance of customer measures had on profits.

Taleghani, Largani, Gilaninia and Mousavian (2011) conducted a study on the role of customer complaints management in customer satisfaction and concluded that organisations should not run away from customer complaint feedback as it brings success to the business after complaints are properly handled. However, entities need to identify customer complaint factors that have potential significance for business success.

A similar study was conducted by Dinnen and Hassanien (2013) on handling customer complaints in the hospitality industry. This study finds that majority of the customer who frequent hotels are those who have previously complained. With decision-makers stating that they keep customer complaints on record and ensure that the complaint is resolved in order to

retain the customer. The study found that 50% of the respondents who had complained return back to the business, particularly those who feel that their complaint was properly handled. While, result also revealed that, some decision-makers go an extra mile to have special meetings with customers who complained to give them extra attention, with the aim to encourage them to come back. The study also found that customer complaints is important as the entity gets to understand customer demands, strengthen the quality of the brand and encourage customer loyalty when the complaint is dealt with properly.

2.4.2.2 Internal business process

According to Denton and White, (2000) internal business process identifies aspects such as: ability to adjust to guest request, response time to customer request, frequency of equipment breakdown, hotel suppliers delivering on time, hotel suppliers meeting standard purchasing specifications, and obtaining star classification. These are essential for achieving customer satisfaction in the short-term and meet long-term strategic business objectives. According to Mseden and Nassar (2015), quoting Kaplan and Norton, 1992, states that significant and effective internal business processes are those that enable the hotel to deliver customer expectations. Most businesses that had proper and established business processes, which are aligned to providing in-process quality, confirmed these as being crucial for the success of the organisation (Muhenje, Nyamwenge & Robert, 2013). Internal business processes entail processes that hotels must perfect upon in order to achieve customer objectives that lead to achieving financial objectives (Mseden & Nassar, 2015). Thus, internal business process focuses on internal business activities that impact customer satisfaction and financial aspect of the hotel.

In light of the importance of internal business process for the financial and operational performance of the hotel, a study conducted by Akbaba (2006) investigated measuring service quality in the hotel industry in Turkey. Akbaba's (2006) findings confirmed the importance of internal business processes since majority of the hotel respondents indicated that they do quality service check to guests, let guest complete guest comment card and also respond to guests' request within the required time.

Wadongo, Odhuno, Kambona and Othuon (2010) found that the frequency of equipment breakdown is one of the less significant and rarely used NFPM by SMEs in this study. According to Akbaba (2006), investigating service quality in the hotel industry: a study in a business hotel in Turkey, revealed that the little attention is given to the frequency of equipment breakdown, followed by low levels of response regarding the usage of this measure. The study by Wadongo, Odhuno, Kambona & Othuon (2010) further revealed that hotel suppliers delivering on time is less important thus, consequently less frequently used by SMEs. Additionally, this study revealed that less emphasis is given by SMEs to suppliers' meeting standard of purchasing specifications therefore, and this measure is not predominantly used, therefore found less significant by SMEs operating in the hotel sector.

Several studies were conducted on star classification. Hotel classification is done according to the service quality that a hotel renders to its guests and the suitability of their facilities (WTO, 2008). Hotel star classification is an important measure of hotel performance and a marketing technique to attract customers. Scholars have documented evidence regarding recognition of the significance of star classification ratings towards the performance and revenue generation by the hotel, as stated by the (WTO, 2014). Research evidence reveals that there is a positive correlation between star classification and hotel performance (Kiplagat, Makindi & Obwoyere, 2015), which concludes that hotels that have higher star classifications have reported higher profits and are generally more established than those that do not. However, this study also acknowledges that some customers do not fully rely on star ratings as they also make use of travel agents, trip advisors, and word-of-mouth when selecting a hotel. Notwithstanding the importance of star classification, small and budget hotels find it difficult to upgrade to a higher star classification because of the higher service quality costs that are associated with the star classification (Kiplagat, Makindi & Obwoyere, 2015).

Even though obtaining a star classification was intended to assist and attract guests to find a hotel of a particular standard, specific quality, and economic class, which would generate revenue for the hotel. Friedlander, (2014) found that star rating and industry classification such as luxury, upscale or budget hotels are irrelevant and insignificant to today customers' when selecting a hotel, hence some hotels find no value in chasing star classification. Friedlander (2014) claims that this is owing to the inconsistency in defining star classification. Therefore, star classification is increasingly deteriorating in levels of usage by guests when

evaluating or choosing a hotel, thus, hotels' usage of star classification has become less effective (Friedlander, 2014).

This is further supported by the National Tourism Organisations (NTOs), which states that there is complexity in hotel star classification in some countries. Due to the changes in technology, guests are turning from traditional hotel classification and are now relying on new electronic media classification as a tool to gather information about the hotel (Minazzi, 2010; Friedlander, 2014). Moreover, Minazzi (2010); Pierret (2016); Kotler; Bowen and Makens (2010) found that the inconsistency of defining hotel classification is attributed to the nature and diversity in the hotel accommodation industry, and differs from country to country, this is one of the causes of the decline in star classification. In addition, Pascarella (2005) believes that obtaining hotel star classification also declined owing to confusion regarding the different ratings that are shown on different travel agent websites, where one hotel will be rated differently with different stars by different websites.

Despite the above, literature reveals that in some parts of the world, obtaining star classification is still significantly used as an official and traditional method to evaluate the performance of hotels (Fraser, 2014). Moreover, Fraser (2014) found that star rating and obtaining star classification have never completely gone away, although there is certainly a decline in importance and usage owing to competition brought about by trip advisors and that customers tend to rely on them in recent times.

2.4.2.3 Learning and innovation

According to Duobienė and Rautkienė (2010) learning and innovation refers to creativity, new innovations and developments done by the organisation with the intention to attract new customers and retain the existing retain ones. Duobienė & Rautkienė (2010) further found that learning and innovation are more future focused as oppose to financial measures that are backward looking. Change in today's business is constant, therefore, hotels should continue to learn and be willing to adapt to new innovations and developments (Bongani, 2013). This is the reason learning becomes a necessity for continuous development of employees while the hotel also learns from the process, and interacting with customers (Bongani, 2013). Therefore,

continuous training and development of human capital become essential for learning about the business process.

Türüdüoğlu, Suner and Yıldırım (2014) conducted a study entitled, 'determination of goals under four perspectives of balanced scorecards and linkages between the perspectives: a survey on luxury summer hotels in Turkey'. The purpose of their study was to identify the goals of the balanced score card (BSC) and the strength of the correlation between the financial perspective, customer oriented measures, internal business process and learning and growth perspective. Türüdüoğlu, Suner and Yıldırım (2014) found that majority of the hotel decision-makers gave high priority to financial performance measures, followed by the customer perspective, with internal business process and learning and innovation following consecutively. However, when moderate highest priority was added to the highest priority, learning and growth perspective was found to have a strong effect on guests. It was further revealed that different managers gave high priority and attention to specific measures. For instance, general managers and financial managers gave a high significance to financial perspective when evaluating performance measures, while the sales and marketing manager normally focused on customer measures. The other findings revealed that a strong correlation exists between customer and finance with a high of 41.7% rate. While lowest relationship exists between learning and growth and financial measures with 15% rate.

In one study conducted by Chow, Haddad and Singh (2007:82) mentions that by providing employee training and development programs, hotels benefit from good employee morale, financial performance and improve employee satisfaction. Similarly, a study conducted by Wadongo, Odhuno, Kambona and Othuon (2010) concurs with the latter study that the level at which employee training and development programs are used in the hotel industry is very low, yet it is recognised as very significant measures for hotel financial performance. Furthermore, Wadongo *et al.* (2010) found that there is less significance and usage of the number of product and services innovated per year very by SMEs. These findings are consistent with those found by Phillips & Louvieris (2005) who conducted a study on performance measurement systems in Tourism, Hospitality, and Leisure Small Medium-Sized Enterprises revealing that little focus is given by hotels to the number of product and services innovated per year.

On the other hand, in today's competitive and changing business environment, technology has become a major tool, which is required in order to survive and be competitive. Kumar (2001) points to the fact that hotels, as service providers, cannot improve competitiveness to deliver superior value to their customers without suitably embracing Information Communication Technology (ICT).

The findings of the study conducted by Sirirak, Islam, & Ba Khang (2011), revealed that the adoption of ICT in the hotel industry has a remarkable positive and significant contribution to the performance of the hotels. Nevertheless, the adoption of ICT mostly influences the operational performance of the hotel more than customer satisfaction, particularly in small hotels regarded as three star hotels. The availability and the integration of ICT within hotel operation have positive relationship with the operational productivity while the intensity of the usage of ICT has a significant positive correlation with both operational productivity and customer satisfaction.

Another study conducted by Ansah, Blankson, and Kontoh (2012) encouraged the usage of ICT by hotels. The study concluded that 87.5% of the respondents is positive, stating that the usage of ICT has a positive correlation to the operational performance of the hotel, while 12.5% of the respondents oppose this view. The respondents believed that the usage of ICT has reduced previous long queues that used to arise during check-in and check-out hours, owing to the usage of internal and electronic points of sale. Thus, this study recommended that more adoption of ICT and staff trainings on the usage of ICT is necessary. Other benefits associated with the usage of ICT includes decrease in organizational costs, which results in general improvement of the hotel's performance (Boyne and Williams, 2003; Kumar, 2001).

Another learning and innovation measure that affects hotel profits is the employee turnover rate. Simons and Hinkin (2001) reveals that employee turnover is a cost to the hotel. This study found that there is a positive association between profits and employee turnover, consequently employee turnover drive out profits from the hotel. The higher turnover rate is also correlated with average room rate. It was concluded that the higher the room rate, the higher the employee turnover over. Strangely, the more the rooms the hotel has the higher the employee turnover rate, which indicates that SMEs in the hotel sector are likely to have low room rate than their bigger competitors.

Similar studies like those of Lee-Ross (1999); AlBattat, Som and Helalat (2013) have found that employee turnover in the hotel industry has been a problem for several years. Moreover, the level of employee turnover is influenced by several factors such as the working nature, labour nature, or managers' nature. This study stated that large hotels were always found to have a lower employee turnover crisis than budget hotels.

Jagun (2015) also asserts that employee turnover rate is a major phenomenon in the hotel sector and is attributed to several factors such as a lack of motivation and entertaining activities in their workplace. Some respondents believed that managers do not value their input, nor did they reward their effort to boost their morale. Inadequate pay, unfavourable working hours and lack of training programs to improve employee skills are the major factors identified to be associated with the current high employee turnover rate in the hotel industry.

The study by DiPietro & Condly (2007) concludes that the hotel industry is with no doubt in a crisis of financial loss and negative impact on operational performance owing to the current phenomenon of employee turnover rate. In addition, DiPietro & Condly (2007) complements previous studies which argued that employee turnover has been identified as an expensive measure of financial and operational effectiveness.

On the other hand, employee performance appraisal has been regarded as one of the most vital non-financial performance measurement tool useful for accurate employee performance review (Boadu, Dwomo-Fokuo, Boakye, Frimpong, 2014; Frankling, 2011; Toppo & Prusty, 2012; Kateřina, Andrea & Gabriela, 2013; Selvarasu & Sastry, 2014).

Mwendwa (2014) concluded that an effective employee performance appraisal is helpful to cut down unnecessary costs on human resources management and help the entity to gain competitive edge. Employee performance appraisals are also very crucial for managing employee performance in an organisation. Although employee performance appraisal indirectly contributes to profit and performance of the business, as it motivates employee in performing their duties and satisfying customers, there are several factors affecting the performance of employee. Included in these factors are: the performance appraisal tools, the set performance standards, timing, nature and continuity of performance appraisals, communication and feedback with staff on the appraisals and training of appraisers. However,

another study by Chei (2014) presents different factors that affect the performance of employees and they include: employee empowerment, transformational leadership, teamwork, and work environment.

According to Narban, Kumar, Narban, Pratap, & Narban (2016) employee performance appraisal is paramount as it helps managers to have a better understanding of the quality of its employees and how that quality is converted into performance. When performance appraisals are used effectively, they help management with necessary information in decision making. However, Narban *et al.* (2016) also found that performance appraisals are not appreciated by selected decision-makers in SMEs.

However, some studies are of the different view regarding performance appraisals. Grubb (2007) found that performance appraisal should not be used in organisations due to the fact that they are financially costly and socially demoralizing, discourage poor performing employees, absorb vast amounts of time and resources, unbiased systems. Additionally, employees feel unfit for works for weeks after receipt of ratings, it leaves employees bitter, and some feel inferior, depressed or despondent.

Thus, if appraisal is viewed negatively, employees may feel bitter about their jobs causing stress to hotel managers, loss of productivity and revenue for the hotel because discouraged employee are likely to deliver poor service quality leading to customer dissatisfaction or complaints and low retention and low return customer rates.

On the other hand, selected studies believe that the lack of good employee appraisals result in employee absenteeism. Employee absenteeism refers to the continuous failure to report for duty as scheduled in the roster in spite of the reasons (Cascio & Boudreau, 2010:52). Employee absenteeism had been found by (Chandrasekar & Cichy, 1990) to have a negative impact on finances, customer satisfaction, loss of time, compromise in productivity and quality of the service in the hotel industry for decades and current research still concludes that hotel managers are still facing the same crisis today (Guinsberg & Bayat, 2012).

Numerous studies like that of Guinsberg and Bayat (2012) investigated this problem and found that on average 65.5% of the respondents argue that employee absenteeism affects attitudes and morale of employees, although few respondents argues otherwise. Moreover,

this study reveals that majority of the respondents argue that employee absenteeism impacts on the financial performance of the financial statement of the business with 70% response rate, while 30% them argue otherwise. Absenteeism does not only affect workers but also affect customer satisfaction. Up to 60.5% of the respondents believe that employee absenteeism negatively affect customer satisfaction in the hotel industry. Contrary to that, few of the respondents do not believe so. As a result of the impact employee absenteeism has on business operation and performance, (Guinsberg and Bayat, 2012) found that employee absenteeism is efficiently handled by managers in hotels operating in Cape Town.

According to Sandhyarani (2013) employee absenteeism is a problem that no organisation can escape. Although several factors contribute to absenteeism, this study reveals that employees are human being after all, therefore organisation should accept that they do not have control over human. Among the several factors that contribute to employee absenteeism, low wage was found to be the major factor, if employee were paid very well, they are more motivated.

Similar findings were found in a study conducted by Basariya (2014) who also agreed that higher wages, job variation, employee job benefits and a tight schedule, where employee can work more than six day without off, poor attitude of managers and poor training are some of the popular factors that contribute to the current problem of absenteeism.

Another significant non-financial performance measure is employee satisfaction, as it has impact on the productivity and performance of hotels. In a study conducted by Yee, Yeung & Cheng (2008) on the impact of employee satisfaction on quality and profitability, found that there is positive association between employee satisfaction, quality, customer satisfaction and profitability in the service industry. Yee *et al.* (2016) revealed that employee satisfaction is a strong determining factor in operational performance. This study complements previous studies that showed that service quality and customer satisfaction can be compromised due to unsatisfied employee. Thus, employee satisfaction is critical in attaining high quality service and profitability in the service industry. In conclusion, employee satisfaction directly affects quality and customer satisfaction, which in turn affect profitability.

A similar study was conducted Brown and Lam (2008) investigating the link between employee satisfaction and customer satisfaction. The findings showed a substantive

significant association between employee satisfaction and customer perception of the service quality. The results revealed that employee satisfaction is the driver of customer satisfaction. These findings are similar to those of Wangenheim, Evanschitzky and Wunderlich (2007) stating that employees who are not in contacts with customers on a daily basis or not directly working with customers still have a positive relationship with customer satisfaction.

An additional study was done by Lam, Zhang, and Baum (2001) investigating, ‘employee job satisfaction: the case of hotels in Hong Kong’. This study reveals the educational side of employee satisfaction, stating that well-educated employees are mostly not satisfied with their job as oppose to un-educated ones. In addition, employees with more than ten years of experience were also found to be very dissatisfied with their job. This study concluded that employee dissatisfaction led to higher employee turnover. Lastly, this study also revealed that employee satisfaction is affected by wage pay, and relates to the employee absenteeism rate. Thus, there is a positive relationship between employee satisfaction, absenteeism and wage pay.

Lastly, a study was conducted by Chi and Gursoy (2009) on employee satisfaction, customer satisfaction, and financial performance. This study found four relationships regarding employee satisfaction, customer satisfaction and financial performance, there is a direct relation between customer satisfaction and financial performance, there is direct relationship between employee satisfaction and financial performance, and there is direct relationship between customer satisfaction and employee satisfaction and a indirect relationship between employee satisfaction and financial performance. Due to the aforementioned relationships, employee satisfaction is identified as significant, more particularly in the service industry for better operational and financial performance of the entity.

2.5 Prior studies on the purpose for which NFPMs are used

Although literature reveals that NFPMs are more significant and less utilised, little has been done to investigate the purposes of non-financial measures in the hotel sector.

Behn (2003) conducted a study entitled “why measure performance? Different purposes require different measures”. This study investigated the purpose for which public sector managers use non-financial performance measurements indicators. The results of the analysis

revealed that public sector managers use these because they are helpful in achieving specific managerial purposes. , The investigation found that public sector managers use performance indicators to: evaluate performance, for control, for budgeting, to motivate particularly employees and managers, to promote, to celebrate, to learn, and to improve performance. Though very informative, the findings of this study may not be generalizable in the private sector because public sector is not profit driven while private sector is profit driven.

Harris and Mongiello (2001) investigated key performance indicators in European hotel properties. The study focused on understanding decision-making context in which hotel managers around the world use performance measures. The findings of this study suggest that some decision makers use NFPMs for purposes of reflecting on the decisions taken, where hotel managers take actions and link them to the performance measures that relate to the decision taken. The findings revealed the following rankings of performance measures regarding the purpose based on the actions taken by decision-makers: benchmarking against competitors, payroll percentage of revenue, and mystery guest in your hotel, fair share analysis, customer payment time, employee opinion surveys, training and development, guest satisfaction, sales revenue, gross operating profit %. Furthermore, this study also revealed that several decision-makers only used NFPMs only when the performance of the organisation was below the expected standard.

These decision-makers only consulted NFPMs when there was a problem in place, thus used NFPMs for the following purposes: training, staffing level, review of pricing, product and service development, product and service review, customer payment process, market and sales strategy. They therefore check for NFPMs that could have been used to address a problem that have already occurred. Using NFPMs in this manner is a reactive approach. Although relevant, this study was conducted in European hotels, implying that its findings may not be applicable to the businesses located in South Africa let alone the Cape Metropole.

Another relevant study was conducted by Van Gijssels (2012) which investigated “the importance of NFPMs during the economic crisis”. Although the use of NFPMs by organisations at all times is encouraged, this study revealed that a number of businesses only find the need to use these indicators only when financial crisis call. To prove it, this study was conducted after the global economic crisis with an aim of evaluating the extent and purpose

for which organisations used NFPMs during the economic financial crisis. The results suggested that most businesses used NFPMs when there is a crisis in place. Moreover, the study revealed that, the number of non-financial measures used by businesses during the economic crisis increased. Thirdly, the study showed that there was an increase in “annual bonus determined by non-financial measures during the crisis”. Lastly, the results showed that even CEOs who were appointed during the economic crisis were evaluated using NFPMs. Thus, this study proved that traditional financial measures are not a sufficient measure as they look backwards as oppose to non-financial one that are futuristic. Non-financial indicators are therefore resorted to as the solution to financial crisis. Though very informative, this study was conducted in Dutch listed companies, and outside South Africa. It was conducted in a different industry as oppose to hotel sector, which is the focus in this study. Besides, the purposes for using NFPMs in large companies might differ from SMEs.

In one study conducted by Su (2004) on customer satisfaction measurement practice in Taiwan hotels. A sample size of 45 hotels was chosen. The purpose of this study was to investigate and evaluated the extent and the purpose for which hotels use Guest Comment Card (GCC). This study found that these hotels used GCC for purposes of measuring customer satisfaction levels. Secondly, some of the respondents used GCC to gather information from customers for marketing purposes; others used it to identify competition, while others used it for market segmentation and testing market channel effectiveness. Though informative this study only focused on one type of customer oriented measure and employed a very small sample size. Therefore, these findings may not be generalised in the Cape Metropole. Moreover, this study only covers a small part regarding the purpose for which hotels use NFPMs. Besides, this study was conducted in Taiwan, thus its findings may not be generalizable in South Africa.

Another study was done by Maduekwe & Kamala (2016) on the usage of management accounting tools (MATs) by small and medium enterprises in Cape Metropole, South Africa. A target sample of 100 Fast Moving Consumer Goods (FMCG) SMEs was selected. With regard to the purposes for which the sampled entities used these tools, the research found that: 68.13% use them for monitoring the business, with 67.04% of them using them for measuring performance, 65.93% for further planning and 62.64% for control purpose., Another 61.54% used them for improving decision-making, 59.34% for business process improvement,

59.34% for problem identification and 57.15% for optimising use of resources. Some 52.75% used them for developing tactical strategies, 50.55% for improving communications, while 47.25% use these tools for the purpose of motivating employees. Though very informative and relevant measures were investigated, this study was conducted in the FMCG industry therefore; these findings may not be relevant in the hotel industry.

Although the study presents clear findings and is very informative, it used a sample size similar to that used in this study and was conducted in the Cape Metropole, the former study was conducted in selected fast FMCG industry. Thus, its findings may not be generalizable to the hotel industry.

2.6 Prior studies on the perception of the effectiveness of NFPMs used

In spite of the effectiveness of NFPMs in the operation of SMEs, there is scant research conducted in the Cape Metropole that investigated the effectiveness of NFPMs. In a study conducted by Matsoso (2014) entitled “performance measures in supply chain management of small manufacturing enterprises”. The study investigated the extent to which SMEs recognise the significance of financial performance measures, and incorporate NFPMs in their supply chain management (SCM) processes. With regard to NFPMs the study incorporated customer oriented measures, internal business process and the learning and growth dimension. Concerning financial measures, the analysis revealed that majority of SMEs in the manufacturing industry were not able to manage their financial book keeping properly and do not use all financial measures. Regarding NFPMs, the research found that 100% of the respondents were found not to be using NFPMs because they believe that NFPMs will make no effective difference in their business as they have been in operation for more than a decade without using them. This finding contradicts the popular belief that SMEs fail within five years of their operation if they operate without using non-financial performance indicators. Though this study was conducted in the Cape Metropole, it was done in the manufacturing industry.

Another related study was done by Maduekwe & Kamala (2016) and came up with the following findings. 59.34 percent of the respondents perceived performance measures to be effective. This indicates that majority of SMEs operating in the FMCG in the Cape Metropole

have found these measures to be effective. Again, these measures are related to this study but not relevant to the hotel industry where the present study focuses. Due to the fact that only one study investigated the effectiveness of performance measures and the study was conducted in a different FMCG industry as opposed to the hotel industry, it follows that what remains unknown is the effectiveness of NFPMs by SMEs operating in the hotel industry in the Cape Metropole.

2.7 Prior studies on the factors that inhibit hotels from utilising NFPMs

Despite the significance of utilizing NFPMs as aforementioned, several studies have shown that a number of factors inhibit SMEs from utilizing these measures.

Doran, Haddad and Chow (2002) conducted a study entitled “maximizing the success of Balanced Score Card (BSC) implementation in the hospitality industry, using the fortune 100 companies”, focusing on the adoption of BSC. This study revealed that the adoption of the balanced score card, particularly the non-financial aspect would help the organisation to translate the business mission, vision into goals, and action and performance, and align individual and organisational goals and be able to measure progress towards achieving goals.

However, this study revealed that the implementation of BSC is not without drawbacks. The results from the analysis indicated that the disadvantage of non-financial indicators are that they are company specific, therefore cannot be bought from the shelf, are complex, it is a lengthy process to implement them, are resource costing and time consuming, and there is also a lack of support from management. Thus, this study recommended that entities should first evaluate the cost/benefit of BSC before implementing the tool. Although very informative, the study was conducted using sample of 100 large hotels opposed to this study that will investigate SMEs. Besides, this study was conducted outside South Africa and is also dated as it was conducted more than five years. A study with similar findings was conducted by Evans (2005) assessing the balanced scorecard as a management tool for hotels in UK. This study revealed that few hotels have fully implemented the BSC as most of them still rely on traditional measures. Despite a small number of hotels adopting and implementing the NFPMs, the BSC remain important for the operation and financial performance of hotels.

The results of the analysis revealed several benefits regarding the implementation of BSC, stating that, it helps decision-makers in hotels to keep focusing on both short term and long term goals, which measures success. The BSC was also found to rewards teamwork, makes performance appraisal very objective, enables clear sharing of best practices and also allows useful information to be circulated throughout the hotel for strategic purposes. The BSC also assists decision-makers to identify and keep track of negative trends in early stages before the entity's financial performance drastically deteriorates. Although enlightening, the study was conducted in UK, a developed country, thus its findings cannot be applicable in the South African context.

Despite the aforementioned significance of BCS, the study further identified some pitfall that affect the implementation of the BSC particularly from a non-financial dimension. Some of the pitfalls found include the failure to get the support from employees for the performance measures, failing to establish causal linkages between scorecard components, and mistaking data for useable information.

In an article report from Ittner & Larcker (2000) on determining what works and what does not in NFPMs. The report found that NFPMs are significant for organisational performance but are company specific, thus businesses may not simple copy or compare non-financial measures used by other business, thus NFPMs hamper comparison with other businesses. Hence, certain SMEs face problems in implementing these measures owing to amount of time and cost required to implement these measures.

Moreover, non-financial measures are problematic because there is no common base to measure them. Some businesses find it difficult to implement non-financial measures because they are unable to find a causal link (unable to link non-financial performance measure to business strategic objectives), thus their significance in the business is unidentified, additionally, these measures are said to lack statistically reliability. The last disadvantage of NFPMs found by (Ittner & Larcker, 2000) "measurement disintegration" which results from the lack of awareness from non-financial measures to measure and businesses end up measuring everything and that leads to dilution of the purpose for which the measures were meant to measure.

Although the findings are very useful, but cannot be generalizable in South Africa as it was conducted in North America. South Africa is a developing country while this study was conducted in developed country; therefore the economic levels of these two nations are extremely different. On the other hand, Cape Town is a one of the South Africa's top tourists' attractions, as such, the usage and the shortcoming of NFPMs in the hotel industry in the Cape Metropole might differ from that of North America. Besides, this study is dated as it was conducted in more than five years.

Other factors that studies have found to inhibit SMEs from utilizing NFPMs are: the high cost of implementation, they require a long time for implementation, lack of resources in terms of money and time required, they are complex, they are company specific and, thus, hamper comparison with other businesses and a lack of necessary skills and human resources to implement them (Doran, Haddad, and Chow, 2002; McPhail, Herington, & Guilding, 2008). Although, these studies identified the factors that inhibit SMEs from utilizing NFPMs, all these studies were conducted outside the country; therefore their findings may not be generalizable in the South Africa. Although these studies have identified some of the factors that inhibit SMEs from utilizing NFPMs, some of them were dated as they were conducted in more than five years ago and all of them were conducted outside South Africa. Thus, their findings may not be generalizable to the South Africa, as Cape Metropole is one of the best tourists' attraction destinations in South Africa (Zhou, 2005). So, some of the variable may not be applicable in the area (Zhou, 2005).

The study conducted by Maduekwe and Kamala (2016) as earlier mentioned with regard to the factors that inhibit SMEs from utilising management accounting tools,(MATs) as budgeting tool were as follows: 56.04% believe that a lack top of management support is the major factor that inhibits the utilisation of these tools, Another 54.95% claimed that lack of qualified personnel was an inhibiting factor and 49.45% blamed it on lack of resources such as computers. 41.76% blamed it on a lack of awareness about MATs. While SMEs believe that regarding performance measurement tools, these were the factors inhibiting them, 49.45% believe to be a lack of awareness about MATs, 47.26% claim to be inhibited by a lack of qualified personnel, 43.96% also blamed it on lack of top management support, while 40.66% claimed that of lack of required resources such computers inhibited their use of MATs. With regard to pricing tools/strategies, 43.96% of SMEs believe that lack of resources

such as computers was a limiting factor, 42.85% blame the lack of support of top management support, and 41.75% believe it to be a lack of awareness about MATs, while 38.47% claimed that lack of qualified personnel inhibited the use of MATs. Although this study has relevant findings with regard to the factors that inhibit SMEs from utilising performance measurement tools, it was conducted in the FMCG sector, so its measurement tools and findings may not be relevant and be applicable in the hotel industry. Although the findings are very informative, and it used a sample size similar to the one used in the present study and was conducted in the Cape Metropole, the former study was conducted in selected fast FMCG industry. Therefore, though this study investigated non-NFPs in the Cape Metropole and utilized a similar sample size as used in this present study, on the contrary, the study was based on management accounting tools. Thus, its findings may be not generalizable in the hotel industry as it was conducted in the FMCG as the hotel sector mainly provide a service, so the usage of MAT might be more intensively or less use in the hotel industry.

In a study conducted by Matsoso (2014) refer to section 2.6 titled “performance measures in supply chain management of small manufacturing enterprises”. This study investigated the extent to which SMEs recognise the significance of financial performance measures, and incorporates NFPs in their supply chain management (SCM). With regard to NFPs the study incorporated customer oriented measures, internal business process and the learning and growth dimension.

Moreover, the study found that what hinders these entities from adopting SCM as non-financial performance indicators could be the fact that it requires huge capital injection to invest in SCM, which these entities might not afford. At the same time shortage of personnel with applicable experience in SCM execution is a possible factor that inhibits these entities from implementing the non-financial dimension of SCM. Though this study was conducted in the Cape Metropole and is very informative on the factor that might possible inhibit SMEs from adopting SCM non-financial indicators, it was conducted in the manufacturing industry.

2.8 Gaps in the prior literature

The following gaps were identified from the review of the previous studies.

- Majority of the studies were conducted outside South Africa, some in developing countries, while some in developed countries and others in underdeveloped economies, so their findings are not be generalizable to this country.
- Some of the literature only focused on one dimension of NFPMs, either customer oriented measures, or internal business process or learning and innovation aspect of NFPMs, given their narrow focus, their findings may not be conclusive to all three NFPMs as investigated in the present study.
- Some of these studies employed a very small sample size or used a comparative study approach where only two hotels were investigated, while others used case studies, and case study methodology violates the generalization of the findings principle, therefore their findings may not be generalizable in South Africa.
- Some studies investigated very few purposes (among others to increase customer satisfaction, for motivation employees and problem identification) for which hotels may use NFPMs.
- While, others investigated few factors that inhibit hotels from utilizing NFPMs
- Those that investigate all three (namely customer oriented, internal business process and earning and innovation) NFPMs could not come up with clear findings that answer present study's research problem.
- Some of the studies were conducted more than five years ago; therefore dues to changes in the business environment, their findings may not be appropriate today.
- Others that were conducted in other industries mostly manufacturing meaning that their findings may not be generalizable due to the hotel industry which is labour intensive and customer based while manufacturing is not.
- Some of the studies were conducted in large-scale hotels while this study focused on the small and medium hotels and to these categories, the findings may not be generalizable.

Given the gaps and inconsistencies identified in the prior literature above, the following questions have remained unanswered.

- What types of NFPMs, if any, are utilized by SMEs?
- For what purposes do SMEs use NFPMs?
- What are the perceptions of decision-makers of SMEs regarding the effectiveness of the NFPMs, which are currently employed by these entities?

- What factors, if any, inhibit SMEs from utilizing NFPMs?

2.9 SUMMARY AND CONCLUSIONS

This study aimed at analysing, describing and summarising the findings of the previous studies regarding the usage of NFPMs by SMEs. Among these NFPMs are, customer oriented measures, internal business process and learning and innovation. This study began by defining SMEs and their importance to the South African economy. With regard to the importance of NFPMs, the literature review revealed that NFPMs are significant for many reasons and among them being: customer satisfaction, revenue, profits and increase in financial performance. This section thus concludes that NFPMs important for SMEs.

Subsequently, a review of prior studies was conducted on the types of NFPMs used by SMEs, which revealed that selected SMEs still pay more attention to financial performance measures more particularly, revenue achieved, profitability ratios, total sales and sales growth. With regard to NFPMs these measures predominately used for: customer satisfaction, number of repeat customers, customer complaints, bed occupancy level, employee satisfaction, employee appraisals, and employee absenteeism and level of Information Communication Technology (ICT) usage. The other NFPMs are customer oriented, internal business process and learning and growth which include: market share percentage, guest evaluation of employee helpfulness, guest evaluation of facilities, guest evaluation of extra benefits provided such as exercise and refreshment. The ability to adjust to guest request, response time to guest request, frequency of equipment breakdown, hotel suppliers delivering on time, hotel suppliers meeting standard purchasing specifications. Obtaining star classification, the number of employee training and development programs, employee training hours and the number of product and services innovated per year. Customer measures were the most used, followed by some internal business process measures and then learning and innovation. The review also revealed that the very small SMEs are very likely not to use NFPMs.

With regard to the purpose for which NFPMs are used, the review revealed that, several SMEs used NFPMs to evaluate performance, for control purpose, for budget, to motivate employee and managers, to promote, to celebrate, to learn, and to improve performance. Other studies used these measures for monitoring the business, for further planning, for

improving decision-making, for business process improvement, for problem identification, for optimising use of resources, for developing tactical strategies, and for improving communications. While other used them for emergency crisis, only when there is a financial crisis do they consult NFPMs to solve the problem and while others use NFPMs to align their actions and decisions already taken to specific NFPMs.

As far as the perception on the effectiveness of NFPMs is concerned, the review revealed that, various studies believe that NFPMs are very effective, while other studies revealed a contradicting view that a full adoption of NFPMs is not effective as some entities have been in existence without the full adoption of these measures.

Chapter two further reviewed prior studies regarding factors that inhibit SMEs from utilising NFPMs. The review revealed that there is quite a number of factors that inhibit SMEs from utilising and adopting NFPMs and among those factors are: lack top of management support, a lack of qualified personnel, a lack of resources such as computers, be a lack of awareness, complexity of non-financial measures, the measures are entity specific and thus hamper comparison with other businesses, it a lengthy process, costly and time consuming, failure to get the support from employees, failing to establish causal linkages between scorecard components, and mistaking data for useable information, lack of a common base, and measurement disintegration.

In conclusion chapter two reviewed gaps in the previous literature. After considering the gaps in the prior studies, there is a need to conduct a current research on the usage of NFPMs among SME hotels in the Cape Metropole, South Africa., As the review revealed that little attention has been paid that investigated the types of NFPMs employed by SMEs, the purpose for which they are used, their perceived effectiveness, and if are there any factors that inhibit them from utilising these measures.

The next chapter, being chapter three, describes the research design and the methodology used in this study with the aim of addressing the research objectives. Data collection methods and the statistics employed to analyse the data are discussed in this chapter.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter describes the research design and methodology used in this study, with the purpose of addressing the following research objectives:

1. to determine the types of non- financial performance measures that are used by SMEs;
2. to determine the purpose for which SMEs use NFPMs;
3. to determine the perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities; and
4. to determine the factors that inhibit SMEs from utilising NFPMs.

To attain four objectives mentioned above, a survey questionnaire was employed for this study. This chapter provides a justification for employing a questionnaire survey as a method for data collection. The adopted method of sampling and the descriptive statistics used to analyse and interpret data are discussed in this chapter.

In section 3.2 this chapter presents the positivist research paradigm adopted in this study. The positivist research paradigm means that the researcher argument will be objective and limited to the data collected from the respondents (Schrag, 1992). In section 3.3 is the justification of the questionnaire survey method adopted for this study. Section 3.4 follow with a discussion of the research population and sampling method employed in this study. Elaboration of the questionnaire design and an overview of the pilot study conducted are discussed in section 3.5 and 3.6 respectively. Presentation of the process used in collecting data is in section 3.7, followed by a short explanation of the data analysis methods used in this study in section 3.8. Furthermore, discussions on measures undertaken to ensure reliability and validity of the research instrument are given in Section 3.9. Limitations of the survey questionnaire are outlined in section 3.10, while section 3.11 describes the ethical considerations of this study. Finally, Section 3.12 provides the summary and conclusion of this chapter.

3.2 POSITIVIST RESEARCH PARADIGM

A positivist approach is used for the empirical research into the proposed study's research questions. Empirical research is based on or guided by the result of observation or experiment of what is happening, from which conclusions can be drawn, and which are frequently associated with the positivistic research paradigm. The positivist research paradigm is a more objective approach than the interpretivist paradigm commonly referred to as the quantitative research paradigm. The positivism is more reliable and verifiable than the interpretivism which relies on qualitative data (Matveev, 2002; Du Plooy-Cilliers, Davis & Bezuidenhout, 2014). In addition, the main purpose of the proposed study is to determine the extent to which the performance of SMEs within the hotel industry sector in Cape Metropole is influenced by usage of NFPMS. This objective requires quantitative data to determine the percentage of SMEs in the hotel sector that make use of NFPMS. Consequently, as positivist approach is quantifiable in nature, thus was suitable in responding to the research objectives. A positivist approach was further adopted because it needs a well-defined structure that is in line with closed – ended questionnaires which are suitable for statistical analysis. Over and above, a positivist approach is adopted because of its quantifiable nature and the fact that a large sample can be drawn from the population: which increases the generalisation of research findings (Du Plooy-Cilliers, Davis & Bezuidenhout, 2014). In the constraint of time and resources, this paradigm is therefore very appropriate for this study, considering that it is a fast and less costly paradigm therefore was considered suitable for this study.

3.3 JUSTIFICATION FOR THE QUESTIONNAIRE SURVEY METHODOLOGY

A survey questionnaire methodology was considered suitable for this study for several reasons. First, a large amount of data can be collected from a large number of the population within a short period of time and at a reasonably low cost (Al-Mubarak, 1997:178). Secondly, unlike in a one on one individual interview, respondents can answer questions within their own time schedule and conveniently, which allows for unbiased response as the researcher is not present (Al-Mubarak, 1997:180). Thirdly, since closed-ended questions are used in this

study, the method of collecting data is therefore quick and easy to capture, and facilitates objective analysis of quantified data using a variety of statistical packages. Lastly, majority of hotel SMEs owners, managers and accountants operating in the Cape Metropole are familiar with completing questionnaires and thus are not likely to be reluctant when requested to participate in a questionnaire survey of this nature.

3.4 RESEARCH POPULATION AND SAMPLING TECHNIQUE

3.4.1 Research population

The targeted population comprised hotel SMEs operating in the Cape Metropole. Considering that only a few previous studies had used a small sample size of 30 general managers and 2 comparative hotels respectively (Esekow, 2001; Lungiswa, 2009), and the fact that there is not a large number of hotel SMEs operating in the Cape Metropole, a target sample of 100 hotels was set. However, the population of SMEs in the hotel industry in the Cape Metropole is not known because it is difficult to know. Consequently, 100 participants of SMEs comprised the sample. These included hotel owners, managers, or accountants all who were deemed to be active in the operation of the hotel and thus were expected to be familiar with the usage of NFPMs in their businesses.

3.4.2 Sampling technique

In selecting the 100 hotel SMEs sampled, a purposeful sampling method was employed. This method only chose hotels that were seen as small or medium, thus the large-scale hotels were not included in the selection. This method was deemed appropriate because of the following reasons: firstly, it is widely used in quantitative studies; it allows the researcher to draw sample based on information related to the phenomenon of researcher's interest, which will best enable to answer the research questions (De Vos, Strydom, Fouché & Delport., 2011:232; Palinkas, Horwitz, Hoagwood, Green & Wisdom., 2013). Furthermore, this technique was used because it is a fast and less expensive method of collecting data if the units of analysis are located in areas reachable to the researcher as was the case in this study. Moreover, this technique is comparatively easy to execute given that there are few rules to be followed on how a sample should be selected. In addition, there is no comprehensive list of hotel SMEs operating in the Cape Metropole, thus, the usage of alternative sampling techniques such as

the random sampling was not suitable. Lastly, previous researchers have widely used this method (Esekow, 2001; Lungiswa, 2009).

3.5 DESIGN OF THE QUESTIONNAIRE

3.5.1 General description of the questionnaire design

The questionnaire was designed around the three NFPMs that were investigated in the study, namely customer oriented, internal business process and learning and innovation. The questionnaire comprised of six pages including the consent letter (cover page). The letter was used to highlight the purpose of the study and to assure the respondents that any information they reveal would be used solely for the purpose of this study, and be kept confidential and anonymous, and that there were no risks associated with participating in this study.

The questionnaire began with general questions on the types of NFPMs used in the hotel sector, it then narrowed down to the purpose for which the NFPMs are used, then to the respondents' perception of the effectiveness of the NFPMs and the factors that could inhibit the usage of the NFPMs. Questions on the respondents' profile and their businesses' profile were asked last so as not to impede the respondents from answering the questions that are of most important.

To stimulate participants' interest to complete the questionnaire, sensitive questions such as those relating to income, revenue, payment of tax were omitted, as, this study relate to non-financial performance measurements. Additionally, a thoughtful endeavour was made to avoid any question that would directly link the response to a particular respondent or specific hotel.

To further stimulate the respondents to take part in the survey, the design of the questionnaire was user-friendly and contained only twelve closed-ended questions, with responses requested on either a five-point Likert scale, yes/no answers or multiple-choice questions. For these reasons, the time frame required to complete the questionnaire was minimised to about 15 minutes.

3.5.2 Description of the specific sections in the questionnaire

The questionnaire used in this study comprised five sections (see Appendix B). These sections, were numbered one to five.

3.5.2.1 Section One: Types of non-financial performance measure used in your business

Question one of section one of the questionnaires established the hotel usage of NFPMS, while question two of section one determine the types of NFPMS used in the hotel. The first question tried to establish whether a hotel was using NFPMS or not while the second question in section one, categorised NFPMS into three, namely: the first being customers oriented, secondly internal business process and thirdly learning and innovation.

The second question sought to determine the types of NFPMS used by hotel SMEs. The types of NFPMS sought included: customer satisfaction, employee and, learning and innovation, requiring a 'yes' or 'no' responses. This was meant to determine whether the respondents' business used NFPMS or not and continue to question two for those whose response was 'yes'.

Question one, "Does your business use NFPMS? Such as (customer satisfaction, employee and, learning and innovation) If yes, please proceed to question 2" in the form of [1 = yes, 2 = No] was meant to filter those that would proceed to question two.

Customer measures

The first question of the three categories of NFPMS is applicable to the entire three categories comprised one question, specifically questions two that covers the three categories of NFPMS. Question one, "does your business use non-financial performance measure?"

Question two, "How often does your business use the following NFPMS?" which utilised a five-point Likert scale for response, was meant to determine whether the respondents' businesses used the given NFPMS or not and to filter those that would proceed to question two.

Question two, “How often does your business use the following NFPMS?” also provided a five-point Likert scale for response [= Never 2 = Rarely 3 = sometimes 4 = frequently 5 = very frequently], and was meant to ascertain how frequently the respondents’ businesses used the various types of NFPMS in relation to customers. These market share percentage, sales growth percentage, bed occupancy levels, guest satisfaction surveys, guest evaluation of employee helpfulness, guest evaluation of facilities, number of repeat customers, guest evaluation of extra benefits provided such as exercise and refreshment, guests’ complaints. Therefore, the more frequently a NFPMS was used; the more extensively it was deemed to have been used.

Internal business process

Question two from the second category of NFPMS is, “How often does your business use the following NFPMS?” provides a five-point Likert scale [1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Frequently and 5 = Very Frequently] that was meant to ascertain how frequently the respondents’ business used the given types of NFPMS related to internal business process. These included ability to adjust to guest request, response time to guest request, frequency of equipment breakdown, hotel suppliers delivering on time, hotel suppliers meeting standard purchasing specifications, obtaining star classification. The more frequently a NFPMS category was used the more extensively it was deemed to have been used.

Learning and innovation

Question two of the third category of NFPMS is, how often does your business use the following NFPMS? it provides a five-point Likert scale [1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Frequently and 5 = Very Frequently] that was meant to ascertain how frequently the respondents’ business used the given types of NFPMS related to learning and innovation. These included number of employee training and development programs, number of product and services innovated per year, employee training hours, level of information communication technology (ICT) usage, employee turnover rate, employee performance appraisal, employee absenteeism, and employee satisfaction surveys.

3.5.2.2 Section Two: The purpose for which non-financial performance measurement tools are used in your business

Section two of the questionnaire was meant to determine the purpose for which NFPMS are used in the hotel industry. This section comprised of only one investigative question, question three. Question three, was “how often does your business use non-financial performance measurement tools for the following purposes?” it required response on a five-point Likert scale [1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Frequently and 5 = Very Frequently]. The question was meant to determine the purpose and frequency in using NFPMS such as: aligning strategic activities to the strategic plan, improving the profitability of the business, improving productivity and mission effectiveness, obtaining feedback needed to guide planning efforts, for identifying best practices in the hotel and expand their usage elsewhere, for budgeting and control purposes, for developing tactical strategies, for problem identification, for improving decision – making, for optimising the use of resources, for business process improvement, for training and learning purposes, for influencing, evaluating and rewarding employee behaviour, for encouraging innovation, increase customer satisfaction, for benchmarking performance against that of competitors, and for motivating employees.

3.5.2.3 Section Three: Your perception on the effectiveness of NFPMS used in your business

Section three of the questionnaire was meant to determine the perception on the effectiveness of NFPMS used in the hotel sector. One investigative question was asked, that is question four, “What are your perception regarding the effectiveness of the following NFPMS?” it was meant to determine whether the NFPMS used are very ineffective or very effective. This question was measured on a five-point Likert scale [1=Very Ineffective, 2=Ineffective, 3 =Neutral, 4=Somewhat Effective, 5=Very Effective] and was meant to determine the effectiveness of NFPMS. These were: market share percentage, sales growth percentage, bed occupancy levels, guest satisfaction surveys, guest evaluation of employee helpfulness, guest evaluation of facilities, number of repeat customers, guest evaluation of extra benefits provided such as exercise and refreshment, guests’ complaints, ability to adjust to guest request, response time to guest request, frequency of equipment breakdown, hotel suppliers

delivering on time, hotel suppliers meeting standard purchasing specifications, obtaining star classification, number of employee training and development programs, number of product and services innovated per year, employee training hours, level of information communication technology (ICT) usage, employee turnover rate, employee performance appraisal, employee absenteeism, and employee satisfaction surveys.

3.5.2.4 Section Four: Factors that inhibit hotels from utilising non-financial performance measurement tools

Section three of the questionnaire was meant to determine the factors that constrain hotels from utilising NFPMS. Lastly the questionnaire presented, question five, “To what extent do you agree with the following statements about factors that inhibit your business from utilising non-financial performance measurement tools?” the question was meant to determine the factors that hinder hotels from using NFPMS in the Cape Metropole. This question which had a five-point Likert scale [1= Strongly disagree, 2= Disagree, 3= Neither agree or disagree, 4= Agree, 5= Strongly agree] contained the following aspects about NFPMS: difficult to quantify, cost ineffectiveness of the performance measures, inadequacy of information systems in the entity, complexity of the NFPMS, non-financial measures are unreliable, non-financial measures are irrelevant to our business, a lack of objectivity as these measures can be determined in various ways, cost of implementation is very high, are company specific and, thus, hamper comparison with other business, a lack of resources in terms of money required and time, a lack of the necessary skills and human resources, a lack of awareness about performance measures, a lack of management support, absence of an effective process of implementing the measures, conflicting results among the different performance measures, and employee resistance.

3.5.2.5 Section five: Respondent and business profile

Section five of the questionnaire comprised of six multiple choice questions dealing with the position of the respondents as well that of their businesses profile. It included questions on the respondents’ position in the business, experience, number of year the business has been in operation, highest educational qualification, whether the qualification was accounting related and the number of employee in the business. These questions were deemed necessary to

ensure that only suitable candidates completed the questionnaire. It was also used to avail information that would be used in the analysis of data obtained from the other sections of the questionnaire, so as to determine if the respondents' profile had any effect on the respondents' answers.

3.6 PILOT STUDY

Prior to commencing the actual study, an experimental study was conducted to remove ambiguity in the questions in order to ensure clarity and understandability of the questionnaire to the respondents. To this end, the questionnaires were critically reviewed by five academics with vast experience in questionnaire design. During this process, the academics were required to explain their understanding of each question and identify any possible weaknesses that would render the questionnaire not being user-friendly. The researcher also used this process to test the length of time it took for the academics to complete the questionnaire.

Based on the pilot study, some shortcomings were identified in the questionnaire, which included: tedious numbering of questions, questions that do not address the main issues and moving of the section containing questions on demographics and business profile to the last section, section five due to the level of importance of the question.

These shortcomings were corrected to the satisfaction of the academics and thus the questionnaire was deemed to be clear, concise, user-friendly and more importantly suitable for collecting data for this study.

3.7 DATA COLLECTION PROCESS

During the data collection process the researcher distributed the questionnaires by hand to respondents, who completed them at their convenient time. A majority of the respondents completed the questionnaires on delivery; hence the questionnaires were returned immediately. For those that were not completed on delivery, the researcher went back at an appointed time to collect the completed questionnaires. The researcher administered the questionnaires face-to-face, giving him an opportunity to introduce and explain the research topic to respondents which increased the enthusiasm of potential respondents to participate in

the study. This approach was suitable for the study, because it saved time and increased the response rate.

Although the respondents were granted an opportunity to complete the questionnaires at their convenience, in most instances the researcher waited while respondents completed the questionnaires. In a few instances, the researcher made numerous follow-up visits, where a respondent had promised to complete the questionnaire but had failed to do so within the agreed time. While the other group was completely reluctant to participate in the study, on the basis that, it thought it was a private investigation from South African Revenue Services (SARS); even though the researcher explained that it is not. Another group was uninterested, since it believed that research adds no value to their business. The remainder was simply tired of completing questionnaires from students almost every year.

3.8 DESCRIPTION OF DATA ANALYSIS METHODS ADOPTED

Following quantitative data collection, the researcher captured and analysed the data by using the popularly used Statistical Package for Social Sciences (SPSS) software version 24. The rationale for selecting this software was influenced by the following factors: firstly, it helps the researcher to identify errors that emerge during data capturing. Secondly, there is faster and easier access to data analysis functions such as frequency, descriptive and inferential statistical functions, these functions are given in the drop-down menu list. Thirdly, with extra functions which are useful for interpretation of statistical results, the researcher can easily create a wide range of graphs and charts using the given drop down menu available in the SPSS software, and interpretation of data that was collected and are therefore explained below.

3.8.1 Descriptive statistics

Descriptive statistics provide simple summaries about the sample and observations. Some of the measures that are typically used to describe the sample include measures of central tendencies such as: the arithmetic mean, mode, median and measures of dispersion such as standard deviation and variance. For this study, percentages, charts, and graphs were used to summarise and describe data responses. In addition, an arithmetic mean was used to summarise and rank the responses from the five-point Likert scale questions. For these

questions a standard deviation was computed to determine the level of agreement of responses on a particular statement, with less than one indicating an agreement and more than one indicating a disagreement.

3.9 MEASURES TO ENSURE RELIABILITY AND VALIDITY

3.9.1 Reliability of the research instrument

Reliability refers to the stability, consistence, repeatability, or reproduction of the same results if questionnaires were to be administered to the same population using the same methodology at different times. Test of reliability of questionnaire was done during the experimental stage. During the experimental testing stage, the questionnaire was administered to five different academics with vast experience in questionnaire design and found to be simple, clear, understandable and thus should have been able to yield the same results if administered to the same respondents at different times (Maree, 2010:215).

Apart from the experimental test, a reliability test using Cronbach’s Alpha Coefficient was performed to test the internal reliability of the questionnaire, (Saunders, Lewis & Thornhill, 2007:369). The computed Cronbach's Alpha Coefficient for the items in the questionnaire is presented in the table below.

Table 3. 1: Cronbach Alpha Testing (Source: Own source)

Key Items in the Questionnaire	Cronbach Alpha
Q.2. How often does your business use the following NFPMs?	0.778
Q. 3. How often does your business use NFPMs for the following purposes?	0.876
Q. 4. What are your perception regarding the effectiveness of the following NFPMs?	0.900

Q.5. To what extent do you agree with the following statements about factors that inhibit your business from utilising non-financial performance measurement tools?	0.822
Average Cronbach Alpha Coefficient	0.844

Note: Average Cronbach Alpha Coefficient: Total Cronbach Alpha /Number of questions.

The computed average Cronbach's Alpha Coefficient for the items in the questionnaire was 0.844. Due to the Cronbach's Alpha Coefficient result of above 0.7, the questionnaires were deemed reliable and consistent as a good estimate of internal consistency and reliability. Bruwer (2010: 40) confirm that if the Cronbach's Alpha Coefficient exceeds 0.70 that means the questionnaires for the given survey are deemed reliable and consistent for internal consistency and reliability. (See Appendix C)

3.9.2 Validity of the research instrument

Validity of the research can be internal or external. Internal validity refers to the extent to which the research tool measure what it is expected to measure, while external validity refers to whether the findings and conclusion measure the phenomenon the research claim to measure (Leedy & Ormrod, 2005: 31). The two types of validity are expounded on below.

3.9.2.1 Internal validity

There are different types of internal validity. For the purpose of this study, only construct and content validity were deemed relevant and are thus discussed below.

3.9.2.2 Construct validity

Construct validity refers to the extent to which the research instrument actually measures that which it purports to measure (Brynard & Hanekom, 2006:48; Aparasu & Bentley, 2013). Fundamentally, the purpose of the construct validity is to ensure the following: firstly the survey instrument measures what it supposed to be measuring. Secondly construct validity evaluate the relevance of the questions included in the questionnaire in achieving the purpose of the study. One way to ensure that construct validity is achieved is through a pilot study

(Maree, 2007:216). The questionnaire in this study was reviewed by a panel of selected five academic experts with expertise in questionnaire design. The input of the academic experts was to suggest any weakness in the questionnaire that subverts its external validity. Following the suggestions, the questionnaire was revised accordingly to ensure construct validity.

Construct validity of a questionnaire can be enhanced by assuring the objectivity of the questions in a questionnaire through linking them to the original research questions (Rowley, 2002). As recommended by Rowley (2002), the questions in the questionnaire used in this study were grouped in sections according to the first, second, third and fourth research sub-questions, an approach deemed to have enhanced construct validity.

3.9.2.3 Content validity

Content validity refers to the extent to which an instrument or measure represents all aspects or concepts of a given construct are covered by a research tool which refers to the questionnaire in this study. (Brynard & Hanekom, 2006:48). For content validity in this study, the contribution of academics with vast experience in questionnaire design was solicited on the content and adequacy of questions contained in the questionnaire. The questionnaire was amended accordingly to include the questions that enhanced the content validity and erase the ones that reduced content validity before drafting the final questionnaire in alignment with the academics input.

3.9.2.4 External validity

External validity refers to the ability of the conclusion or findings of the research study to be generalised in other similar cases given that the sample study is represented in respect of the contexts, individual, times and settings. (Leedy & Ormrod, 2005:1050). Generalisation is based on the ability of the study to be replicable (Rowley, (2002). To achieve external validity, a random sampling technique must be employed to ensure that the sample represents the population of the study (Brynard & Hanekom, 2006:48). Although this technique was not completely employed due to lack of a complete list of hotels SMEs operating in the Cape Metropole, a target sample size of 100 hotel SMEs was set, in order to increase the representativeness of the sample. Therefore, to some extent the external validity was deemed to have been achieved.

3.10 LIMITATIONS OF THE QUESTIONNAIRE SURVEY

Limitations of a survey instrument such as questionnaire were discussed in the chapter one, in Section 1.7. One of these limitations is the non-response bias, it is the bias that results when the targeted respondents' response differs in meaningful ways from non-respondents due to certain features that they possess that differ from those who agree to respond to all the questions of the same questionnaire (De Vos *et al.*, 2011). Non-response bias corrodes the randomness of the sample which results in a sampling bias that makes the sample not to be representative of the population under study; an aspect that reduces the external validity of its findings (Vogt, 2005:210).

In order to reduce the effect of non-response bias, the researcher invited or approached different decision- makers, who comprised managers (duty managers and operational managers), owners, and accountants of the hotels, both male and female, to participate in the survey. In addition, the respondents' profile was analysed to ensure that different hotel managers with different characteristics had answered the questionnaire. Furthermore, the researcher persuaded all the different hotel managers, owners, and accountants to take part in the survey even if they had little interest in any of the NFPMS that were surveyed.

Purposive sampling was employed in the study, while the selected sample might not be a representation of the population, because the sample was chosen non-randomly. To reduce this limitation, a sample of 100 hotel SMEs that operate in the Cape Metropole was set as a target for this study (See Section 3.4.1).

Another common limitation, which is associated with a questionnaire survey, is low response rate which may render the results not to be representative of the population (Saunders *et al.*, 2007:98). The above set target of 100 hotel SMEs was chosen also to overcome this limitation. In addition to the above, the researcher repeatedly visited some of the respondents several times to persuade them to complete the questionnaire. Moreover, only closed-ended questions were posed in the questionnaire and it was because of this limitation that questions were made short to encouraging the respondents to be enthusiastic in participate in the survey.

Another limitation of using a questionnaire survey especially when it is administered to SMEs managers, owners or accountants is their reluctance to participate in a survey owing to their busy schedule. To overcome this, the researcher emailed hotel managers, owners or accountants to explain the purpose of the study to them, while attaching the questionnaire to the email and delivering the hardcopy questionnaire to the receptionist. In addition to this, the researcher visited some respondents severally and reassured them that any information that they divulge will be kept and treated confidentially. Emails were resent if the researcher did not receive a response.

Although, only the managers, owners and accountants were deemed to be the only respondents who know or make use of NFPMS in the hotel sector in this study, in reality they may not be the only people who are cognisant of the operational usage of NFPMS in hotel SMEs. Therefore, this study is limited as some potentially knowledgeable SME hotel staff were deliberately excluded. However, selection of the three types of respondents mentioned above is justified, as they are the ones who are likely to be familiar with the use of NFPMS for customers, internal business process and learning and innovation.

Yet another limitation of this study is that it only focused on hotel SMEs that operate in the Cape Metropole. Its findings may therefore not be generalizable to SMEs in other sectors, or to other parts of South Africa. In addition, the usage of only three NFPMS (customers, internal business process, and learning and innovation) was investigated in this study, thus its findings may not represent the extent to which SMEs use performance measures, in general.

Finally, due to the fact that hotel operation works with two or three different shifts, some of the questionnaires that were hand-delivered to the respondents got lost at the reception (due to previous shift workers misplacing them), or were returned incomplete (De Vos, 2011:188). In these cases, the researcher had to re-visit the respondents several times to re-distribute the questionnaire to them, even though this increased data collection costs.

3.11 Ethical considerations

Due to the participation of human beings in this research, an approval to conduct a research was obtained from Cape Peninsula University of Technology's ethical committee, for authorisation to do data collection. The ethics committee requires that the participants of such

a research study be assured protection from any potential negative consequence that may arise as a result of participating in the research. (See Appendix A).

3.11.1 Informed Consent

To comply with the requirements of the Ethics committee, the researcher explained to the respondents what the research entailed and emphasised that the respondents may withdraw from participating in the survey at any time without any negative repercussions. A consent letter was given to the participants who were requested to read and ask questions to gain clarity. Once the participants consent was obtained, the questionnaire was administered (Maree, 2010).

3.11.2 Confidentiality and anonymity

The participants were given the choice to remain anonymous, and were assured that the confidentiality of their personal details would not be compromised by a third party. In addition, the participant information and responses were kept confidential and the results of the survey were kept in an anonymous manner so as to protect the identities of the participants (Maree, 2010; Hanekom & Brynard, 2006). (See: Appendix A).

3.12 SUMMARY AND CONCLUSIONS

The objective of this chapter was to describe the research methodology used to collect required data to meet the study's objectives. The chapter began with a discussion of the research paradigm that was adopted, as well as the justification of the questionnaire survey method that was used. The chapter then discussed the research population and the sampling technique that was employed in this study, followed by the questionnaire design. The pilot test which was conducted on the questionnaire to ensure its clarity, conciseness and understandability was discussed, as well as the data collection process, in form of a hand-delivered, self-administered questionnaire. The descriptive statistics that were used to analyse the data were discussed, followed by the measures undertaken to ensure reliability and validity of the research instrument. The limitations of the questionnaire survey methodology adopted were also discussed, alongside the ethical considerations of this research study.

The research methodology discussed in this chapter is deemed to be appropriate to address the research objectives of this study. The next chapter (Chapter Four) provides an analysis and discussion of the study's results.

CHAPTER FOUR: ANALYSIS AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

The aim of this chapter is to analyse and discuss the results of the questionnaire survey that was undertaken to investigate the usage of NFPMs by SMEs operating in the hotel industry, in the Cape Metropole. The chapter begins by restating the main research objectives in Section 4.2, which is followed by discussion of response rate in Section 4.3. Section 4.4 discusses the demographic information of respondents as well as the profile of their businesses. Section 4.5 discusses the types of NFPMs used by respondents' businesses, while Section 4.6 provides an analysis and discussion of the results of the purpose for which NFPMs are used by SMEs in the hotel industry. Section 4.7 analyses and discusses the results on the perception of the effectiveness of NFPMs used by the SMEs, while Section 4.8 analyses and discusses the results of the factors that inhibit SMEs in the hotel industry from utilising NFPMs. Section 4.9 presents the summary and conclusions of the chapter.

4.2 RESTATEMENT OF THE MAIN RESEARCH OBJECTIVES

The main purpose of this study was to determine the extent to which SMEs in the hotel industry use NFPMs. To achieve this purpose the following sub-objectives were formulated:

- to determine the types of NFPMs, if any, that are used by SMEs;
- to determine the purpose for which SMEs use NFPMs;
- to determine the perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities; and
- to determine the factors, if any, that inhibit SMEs from utilising NFPMs.

4.3 RESPONSE RATE

Owing to the fact that the number of SMEs operating in the Cape Metropole in the hotel industry is unknown, a target sample frame of 100 hotels was set. To achieve the target sample, the researcher hand-delivered 130 questionnaires to hotel managers, owners or accountants. Of the questionnaires that were distributed, five were not completed as the targeted respondents were on leave, while 25 were misplaced by the hotel staff given the

changes in shifts associated with this industry. Consequently, 100 usable questionnaires were returned resulting in a response rate of 77% (See Table 4.1). This rate was higher than that of a comparative study by Lungiswa (2009) whose response rate was 50%. The response rate of the current study also conforms to the recommendation by Fowler (1988) that a response rate should be at least 20% to provide credible results about a population.

Table 4. 1: Response rate (Source: own source)

	Number of respondents	Percentage %
Target respondents	130	100%
Targeted respondents on leave	-5	-4%
Misplaced questionnaires	-25	19%
Responses received	100	77%

4.4 Respondents’ demographic information and business profile

In section five of the questionnaire, the respondents were asked to provide information relating to their personal profile as well as that of their businesses. The personal profile information included: their position in the business, how long they had been in the position, their highest level of education and whether the highest level of education was related to accounting. The business profile information included, how long the business had been in existence and the number of its employees. This information was meant to ensure that only the appropriate respondents were selected to participate in the survey and that respondent of diverse characteristics participated in the survey to mitigate for non-response bias.

4.4.1 Position in the business

As shown in Figure 4.1 below, 77% of the respondents were managers, 9% were owners, while a 9% percentage were accountants. Only 5% of respondents were both owners and managers. The results thus show that all the participants of the survey met the criteria for the

targeted respondents, which required that the respondents to be, managers, owners, owner/managers, or accountants.

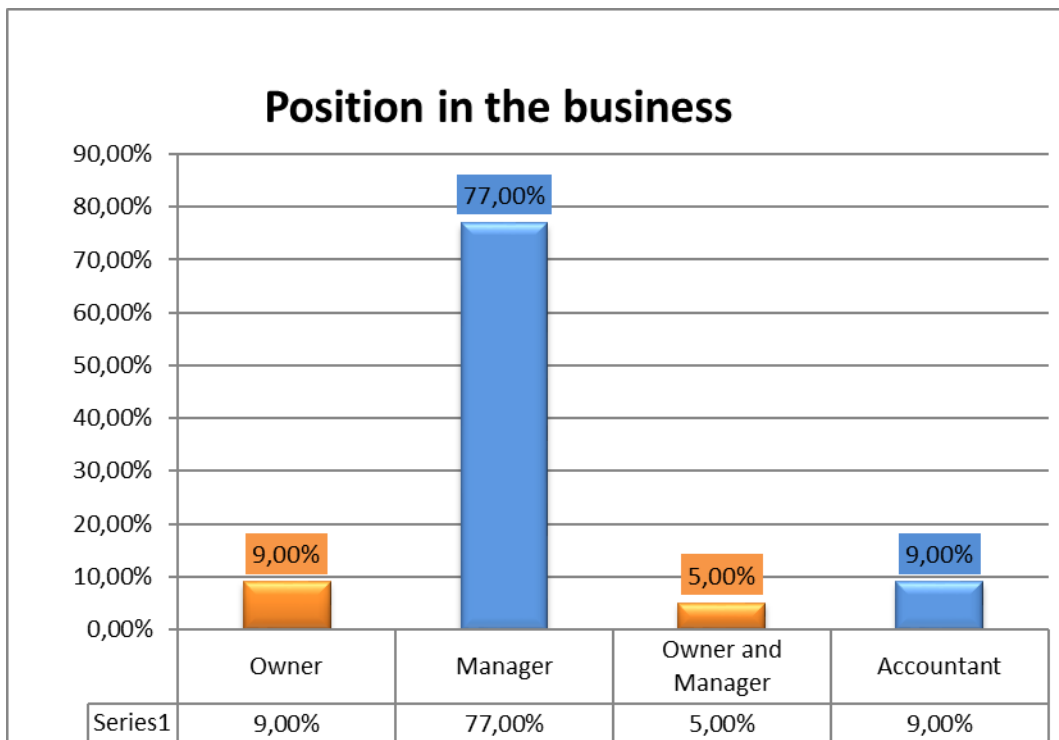


Figure 4. 1: Position in the business (Source: Own source)

4.4.2 Number of years in the above position

With regard to the number of years that respondents had been in their respective positions, the results revealed that 49% of the respondents had been in their respective positions for more than 10 years, 33% between six and 10 years, 11% between one and five years. Only 7% had been in their respective positions for less than one year. These results suggest that 82% of the respondents had more than six years of experience in their respective positions and thus should have been knowledgeable about the operations of their businesses as well as the usage on NFPMs by their respective entities.

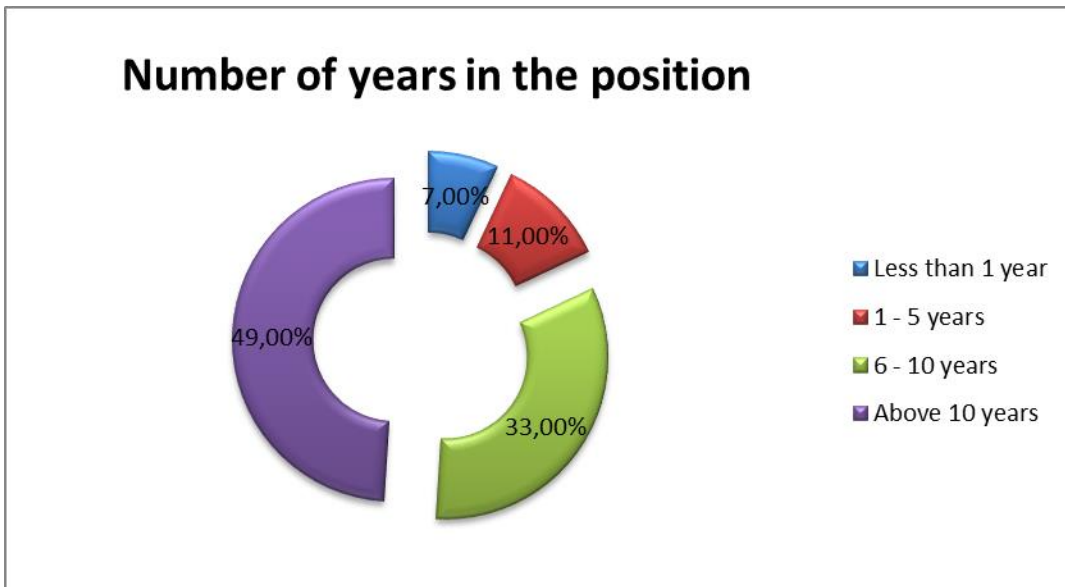


Figure 4. 2: Number of years in the position (Source: Own data)

4.4.3 Highest level of education

Concerning respondents' highest level of education, the results revealed that 57% of the respondents had a bachelor's degree, 26% had a diploma, while 13% had other unspecified qualifications. Only 2% had a matric as their highest qualification, 1% had a master's degree, while a 1% percentage had attended short courses. None of the respondents had a doctorate. Based on these results, 84% of the respondents had a diploma or higher qualifications and thus should have been able to comprehend the questions asked in the questionnaire.

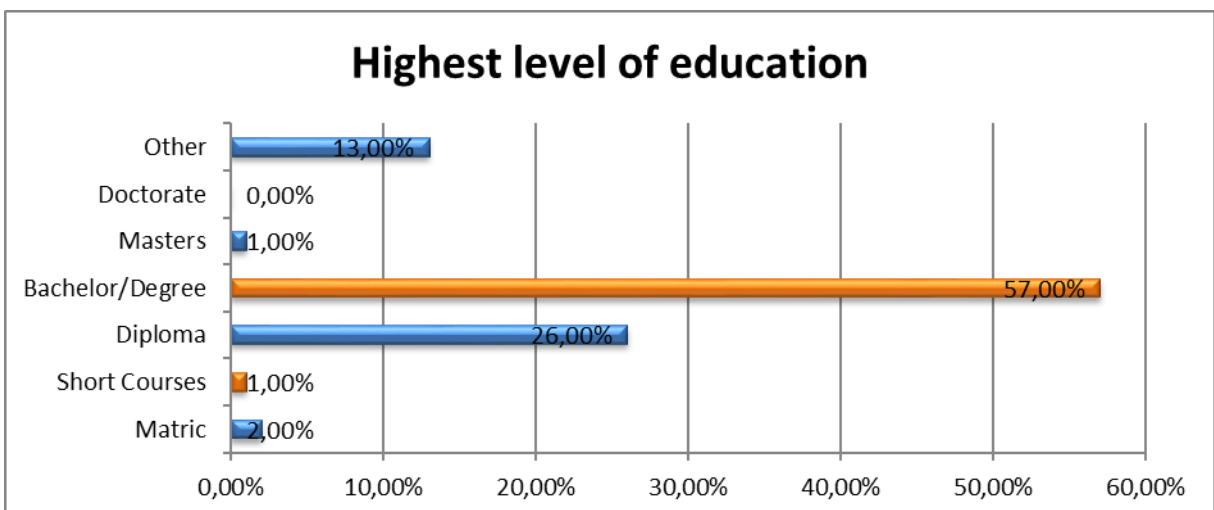


Figure 4. 3: Highest level of education (Source: Own data)

4.4.4 Whether the highest level of education was accounting related

With respect to whether the respondents' highest level of qualification was accounting related, 80.61% indicated that their qualification was not accounting related, while 19.39% of the respondents indicated that indeed their qualification was accounting related. Although most of the respondents' highest level of education was not accounting related, the rest of the 80.61% of the respondents had accounting related qualification.

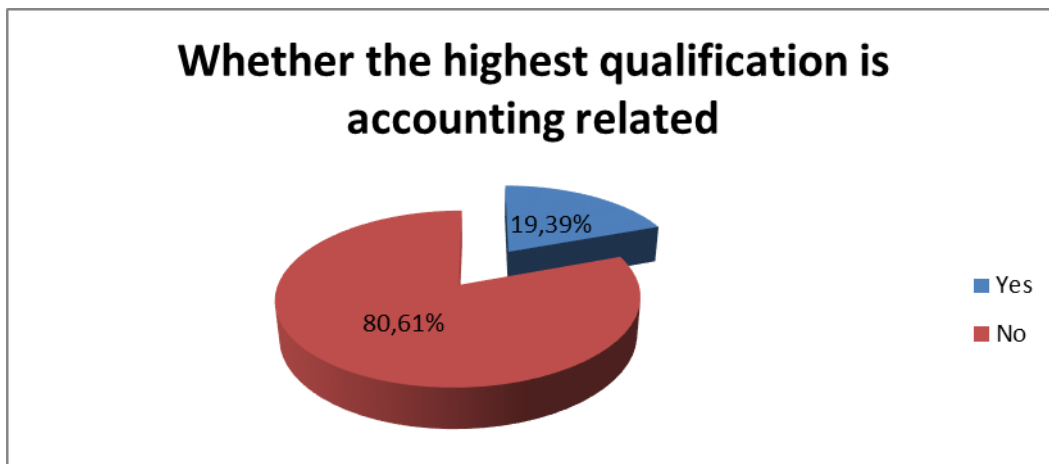


Figure 4. 4: Qualification accounting related (Source: Own data)

Besides, the respondents should still have been able to make a meaningful contribution to this study whose focus was on the use of NFPMs and not the financial performance measures.

4.4.5 Number of years their businesses had been in existence

In relation to the number of year that their businesses had been in existence, the results indicated that 78% of the businesses had been in existence for more than 10 years, 16% had been in existence for between 6 and 10 years. Only 6% had been in existence for between 1 and 5 years. Given that 94% of the businesses had been in existence for more than 6 years, they had adequate time to implement NFPMs, thus were ideal for this study.

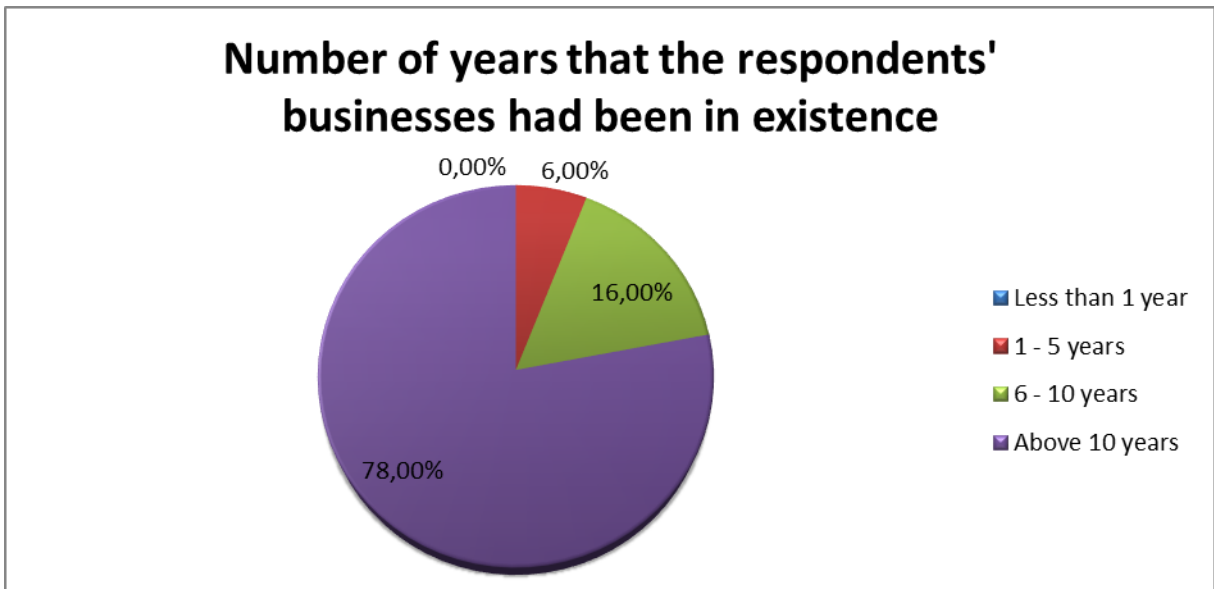


Figure 4. 5: Number of years that the respondents' businesses had been in existence
 (Source: Own data)

4.4.6 Number of employees

As far as the number of employees is concerned, the results revealed that 54% of the businesses had 21 to 50 employees, 21% had 51 to 100 employees, while 12% had 11 to 20 employees. Of the respondents, 6% indicated that their hotels had 6 to 10 employees, while 4% indicated that their businesses had more than 100 employees. Only 3% of the respondents indicated that their businesses had one to 5 employees. Hence, 97% of the respondents were from hotels that could be classified as SMEs, thus were the suitable participants of this study.

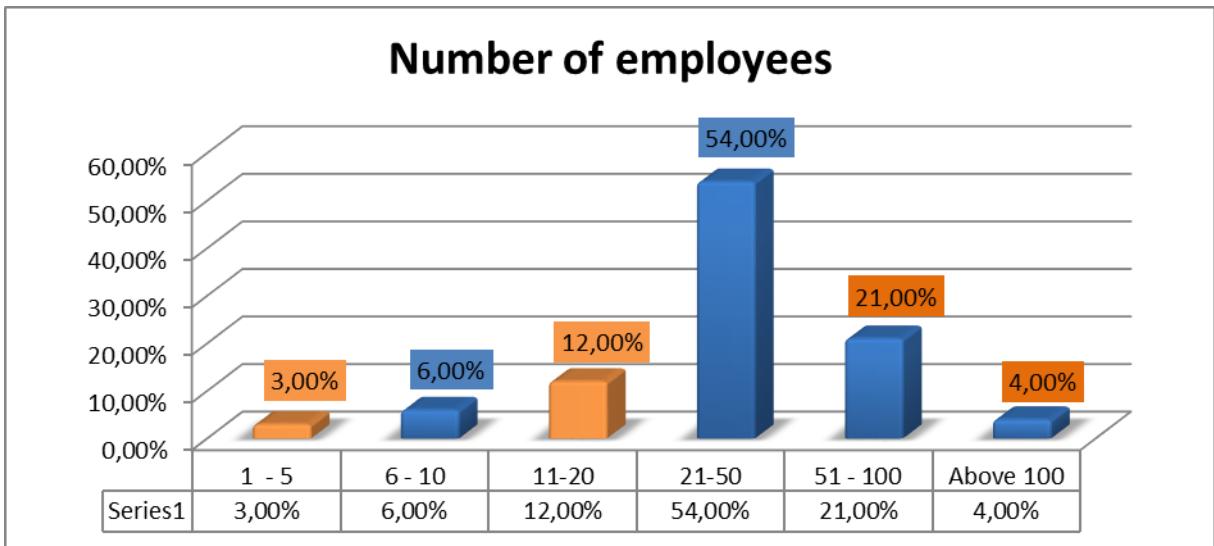


Figure 4. 6: Number of employees (Source: Own data)

4.4.7: Non-response bias

The above results suggest that a heterogeneous group of respondents of diverse positions, experience, levels and types of education, from different sizes of hotels had participated in this survey. This alongside the high response rate of 77% mitigated for non-response bias that is typically associated with questionnaire surveys.

4.5 TYPES OF NFPMS USED

Section one, of the questionnaire which comprised two questions, namely; question one and two, was meant to determine the types of NFPMS used by SMEs in the hotel industry in the Cape Metropole. In question one, respondents were asked to indicate, using a “yes” or “no” response whether their businesses used NFPMS. The results are shown in Figure 4.7. As shown in the figure, all respondents indicated that their businesses used NFPMS. This finding is consistent with that of Wadongo, Odhuno, Kambona and Othuon (2010) who found that SMEs use NFPMS, although they give more attention to some measures more than others. Likewise, the finding of this study supports that of Matsoso (2014) who also found that that 100% of the SMEs that participated in her study used NFPMS. Similarly, the current finding is in tandem with that of Banker, Potter and Srinivasan (2005) who found that all their sampled SMEs in the hotel sector were using NFPMS.

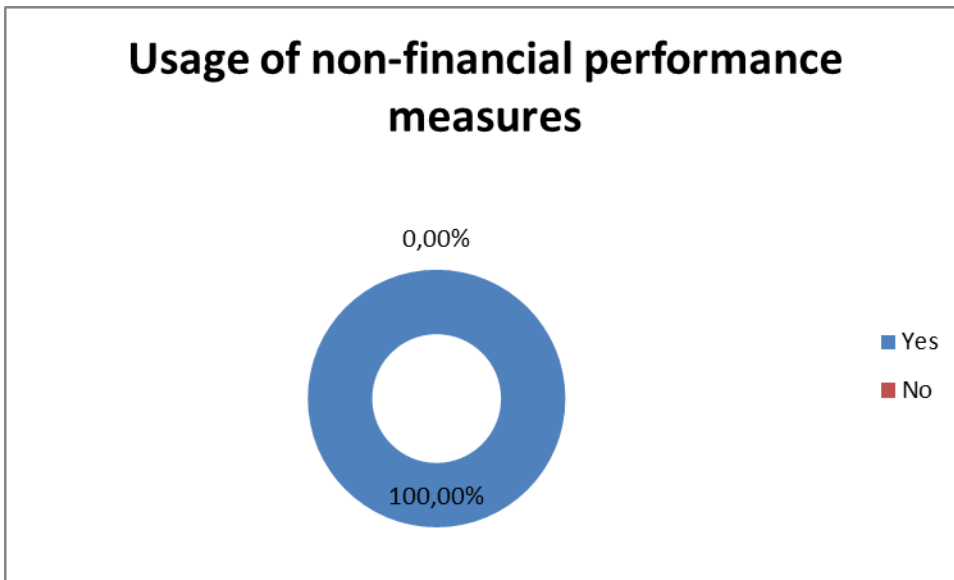


Figure 4. 7: Usage of NFPMs (Source: Own data)

In question two, the respondents were asked, to indicate how often their businesses used various NFPMs that ranged from customer satisfaction related measures, to internal business process related measures, to learning/innovation related measures. For this purpose, a five-point Likert scale was used with weightings of: one for never, two for rarely, three for sometimes, four for frequently, and five for very frequently. As a result, the closer the mean was to five, the more often a specific NFPM was used.

To ensure clarity, the percentages of those who indicated that their business used a particular NFPM frequently or very frequently were added and included in the third column of Table 4.2, under the title “percentage that used the NFPM frequently”. This meant that those who indicated that their business used a particular NFPM either rarely or sometimes were excluded from those that used the measure; a conservative approach ensured that only those whose businesses regularly used a NFPM were reported as such. Besides, the words “rarely” and ‘sometimes’ suggest infrequent or even non-usage of a NFPM. This approach is justified as it has also been used in similar prior studies (Kamala, 2015).

Table 4.2: THE FREQUENCY OF USAGE OF NFPMS

Number	NFPMS	Percentage that use the NFPM frequently	Respondents	Standard deviation
			N= 100	
Customer measures		Frequently	Mean	
a.	Market share percentage	64%	3.72	1.341
b.	Sales growth percentage	98%	4.70	.628
c.	Bed occupancy levels	98%	4.67	.551
d.	Guest satisfaction surveys	99%	4.72	.451
e.	Guest evaluation of employee helpfulness	78%	4.25	.845
f.	Guest evaluation of facilities	71%	4.03	.969
g.	Number of repeat customers	81%	4.16	.950
h.	Guest evaluation of extra benefits provided such as exercise and refreshment	64%	3.67	1.138
i.	Guests' complaints	81%	4.10	.870

Internal business process				
a.	Ability to adjust to guest request	94%	4.59	.668
b.	Response time to guest request	93%	4.61	.737
c.	Frequency of equipment breakdown	57%	3.68	1.362
d.	Hotel suppliers delivering on time	84%	4.30	1.210
e.	Hotel suppliers meeting standard purchasing specifications	89%	4.42	1.182
f.	Obtaining star classification	74%	4.00	1.082
Learning and innovation				
a.	Number of employee training and development programs	60%	3.62	1.237
b.	Employee training hours	55%	3.53	1.235
c.	Number of product and services innovated per year	50%	3.36	1.367
d.	Level of Information Communication Technology (ICT) usage	79%	4.23	.962

e.	Employee turnover rate	79%	4.06	1.135
f.	Employee performance appraisal	89%	4.34	.781
g.	Employee absenteeism	88%	4.32	1.024
h.	Employee satisfaction surveys	84%	4.29	.967

Scale: 1 = never; 5 = very frequently (Source: Field work)

As shown in Table 4.2, customer related measures were some of the most frequently used NFPM's by the sampled SMEs. Specifically, most respondents (99%) indicated that their SMEs used guest satisfaction surveys, followed by sales growth percentage (98%) and bed occupancy level (98%). Other customer related NFPM's frequently used by the sampled SMEs were: number of repeat customers (81%), guests' complaints (81%), guests' evaluation of employee helpfulness (78%), guests' evaluation of facilities (71%), market share percentage (64%) and guests' evaluation of extra benefits provided (64%). The means obtained also mirrored the percentages indicated. The standard deviations of less than one for seven out of nine statements in this category indicate agreement in the responses of the respondents.

Likewise, internal business process related NFPMs were frequently used. The most frequently used NFPMs in this category was, ability to adjust to guest request (94%), followed closely by response time to guest request (93%). Other internal business process related NFPMs frequently used by the sampled SMEs were: hotel suppliers meeting standard purchasing specification (89%), hotel suppliers delivering on time (84%), obtaining star classification (74%) and frequency of equipment breakdown (57%). The means obtained also mirrored the percentages indicated. The standard deviations of more than one for four out of six statements in this category indicate disagreement in the responses of the respondents.

Also, frequently used were learning and innovation related NFPMs. The most frequently used NFPMs in this category was; employee performance appraisal (89%), followed by employee

absenteeism (88%), then level of Information Communication Technology (ICT) usage (79%) and employee turnover rate (79%). Other learning and innovation related NFPMs were: number of employee training and development programs (60%), employee training hours (55%) and number of product and services innovated per year (60%). The means obtained also mirrored the percentages indicated. The standard deviations of more than one for five out of seven statements in this category indicate disagreement in the responses of the respondents.

From the above results, one can observe that the three most frequently used were customer related. These were followed by three internal business process related NFPMs and then two learning and innovation related NFPMs. Likewise, the two least frequently used NFPMs were learning and innovation related. The above results are consistent with those of Wadongo *et al.* (2010); Banker, Potter & Srinivasan (2005); Petzer, Steyn and Mostert (2009) who found that more attention is given to NFPMs such as sales growth, customer satisfaction, customer complaints and retention rate. These studies however also revealed other NFPM measures that were used in the hotel industry including: politeness and friendliness of staff, employee helpfulness, staff understanding of guest requests, staff providing efficient service, the efficiency of check-in and check-out, multi-lingual skills for staff, and neat appearance of staff.

The above results of the current study also concur with those of Melia (2010) who found that SMEs in the hotel sector frequently use infrastructure, quality of product, employees, quality of service, guest satisfaction and customer care. However, the results of the current study reported above contrast with other findings of Melia (2010) which revealed that these entities pay little attention to measures such as, market share, evaluation of employee attitude, behaviour, and expertise, guest evaluation of design facilities, renovations and maintenance, as well as guest evaluation of extra benefits gained such as relaxation, exercise, and refreshment.

The results of the current study also contrast with those of Friedlander, 2014; National Tourism Organisations (NTOs; Viglia et al., 2016; Pascarella, 2005; who indicated that the star classification is no-longer relevant to the hotel industry. The results concur with those of WTO, 2008; Kiplagat, Makindi & Obwoyere, 2015 whose findings indicated that the star classification is still very useful in the contemporary times (Fraser, 2014).

As far as learning and innovation is concerned, the above findings contrast with those of Chow, Haddad and Singh (2007:82) and Wadongo, et al (2010), who found that little focus is given to employee training and development programs. However, the findings above are somewhat consistent with those of Phillips and Louvieris (2005), who found that little attention is given to the number of product and services innovated per year. On the other hand, regarding level of usage of ICT, the results of the current study are consistent with those of Sirirak, Islam, and Ba Khang (2011); Ansah, Blankson, and Kontoh (2012), and Simons and Hinkin (2001) who found that ICT is significant and frequently by SMEs.

Moreover, the findings of this study are consistent to those of Simons and Hinkin (2001); AlBattat, Som and Helalat (2013); Basariya (2014); Jagun (2015); Mwendwa (2014); Narban, Kumar, Narban, Pratap, & Narban (2016); Guinsberg and Bayat (2012); Yee, Yeung & Cheng (2008); Lam, Zhang, and Baum (2001); Chi and Gursoy (2009) regarding usage and the significance of: employee turnover rate, employee performance appraisal, employee absenteeism and employee satisfaction. The above findings further highlight that the mentioned NFPMS are significant and frequently used mainly because they play a pivotal and indirect role to the financial performance and sustainability of the business, thus they are among the frequently used measures. However, the current results contrast with the recommendations from the study conducted by Grubb (2007) who believes that employee performance appraisal should not be used in an organisation because they are financially costly and socially demoralising as employees who are not performing will be discouraged to do their job.

4.6 THE PURPOSE FOR WHICH NFPMS ARE USED

4.6.1 Responses on the purpose for which NFPMS are used

Section two of the questionnaire, containing question three was meant to determine the purpose for which NFPMS are used by SMEs in the hotel industry in the Cape Metropole. In this question, respondents were asked to indicate how often their businesses used NFPMS for 17 different purposes. To this end, a five-point Likert scale was used with weightings of one for never, two for rarely, three for sometimes, four for frequently, and five for very frequently. Accordingly, the closer the mean was to five, the more often a specific NFPMS was used.

For clarity, the percentages of those who indicated that their business used NFPMs for a particular purpose frequently or very frequently were added and included in the third column of Table 4.3, under the title “percentage that used NFPM for the purpose frequently”. This meant that those who indicated that their business used a NFPM for a particular purpose either rarely or sometimes were excluded; a conservative approach ensured that only those whose businesses regularly used a NFPM for the stated purpose are reported as such. Besides, the words “rarely” and ‘sometimes’ suggest infrequent or even non-usage of a NFPM. This approach is justified as it has also been used in similar prior studies (Kamala and Maduekwe, 2016). The results are shown in Table 4.3.

As shown in Table 4.3, the most frequent purpose for which NFPMs were used by the sampled SMEs was for improving the profitability of the business (96%), followed by improving productivity and mission effectiveness (94%), improving decision-making (94%), increasing customer satisfaction (94%), and then for budgeting and control purposes (93%), and business process improvement (93%). Other purposes for which NFPMs were frequently used by the sampled SMEs included: optimising the use of resources (92%), motivating employees (92%), problem identification, and influencing, evaluating and rewarding employee behaviour (89%), followed by obtaining feedback needed to guide planning efforts (86%), developing tactical strategies (85%) and training and learning purposes (85%). Further, purposes for which NFPMs were frequently used by the sampled SMEs includes: aligning strategic activities to the strategic plan (76%), encouraging innovation (72%), identifying best practices in the hotel and expand their usage elsewhere (67%), benchmarking performance against that of competitors (64%). The means’ obtained also mirrored the percentages indicated. The standard deviations of less than one for thirteen out of seventeen statements in this category indicate agreement in the responses of the respondents.

The above results are consistent with those of Behn (2003) who found that SMEs use NFPMs for the following purposes: for control purpose, for budgeting, to motivate particularly employee, to improve performance, for improving decision-making, for training and development, and for guest satisfaction. In addition, the results of this study are consistent with those of Van Gijssel (2012) who found that SMEs use NFPMs parallel with financial ones as NFPMs are forward looking as opposed to financial performance measures.

Table 4.3: THE PURPOSE FOR WHICH NFPMS ARE USED

Number	Purpose for which NFPMs are used	Percentage that use NFPMs very frequently	Respondents	Standard deviation
			N= 100	
		Frequently	Mean	
a.	Aligning strategic activities to the strategic plan	76%	4.17	1.016
b.	Improving the profitability of the business	96%	4.61	.567
c.	Improving productivity and mission effectiveness	94%	4.55	.716
d.	Obtaining feedback needed to guide planning efforts	86%	4.34	.890
e.	For identifying best practices in the hotel and expand their usage elsewhere	67%	3.90	1.283
f.	For budgeting and control purposes	93%	4.49	.689

g.	For developing tactical strategies	85%	4.29	.902
h.	For problem identification	89%	4.38	.789
i.	For improving decision-making	94%	4.54	.610
j.	For optimising the use of resources	92%	4.51	.674
k.	For business process improvement	93%	4.50	.732
l.	For training and learning purposes	85%	4.26	.883
m.	For influencing, evaluating and rewarding employee behaviour	89%	4.38	.862
n.	For encouraging innovation	72%	3.94	1.071
o.	Increase customer satisfaction	94%	4.53	.674
p.	For benchmarking performance against that of competitors	64%	3.77	1.355
q.	For motivating employees	92%	4.51	.847

Scale: 1 = never; 5 = very frequently (Source: Field work)

4.7 THE PERCEPTION REGARDING THE EFFECTIVENESS OF NFPMs

4.7.1 Respondents response regarding their perception on the effectiveness of NFPMs

Section three of the questionnaire, comprised of question four. In this question, respondents were asked to indicate their perception regarding the effectiveness of twenty-three NFPMs used in their businesses. A five-point Likert scale was used with weightings of one for very ineffective, two for ineffective, three for neutral, four for effective and five for very effective. For clarity, the percentages of those who perceived a particular NFPM to be either effective or very effective were added and included in the third column of Table 4.4, under the title “percentage that perceived a NFPM to be effective”. This meant that those who were neutral about the effectiveness of a particular NFPM were excluded; a conservative approach ensured that only those who perceived a NFPM to be effective are reported as such. Besides, the word neutral suggest indifference on the effectiveness of a NFPM. This approach is justified as it has also been used in similar prior studies (Kamala & Maduekwe, 2016). The results are shown in Table 4.3.

As shown in Table 4.4, the NFPMs that was perceived by most respondents as to be effective were: sales growth percentage (99%) and bed occupancy level (99%), followed by guest satisfaction survey (96%), ability to adjust to guest request (95%), response time to guest request (93%), employee satisfaction surveys (92%), and level of Information Communication Technology (ICT) usage (90%).

Other NFPMs perceived to be effective by the sampled SMEs include: employee absenteeism (89%), guest evaluation of helpfulness (87%), hotel suppliers meeting standard purchasing specifications (85%), hotel suppliers delivering on time (81%), guest evaluation of facilities (80%), employee turnover rate (80%), guests’ complaints (80%), employee training hours (77%) followed by obtaining star classification (73%) and number of employee training and development programs (70%).

The NFPMs perceived to be of less effectiveness were: guest evaluation of extra benefits provided such as exercise and refreshment (65%), market share percentage (62%), followed

by the number of product and services innovated per year (60%) and lastly the frequency of equipment breakdown (56%). The standard deviations of less than one for the thirteen out of twenty-three statements in this category indicate agreement in the responses of the respondents.

The above findings contrast with those of Matsoso (2014) who found that some sampled SMEs do not utilise NFPMs because they perceive these measures to be ineffective as these entities had been in existence for more than a decade without the using NFPMs. On the other hand, the findings of this study are consistent with those of Kamala and Maduekwe (2016) which revealed that almost 60% of the SMEs believe that NFPMs are effective in their business.

TABLE 4.4: THE PERCEPTION REGARDING THE RESPONDENTS EFFECTIVENESS OF NFPMS

Number	NFPMs	Percentage that perceived a NFPM to be effective	Respondents	Standard deviation
			N=100	
		Very effective	Mean	
a.	Market share percentage	62%	3.77	1.179
b.	Sales growth percentage	99%	4.77	.489
c.	Bed occupancy levels	99%	4.73	.468
d.	Guest satisfaction surveys	96%	4.67	.587
e.	Guest evaluation of	87%	4.27	.839

	employee helpfulness			
f.	Guest evaluation of facilities	80%	4.08	.950
g.	Number of repeat customers	83%	4.20	.853
h.	Guest evaluation of extra benefits provided such as exercise and refreshment	65%	3.78	1.133
i.	Guests' complaints	80%	4.11	.898
j.	Ability to adjust to guest request	95%	4.48	.689
k.	Response time to guest request	93%	4.53	.745
l.	Frequency of equipment breakdown	56%	3.52	1.453
m.	Hotel suppliers delivering on time	81%	4.20	1.223
n.	Hotel suppliers meeting standard purchasing specifications	85%	4.23	1.196
o.	Obtaining star classification	73%	3.99	1.049
p.	Number of employee training and development programs	70%	3.86	1.172

q.	Number of product and services innovated per year	60%	3.67	1.288
r.	Employee training hours	77%	4.01	1.049
s.	Level of Information Communication Technology (ICT) usage	90%	4.43	.756
t.	Employee turnover rate	80%	4.06	1.062
u.	Employee performance appraisal	94%	4.52	.643
v.	Employee absenteeism	89%	4.40	.995
w.	Employee satisfaction surveys	92%	4.57	.769

Scale: 1 = very ineffective; 5 = very effective (Source: Field work)

4.8 FACTORS THAT INHIBIT RESPONDENTS BUSINESS FROM UTILIZING NFPMS

4.8.1 Responses on whether there are factors that inhibit hotel SMEs from utilising NFPMs

Section four of the questionnaire consisted of question five and six. In question five respondents were asked to indicate, using a “yes” or “no” response whether there are any factors that inhibit their businesses from utilising NFPMs. The results are shown in Table Figure 4.8. As indicated in Figure 4.8 below, 90% of the respondents indicated “Yes” there are factors that inhibit their businesses them from utilising NFPMs while only 10% indicated

“No”. The above results are consistent with those of Ittner and Larcker (2000); Doran, Haddad, and Chow, (2002); and McPhail, Herington, and Guilding, (2008).

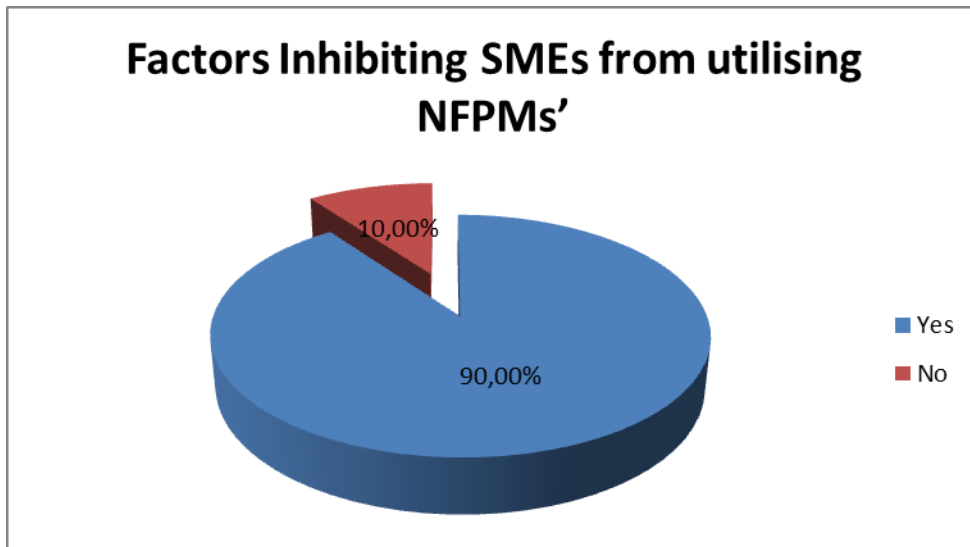


Figure 4. 8: Whether there are factors that inhibit SMEs from utilising NFPMs (Source: Own data)

4.8.2 Responses on factors that might inhibit SMEs from utilising NFPMs

Question number six required those respondents who indicated that their business face factors that inhibit them from utilising non-financial performance measure to specify the extent to which they agreed with 16 statements on the factors that inhibit their businesses form using NFPMs.

A five-point Likert scale was used with weightings of one for strongly disagree, two for disagree, three for neither agree nor disagree, four for agree and five for strongly agree. For clarity purposes, the percentages of those who either agreed or strongly agreed to a given statement were summed together, and reported as “percentage that agreed with the statement” in the third column of Table 4.5. Thus, those who neither agreed nor disagreed to a given statement were conservatively reported as having disagreed with the statement; as the words neither agree nor disagree suggest a lack of a clear stand. This approach ensured that only those who indeed agreed with a given statement were reported as such, and it has also been used in prior studies (Kamala & Maduekwe 2016).

As shown in table 4.5, majority of the sample SMEs indicated that the factors that inhibited their businesses from using NFPMs were that the cost of implementation NFPMs is very high (87%), followed by difficulty of quantifying NFPMs (83%), inability to compare with other businesses due to the company specific nature of NFPMs (83%), and a lack of resources in terms of money required and time (83%). Other major factors that inhibit the sampled SMEs from using NFPMs include: a lack of the necessary skills and human resources (81%), cost ineffectiveness of the NFPMs (79%), inadequacy of information systems in the entity (78%), complexity of the NFPMs (73%), a lack of awareness about performance measures (72%) and absence of an effective process of implementing the measures (68%).

Among the factors that inhibited the sampled SMEs from using NFPMs to a lesser extent were a lack of objectivity as these measures can be determined in various ways (54%), conflicting results among the different performance measures (54%), a lack of management support (47%), employee resistance (42%), perception that non-financial measures are unreliable (25%), and that non-financial measures are irrelevant to the business (21%).

The standard deviation of less than one for the ten out of sixteen statements in this category indicates agreement in the responses of the respondents. Whereas the standard deviation of more than one for six out of sixteen statements in this category indicates disagreement in the responses of the respondents.

The above results are consistent with those of Evans (2005); Ittner and Larcker (2000), who found that the inhibiting factors include the failure to get the support of employees, specificity of NFPMs which rendered them incomparable to those of other businesses, an aspect that makes them to be deemed unreliable.

Moreover, results in the current study are consistent with those of Doran, Haddad, and Chow, (2002); McPhail, Herington, & Guilding, (2008) and Kamala & Makuekwe (2016) who found that the factors that inhibit SMEs from using NFPMs include the fact that the cost of implementation is very high, they require long time for implementation, a lack of resources, a lack top of management support, a lack of qualified personnel as well as a lack of awareness.

The results of the current study however contrast with those of Evans (2005) and Matsoso (2014) who found that the factors that inhibit SMEs include failing to establish causal

linkages between scorecard components, and mistaking data for useable information and that there were no factors that inhibit SMEs from utilising NFPMS, but that these entities just chose not to do so.

Table 4.5: FACTORS THAT INHIBIT RESPONDENTS BUSINESS FROM UTILISING NFPMS

Number	Factors that inhibit the usage of NFPMS	Percentage that agreed with the statement	Respondents	Standard deviation
			N= 89	
		Strongly agree	Mean	
a.	Difficult to quantify	83%	4.60	.686
b.	Cost ineffectiveness of the performance measures	79%	4.40	.849
c.	Inadequacy of information systems in the entity	78%	4.36	.895
d.	Complexity of the NFPMS	73%	4.16	.916
e.	Non-financial measures are unreliable	25%	2.75	1.342
f.	Non-financial measures are irrelevant to our business	21%	2.60	1.371
g.	A lack of objectivity as these measures can be determined in various ways	54%	3.76	.989

h.	Cost of implementation is very high	87%	4.60	.578
i.	Are company specific and, thus, hamper comparison with other business	83%	4.49	.659
j.	A lack of resources in terms of money required and time	83%	4.56	.656
k.	A lack of the necessary skills and human resources	81%	4.52	.785
l.	A lack of awareness about performance measures	72%	4.15	1.017
m.	A lack of management support	47%	3.49	1.235
n.	Absence of an effective process of implementing the measures	68%	4.04	.891
o.	Conflicting results among the different performance measures	54%	3.72	1.076
p.	Employee resistance	42%	3.40	1.420

Scale: 1 = strongly disagree; 5 = strongly agree (Source: Field work)

4.9 SUMMARY AND CONCLUSIONS

The aim of this chapter was to present and discuss the results of the data collected through the questionnaire survey that was conducted to determine the extent to which SMEs in the hotel industry sector use NFPMs. Specifically, the chapter presented and discussed the results on the types of NFPMs that are used by SMEs, the purpose for which SMEs use NFPMs,

perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities, and the factors that inhibit SMEs from utilising NFPMs.

Regarding the types of NFPMs used by SMEs, the results revealed that the three most frequently used NFPMs were customer related measures, namely: guest satisfaction survey, sales growth and bed occupancy level, and that the two least frequently used NFPMs were learning and innovation related. These were, employee training hours and number of product and services innovated per year.

Concerning the purpose for which SMEs use NFPMs, the results revealed that these entities used the performance measures frequently for improving the profitability of the business, improving productivity and mission effectiveness, as well as improving decision-making. By contrast, the SMEs used the NFPMs less frequently for encouraging innovation, for identifying best practices in the hotel and for benchmarking performance against those of their competitors.

As far as the perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities is concerned, the results revealed that sales growth percentage, bed occupancy levels and guest satisfaction surveys were perceived by the sampled respondents to be the most effective NFPMs. By contrast, market share percentage, number of product and services innovated per year, as well as the frequency of equipment breakdown were perceived to be less effective.

With respect to the factors that inhibit SMEs from utilising NFPMs, the results revealed the high cost of implementing these measures alongside the incomparability of these measures due to their company specific nature as the main inhibiting factors. Other factors that inhibit SMEs from utilising NFPMs include difficulty in quantifying the measures, employee resistance, unreliability of these measures alongside the perception that they are irrelevant to the respondents' businesses.

Chapter five provides the summary and conclusion of the study, discusses the contributions of this study, its limitations and makes suggestions for further research.

CHAPTER FIVE: SUMMARY AND ANCLUSIONS

5.1 INTRODUCTION

The main purpose of this study was to determine the extent to which SMEs in the hotel industry sector use NFPMs. The impetus for this research was the scant research on the usage of NFPMs by SMEs operating in the Cape Metropole hotel industry. To achieve the main purpose of the study, a questionnaire survey was conducted.

This chapter summarises the major findings, draws conclusions on the types of NFPMs utilised by SMEs, operating in the hotel industry in the Cape Metropole, the purpose for which the SMEs use the NFPMs, the perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities, as well as the factors that inhibit SMEs from utilising these measures.

The next section (5.2) begins by reiterating the research problem and research objectives outlined in chapter one. This is followed by a summary of the literature review on the use of NFPMs presented in chapter two, in section 5.3. Section 5.4 summarises the research design and methodology employed in this study, as described in chapter three. Section 5.5 provides a summary of the analysis and the discussion of the results of this study, as presented in chapter four.

The contribution and the significance of this study is discussed in section 5.6 while the limitations of this study are presented in section 5.7. The final section (5.8) provides suggestions for further research.

5.2 CHAPTER ONE: STATEMENT OF THE RESEARCH PROBLEM, MAIN QUESTION, SUB-QUESTIONS AND OBJECTIVES

5.2.1 Problem statement

The problem investigated by this research was that SMEs operating in the hotel industry in South Africa are perceived to be failing partly due to their failure to use NFPMs.

5.2.2 Purpose of this study

The main purpose of this study was to determine the extent to which SMEs in the hotel industry use NFPMs.

5.2.3 Main research question

To fill the gap in the literature on the usage of NFPMs, the following main research question was formulated:

To what extent do SMEs in the hotel industry in the Cape Metropole utilise NFPMs?

5.2.4 Research sub-questions

To address the main research question at greater depth, the following sub-questions were formulated:

- What types of NFPMs, if any, are utilised by SMEs?
- For what purposes do SMEs use NFPMs?
- What are the perceptions of decision-makers of SMEs regarding the effectiveness of the NFPMs that are currently employed by these entities?
- What factors, if any, inhibit SMEs from utilising NFPMs?

5.2.5 Research objectives

To fill the gap evidenced by the scant research on the usage of NFPMs, the following objectives were formulated:

- to determine the types of non- financial performance measures, if any, that are used by SMEs;
- to determine the purpose for which SMEs use NFPMs;
- to determine the perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities; and
- to determine the factors, if any, that inhibit SMEs from utilising NFPMs.

5.3 SUMMARY OF CHAPTER TWO: THE REVIEW OF PRIOR STUDIES ON THE USE OF NFPMS

Chapter two analysed, described and summarised the findings of recent studies on the use of NFPMS by SMEs. The chapter began by defining SMEs and their importance to the South African economy. It then briefly discussed the importance of SMEs to the South African economy as well as the importance of the hotel industry in South Africa. It then highlighted the importance of NFPMS as well as the different types of the measures that are relevant to the hotel industry. This was followed by a review of prior studies on the types of NFPMS used by SMEs. The chapter further reviewed prior studies on the purpose for which SMEs use NFPMS as well as those on the perceived effectiveness of the NFPMS used by SMEs. The chapter then reviewed prior studies on the factors that inhibit SMEs from using NFPMS and outlined the gaps identified in prior literature as well as the research questions that have remained unanswered.

With regard to the types of performance measures used by SMEs, the review of the prior literature revealed that SMEs in the hotel industry preferred financial performance measures over NFPMS. Of the NFPMS used, customer related NFPMS were more extensively and frequently used than other types of NFPMS, namely those related to internal business process as well as learning and innovation. The review also revealed that the micro enterprises were unlikely to use NFPMS.

Concerning the purpose for which SMEs in the hotel industry use NFPMS, the review of prior studies revealed that SMEs used NFPMS for a variety of purposes. Some studies revealed that SMEs used NFPMS to evaluate performance, for control purpose, for budgeting, to motivate employees and managers, to learn and improve performance. Other studies revealed that SMEs used these measures for monitoring their business, for further planning, for improving decision-making, for business process improvement, for problem identification for optimising use of resources, for developing tactical strategies, and for improving communications. Yet other studies revealed that SMEs used NFPMS for managing emergency crisis, problem solving and to align their actions and decisions already taken to a specific NFPMS.

As far as the perceived effectiveness of the NFPMs used by SMEs, the review of the prior studies revealed that some prior studies revealed that these measures are perceived by the decision-makers of SMEs to be very effective for the purpose used. By contrast, other studies revealed that NFPMs were perceived by the decision-makers of SMEs to be ineffective for the purpose used or intended to be used.

With respect to the factors that inhibit SMEs from utilising NFPMs, the review revealed that there is quite a number of factors that inhibit SMEs from utilising and adopting NFPMs. Key among these factors were a lack top of management support, a lack of qualified personnel, a lack of resources such as computers, and a lack of awareness. In addition, these measures were perceived to be complex and entity specific, an aspect that hampered comparison of performance among peer SMEs. Furthermore, implementing these measures was perceived to be a lengthy process that required extensive use of resources and that consumed time. Besides, some SMEs suffered from employees' resistance or lack of support, failed to establish causal linkages between scorecard components, and mistook raw data for useable information. Moreover, NFPMs were perceived to lack a common base and that measurement using these measures is disintegrated.

Chapter two concluded that there were gaps in the prior literature; therefore, there was a need to conduct a recent research on the use of NFPMs in the Cape Metropole, South Africa. This was mainly attributed to the fact that little research has been conducted to investigate the types of NFPMs employed by SMEs, the purpose for which they are used, their perceived effectiveness, as well as any factors that may inhibit SMEs from using these measures.

5.4 SUMMARY OF CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

The aim of chapter three of this study was to describe the research design and methodology used to collect data for addressing the research questions and objectives of this study. The chapter began with a discussion of the research paradigm adopted and a justification of the questionnaire survey method used. The chapter then discussed the research population and sampling technique employed in this study, as well as the design of the questionnaire. Next the pilot survey, conducted to ensure that the questionnaire was clear, concise and easy to

follow, was discussed. The data collection process, the descriptive statistics used to analyse the data and the measures taken to ensure the reliability and validity of the research instrument were also described. Finally, the limitations of the questionnaire survey methodology and measures taken to overcome these and the ethical considerations of this research were discussed. Based on the elaborate discussion of the research methodology provided above, the researcher concluded that the methodology employed in this study was suitable for addressing its research objectives.

5.5 SUMMARY OF CHAPTER FOUR: ANALYSIS AND DISCUSSION OF RESULTS

The aim of chapter four was to present and discuss the results of the data collected through the questionnaire survey for determining the extent to which SMEs in the hotel industry sector use NFPMs. Specifically, the chapter presented and discussed the results on the types of NFPMs used by SMEs, the purpose for which SMEs use NFPMs, perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities, and the factors, that inhibit SMEs from utilising NFPMs.

Regarding the types of NFPMs used by SMEs, the results revealed that the three most frequently used NFPMs were customer related measures, namely: guest satisfaction survey, sales growth percentage and bed occupancy level, and that the two least frequently used NFPMs were learning and innovation related. These were employee training hours and number of product and services innovated per year.

Concerning the purpose for which SMEs use NFPMs, the results revealed that these entities used the performance measures frequently for improving the profitability of the business, improving productivity and mission effectiveness, as well as improving decision-making. By contrast, the SMEs used the NFPMs less frequently for encouraging innovation, for identifying best practices in the hotel and for benchmarking performance against those of their competitors.

As far as perceptions of decision-makers of SMEs regarding the effectiveness of NFPMs currently employed by these entities is concerned, the results revealed that sales growth percentage, bed occupancy levels and guest satisfaction surveys were perceived by the

sampled respondents to be the most effective NFPMs. By contrast, market share percentage, number of product and services innovated per year, as well as the frequency of equipment breakdown was perceived to be least effective.

With respect to the factors that inhibit SMEs from utilising NFPMs, the results revealed the high cost of implementing these measures alongside the incomparability of these measures due to their company specific nature as the main inhibiting factors. Other factors that inhibit SMEs from utilising NFPMs include difficulty in quantifying the measures, employee resistance, and unreliability of these measures alongside the perception that they are irrelevant to the respondents' businesses.

5.6 CONTRIBUTION AND SIGNIFICANCE OF THE STUDY

5.6.1 Contribution of the study

This study contributes to the literature in numerous ways. Firstly, it is the first study, to the best of the author's knowledge, to investigate the use of NFPMs by SMEs operating in the hotel industry in the Cape Metropole. Therefore, this thesis fills a gap in the body of knowledge by investigating the use of NFPMs in a critical but neglected industry in the Cape Metropole.

Secondly, this study provides a rare insight into the use of NFPMS by SMEs in the South African context, the purpose for which they are used, the perceived effectiveness of the tools and the factors that inhibit SMEs from using these measures. Bearing in mind that most prior studies on the topic were conducted in developed countries, this study provides unique empirical evidence from a developing country's context, namely South Africa, on the use of the NFPMs.

Thirdly, unlike prior South African studies which tended to examine the use of management accounting tools or performance measures in general, by comparing the use of financial performance measures and NFPMs, this study uniquely focuses on only NFPMs thus provides a more detailed account of the use of NFPMs by SMEs operating in the hotel industry.

5.6.2 Significance of the study

This study should be of considerable value to the Department of Small Business Development, which offers financial and non-financial support services to SMEs. Secondly, the study should add value to the Small Enterprise Development Agency “which is mandated to implement SME government strategies, design and implement standard and common national delivery network for small businesses”. The Department’s aim is to create a business environment that is conducive to the development and growth of SMEs. This study provides comprehensive insights into the use of NFPMs. It identifies the purposes for which these measures are utilised as well as those for which they are not used, as well as the perceptions of decision makers in SMEs of their effectiveness and the factors that discourage their use. These insights could help the both Departments to devise new strategies that will make the interventions its designs and implements more effective. The current strategies and interventions used by these Departments do not seem to have the desired effect because the failure rate of SMEs remains high.

In addition, this study should be of significance to the decision-makers of SMEs operating in the hotel industry as they will not only be made aware of the importance of NFPMs in ensuring effective management, they will also be made aware of the various types of NFPMs, the purpose for which they are used, their perceived effectiveness as well as the potential factors that could inhibit these entities from implementing these measures. This should enable them to gauge their own use of NFPMs against the best practice and make informed decisions whether to continue with their current practice, adopt the best practices, or improve on their current use of these measures. In addition, the information should enable them to overcome the factors that inhibit them from using the measures in the first place and to optimise the benefits derived from these measures.

Academics might also find this study significant. They could replicate this study in other industries and areas or with micro enterprises to confirm the validity of its findings. They could also adapt the research methodology and questionnaire survey employed in this study to explore the use of NFPMs not included this study. This study could also encourage academics in South Africa or in other countries to do similar studies to gain a deeper understanding of the value of NFPMs or the way they are used. Studies of this kind could improve the survival

rate of SMEs. Finally, training institutes could incorporate the findings of this thesis into the curriculum of short courses on NFPMs aimed at encouraging SMEs to use them.

5.7 LIMITATION OF THE STUDY

This study has made a significant contribution to the body of knowledge regarding the use of NFPMs, the purpose for which these measures are used, the perception of the decision-makers regarding the effectiveness of NFPMs in their businesses and the factors that inhibit them from using NFPMs. However, this study, like all other studies, has certain limitations:

- The findings of this study only reflect the views of decision-makers in the hotel industry sector in the Cape Metropole. This limits the generalisability of the findings to other industries and other regions in South Africa.
- This study investigated the use of three types of NFPMs: customer related measures, internal business process related measures, and learning and innovation related measures, which means the findings cannot be generalized to the other NFPMs not mentioned in this study. In addition, these NFPMs relate specifically to the hotel industry, rather than to all industries.
- The selected sample of this study was based on SMEs, so it excluded large hotels and micro hotels. For that reason, they may not be generalisable to large hotels and micro hotels.
- The invited participants in this survey were hotel owners, managers or accountants of these SMEs operating in the Cape Metropole. These may not be the only decision-makers in this sector who are knowledgeable about the use of NFPMs.

However, the limitations of this study do not outweigh the contribution made by this study to an area in which little prior research has been conducted in the Cape Metropole.

5.8 SUGGESTIONS FOR FURTHER RESEARCH

The limitations outlined above reveal the need for further research studies. Some of these are listed below:

- Only hotel owners, managers and accountants were regarded as decision- makers in this study. There may well be others who should have been included. Further research should take account of other individuals who play a part in the decision-making processes of SMEs.
- This study investigated three types of NFPMs (customer related measures; internal business process related measures; and learning and innovation related measures) by SMEs operating in the hotel industry in Cape Metropole. Further study could be conducted on other industries or on large hotels, and could investigate the use of other types of NFPMs.
- The findings of this study were based on a sample of 100 SMEs. Future studies could use a larger sample size to increase the generalisability of the findings.
- This study used quantitative methodology. A qualitative study involving an in-depth case study could be done. Qualitative research could also be done on the factors that inhibit SMEs from utilising NFPMs. This kind of research would use open-ended questions that are more investigative as opposed to the closed-ended questions used in this study.
- A comparative study could be done between the use of NFPMs in South Africa and the usage of NFPMs by SMEs in other countries.

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APPENDICES

Appendix A: CONSENT LETTER



Cape Peninsula University of Technology

Faculty of Business and Management Sciences

Consent to participate in an academic study

Research conducted by: Andile Mjongwana

Student number: 211282499

Dear Sir/Madam,

Invitation to participate in an academic research study

You are kindly invited to participate in a research study titled “Use of NFPMs by Small and Medium Enterprises (SMEs) operating in the hotel industry in the Cape Metropole”. This study is conducted by Mr Andile Mjongwana, a Masters student at the Cape Peninsula University of Technology (CPUT). The purpose of this study is to determine the extent to which NFPMs are used by SMEs in the hotel industry in the Cape Metropole.

Because you are a decision maker in a South African SME in the hotel industry, your opinions are very valuable to this study. Your participation in this study is voluntary and you are free to withdraw from it at any time without obligation. There are no risks associated with participating in this study. The study will not collect any information that can identify you as all responses will be recorded anonymously. While you will not receive any compensation for participating, the information collected in this study will positively contribute to the sustainability of the hotel SMEs, in South Africa.

Your consent to participate in this study is highly appreciated.

For further inquiries, you may contact me on 076 136 8106 or via email

mjongwanaa@cput.ac.za.

If you consent to participate in this study, please sign this form to indicate that:

- you have read and understood the information provided above
- you hereby consent to participate in this study voluntarily

Name of the Enterprise: _____

Respondent's signature: _____ Date: _____

Appendix B: Questionnaire

Section One – Types of NFPs used in your business (Please mark with “X” in the appropriate box. If answer is Yes in question 1, proceed to question 2. If answer is No, proceed to section five)

1. Does your business use NFPs? If “yes”, please proceed to question 2					
a. Yes					1
b. No					2
Use the following scale to answer question 2, 3 and 4. 1 = Never 2 = Rarely 3 = sometimes 4 = frequently 5 = very frequently					
2. How often does your business use the following NFPs?					
	Never	Rarely	Sometimes	Frequently	Very frequently
Customers perspective					
a. Market share percentage	1	2	3	4	5
b. Sales growth percentage	1	2	3	4	5

c. Bed occupancy levels	1	2	3	4	5
d. Guest satisfaction surveys	1	2	3	4	5
e. Guest evaluation of employee helpfulness	1	2	3	4	5
f. Guest evaluation of facilities	1	2	3	4	5
g. Number of repeat customers	1	2	3	4	5
h. Guest evaluation of extra benefits provided such as exercise and refreshment	1	2	3	4	5
i. Guests' complaints	1	2	3	4	5
Internal business process					
a. Ability to adjust to guest request	1	2	3	4	5
b. Response time to guest request	1	2	3	4	5
c. Frequency of equipment breakdown	1	2	3	4	5
d. Hotel suppliers delivering on time	1	2	3	4	5
e. Hotel suppliers meeting standard purchasing specifications	1	2	3	4	5
f. Obtaining star classification	1	2	3	4	5
Learning and innovation					
a. Number of employee training and development programs	1	2	3	4	5
b. Employee training hours	1	2	3	4	5
c. Number of product and services innovated per year	1	2	3	4	5
d. Level of Information Communication Technology (ICT) usage	1	2	3	4	5

e. Employee turnover rate	1	2	3	4	5
f. Employee performance appraisal	1	2	3	4	5
g. Employee absenteeism	1	2	3	4	5
h. Employee satisfaction surveys	1	2	3	4	5

--

Section Two – The purpose for which NFPMs are used in your business (Please mark with “X” in the appropriate box)

3. How often does your business use NFPMs for the following purposes?

	Never	Rarely	Sometimes	Frequently	very frequently
a. Aligning strategic activities to the strategic plan	1	2	3	4	5
b. Improving the profitability of the business	1	2	3	4	5
c. Improving productivity and mission effectiveness	1	2	3	4	5
d. Obtaining feedback needed to guide planning efforts	1	2	3	4	5
e. For identifying best practices in the hotel and expand their usage elsewhere	1	2	3	4	5
f. For budgeting and control purposes	1	2	3	4	5
g. For developing tactical strategies	1	2	3	4	5
h. For problem identification	1	2	3	4	5

i. For improving decision – making	1	2	3	4	5
j. For optimising the use of resources	1	2	3	4	5
k. For business process improvement	1	2	3	4	5
l. For training and learning purposes	1	2	3	4	5
m. For influencing, evaluating and rewarding employee behaviour	1	2	3	4	5
n. For encouraging innovation	1	2	3	4	5
o. Increase customer satisfaction	1	2	3	4	5
p. For benchmarking performance against that of competitors	1	2	3	4	5
q. For motivating employees	1	2	3	4	5

Section Three- Your perception on the effectiveness of NFPMs used in your business

Use the following scales to answer question 4,

1=Very Ineffective, 2=Ineffective, 3 =Neutral, 4=Somewhat Effective, 5=Very Effective

4. What are your perception regarding the effectiveness of the following NFPMs?

	Very Ineffective	Ineffective	Neutral	Somewhat Effective	Very Effective
a. Market share percentage	1	2	3	4	5
b. Sales growth percentage	1	2	3	4	5
c. Bed occupancy levels	1	2	3	4	5
d. Guest satisfaction surveys	1	2	3	4	5
e. Guest evaluation of employee helpfulness	1	2	3	4	5
f. Guest evaluation of facilities	1	2	3	4	5
g. Number of repeat customers	1	2	3	4	5
h. Guest evaluation of extra benefits provided such as exercise and refreshment	1	2	3	4	5
i. Guests' complaints	1	2	3	4	5
j. Ability to adjust to guest request	1	2	3	4	5
k. Response time to guest request	1	2	3	4	5
l. Frequency of equipment breakdown	1	2	3	4	5
m. Hotel suppliers delivering on time	1	2	3	4	5
n. Hotel suppliers meeting standard purchasing specifications	1	2	3	4	5
o. Obtaining star classification	1	2	3	4	5
p. Number of employee training and development programs	1	2	3	4	5

q. Number of product and services innovated per year	1	2	3	4	5
r. Employee training hours	1	2	3	4	5
s. Level of Information Communication Technology (ICT) usage	1	2	3	4	5
t. Employee turnover rate	1	2	3	4	5
u. Employee performance appraisal	1	2	3	4	5
v. Employee absenteeism	1	2	3	4	5
w. Employee satisfaction surveys	1	2	3	4	5

Section Four - Factors that inhibit your hotel from utilising NFPMs (Please mark with “X” in the appropriate box)

5. Are there any factors that inhibit your business from using non-financial measures?

(a) Yes

1

(b) No

2

If yes, proceed to question 6.

Use the following information scale to answer question 5,

1= Strongly disagree, 2= Disagree, 3= Neither agree or disagree, 4= Agree, 5= Strongly agree

6. To what extent do you agree with the following statements about factors that inhibit your business from utilising NFPMs?					
	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
a. Difficult to quantify	1	2	3	4	5
b. Cost ineffectiveness of the performance measures	1	2	3	4	5
c. Inadequacy of information systems in the entity	1	2	3	4	5
d. Complexity of the NFPMs	1	2	3	4	5
e. Non-financial measures are unreliable	1	2	3	4	5
f. Non-financial measures are irrelevant to our business	1	2	3	4	5
g. A lack of objectivity as these measures can be determined in various ways	1	2	3	4	5
h. Cost of implementation is very high	1	2	3	4	5
i. Are company specific and, thus, hamper comparison with other business	1	2	3	4	5
j. A lack of resources in terms of money required and time	1	2	3	4	5
k. A lack of the necessary skills and human resources	1	2	3	4	5
l. A lack of awareness about performance measures	1	2	3	4	5
m. A lack of management support	1	2	3	4	5
n. Absence of an effective process of implementing the measures	1	2	3	4	5
o. Conflicting results among the different performance measures	1	2	3	4	5

p. Employee resistance	1	2	3	4	5
Section Five – Demographic information and business profile (Please mark with “X” in the appropriate box)					
7. What is your position in your business?					
a. Owner	1				
b. Manager	2				
c. Owner and Manager	3				
d. Accountant	4				
8. How long have you been in the above position?					
a. Less than 1 year	1				
b. 1-5 years	2				
c. 6-10 years	3				
d. Above 10 years	4				
9. How long has your business been in existence?					
a. Less than 1 year	1				
b. 1-5 years	2				
c. 6-10 years	3				
d. Above 10 years	4				
10. What is your highest level of education?					

a. Matric	1
b. Short course	2
c. Diploma	3
d. Bachelor/Degree	4
e. Masters	5
f. Doctorate	6
g. Other	7
11. Was the above qualification accounting related?	
a. Yes	1
b. No	2
12. What is the number of employees in your business?	
a. 1-5	1
b. 6-10	2
c. 11-20	3
d. 21-50	4
e. 51-100	5
f. Above 100	6
<p>Thank you for your participation. If you would like feedback on the findings of this study, please E-mail Andile using the following E-mail address: mjongwanaa@cput.ac.za</p>	

Appendix C: Cronbach Alpha Coefficient Test

C:\Users\mjongwana\Dropbox\My Staff\2015\My Masters 2015 to 2016\Reliability analysis.doc

Reliability

Scale: Customer's Perspective

Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.710	9

Reliability

Scale: Internal business process

Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.773	6

Reliability

Scale: Learning and innovation

Case Processing Summary

		N	%
Cases	Valid	100	100.0

	Excluded ^a	0	.0
	Total	100	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.852	8

Item-Total Statistics

How often does your business use the following NFPMs?	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Number of employee training and development programs	28.13	30.235	.478	.850
Employee training hours	28.22	26.901	.769	.811
Number of product and services innovated per year	28.39	27.675	.607	.835
Level of Information Communication Technology (ICT) usage	27.52	31.424	.549	.840
Employee turnover rate	27.69	28.620	.688	.822
Employee performance appraisal	27.41	33.396	.472	.848
Employee absenteeism	27.43	30.934	.552	.839
Employee satisfaction surveys	27.46	30.170	.674	.826

Reliability

Scale: For Business Purposes

Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.876	17

Item-Total Statistics

How often does your business use NFPMs for the following purposes?	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Aligning strategic activities to the strategic plan	69.50	66.515	.473	.871
Improving the profitability of the business	69.06	70.360	.494	.871
Improving productivity and mission effectiveness	69.12	68.228	.561	.867
Obtaining feedback needed to guide planning efforts	69.33	65.941	.598	.865
For identifying best practices in the hotel and expand their usage elsewhere	69.77	64.239	.461	.874
For budgeting and control purposes	69.18	71.078	.329	.875
For developing tactical strategies	69.38	66.541	.545	.867
For problem identification	69.29	66.531	.639	.864
For improving decision – making	69.13	69.629	.528	.869
For optimising the use of resources	69.16	68.095	.613	.866
For business process improvement	69.17	67.274	.630	.865
For training and learning purposes	69.41	64.830	.686	.861
For influencing, evaluating and rewarding employee behaviour	69.29	65.440	.659	.863
For encouraging innovation	69.73	64.280	.579	.866

Increase customer satisfaction	69.14	71.091	.337	.875
For benchmarking performance against that of competitors	69.90	63.505	.465	.875
For motivating employees	69.16	70.297	.307	.876

Reliability

Scale: Effectiveness

Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.900	23

Item-Total Statistics

What are your perception regarding the effectiveness of the following NFPMs?	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Market share percentage	93.08	144.519	.348	.901
Sales growth percentage	92.08	152.741	.232	.901
Bed occupancy levels	92.12	152.187	.292	.900
Guest satisfaction surveys	92.18	150.371	.352	.899
Guest evaluation of employee helpfulness	92.58	144.286	.535	.896
Guest evaluation of facilities	92.77	143.916	.481	.897
Number of repeat customers	92.65	143.624	.559	.895
Guest evaluation of extra benefits provided such as exercise and refreshment	93.07	139.500	.560	.895
Guests' complaints	92.74	149.184	.264	.902

Ability to adjust to guest request	92.37	150.013	.314	.900
Response time to guest request	92.32	146.301	.496	.897
Frequency of equipment breakdown	93.33	133.011	.617	.894
Hotel suppliers delivering on time	92.65	134.876	.684	.891
Hotel suppliers meeting standard purchasing specifications	92.62	135.268	.686	.891
Obtaining star classification	92.86	141.192	.541	.895
Number of employee training and development programs	92.99	137.404	.619	.893
Number of product and services innovated per year	93.18	137.826	.539	.896
Employee training hours	92.84	139.247	.623	.893
Level of Information Communication Technology (ICT) usage	92.42	142.731	.692	.893
Employee turnover rate	92.79	140.612	.558	.895
Employee performance appraisal	92.33	144.809	.682	.894
Employee absenteeism	92.45	143.098	.491	.897
Employee satisfaction surveys	92.28	146.385	.474	.897

Reliability

Scale: Factors that inhibit your business from utilising NFPMs

Case Processing Summary

		N	%
Cases	Valid	89	89.0
	Excluded ^a	11	11.0
	Total	100	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.822	16

Item-Total Statistics

To what extent do you agree with the following statements about factors that inhibit your business from utilising NFPMs?	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Difficult to quantify	59.01	62.966	.516	.810
Cost ineffectiveness of the performance measures	59.20	61.050	.549	.806
Inadequacy of information systems in the entity	59.25	60.575	.552	.805
Complexity of the NFPMs	59.45	61.637	.458	.811
Non-financial measures are unreliable	60.85	61.694	.264	.828
Non-financial measures are irrelevant to our business	61.01	60.398	.318	.824
A lack of objectivity as these measures can be determined in various ways	59.84	59.770	.544	.805
Cost of implementation is very high	59.01	64.966	.403	.816
Are company specific and, thus, hamper comparison with other business	59.11	63.987	.440	.814
A lack of resources in terms of money required and time	59.04	64.839	.359	.817
A lack of the necessary skills and human resources	59.09	63.719	.377	.815
A lack of awareness about performance measures	59.46	60.524	.474	.809
A lack of management support	60.11	57.669	.526	.806

Absence of an effective process of implementing the measures	59.56	61.999	.447	.811
Conflicting results among the different performance measures	59.89	59.305	.518	.806
Employee resistance	60.20	57.572	.440	.814

Appendix D: Frequency Table

Does your business use NFPs?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100.0	100.0	100.0
Market share percentage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	9	9.0	9.0	9.0
	Rarely	13	13.0	13.0	22.0
	Sometimes	14	14.0	14.0	36.0
	Frequently	25	25.0	25.0	61.0
	Very frequently	39	39.0	39.0	100.0
	Total	100	100.0	100.0	
Sales growth percentage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.0	1.0	1.0
	Rarely	1	1.0	1.0	2.0
	Frequently	23	23.0	23.0	25.0

	Very frequently	75	75.0	75.0	100.0
	Total	100	100.0	100.0	
Bed occupancy levels					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	1	1.0	1.0	1.0
	Sometimes	1	1.0	1.0	2.0
	Frequently	28	28.0	28.0	30.0
	Very frequently	70	70.0	70.0	100.0
	Total	100	100.0	100.0	
Guest satisfaction surveys					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Frequently	28	28.0	28.0	28.0
	Very frequently	72	72.0	72.0	100.0
	Total	100	100.0	100.0	
Guest evaluation of employee helpfulness					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Rarely	2	2.0	2.0	2.0
	Sometimes	20	20.0	20.0	22.0
	Frequently	29	29.0	29.0	51.0
	Very frequently	49	49.0	49.0	100.0
	Total	100	100.0	100.0	
Guest evaluation of facilities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	8	8.0	8.0	8.0
	Sometimes	21	21.0	21.0	29.0
	Frequently	31	31.0	31.0	60.0
	Very frequently	40	40.0	40.0	100.0
	Total	100	100.0	100.0	
Number of repeat customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.0	1.0	1.0
	Rarely	7	7.0	7.0	8.0
	Sometimes	11	11.0	11.0	19.0

	Frequently	37	37.0	37.0	56.0
	Very frequently	44	44.0	44.0	100.0
	Total	100	100.0	100.0	
Guest evaluation of extra benefits provided such as exercise and refreshment					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	4	4.0	4.0	4.0
	Rarely	15	15.0	15.0	19.0
	Sometimes	17	17.0	17.0	36.0
	Frequently	38	38.0	38.0	74.0
	Very frequently	26	26.0	26.0	100.0
	Total	100	100.0	100.0	
Guests' complaints					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	7	7.0	7.0	7.0
	Sometimes	12	12.0	12.0	19.0
	Frequently	45	45.0	45.0	64.0

	Very frequently	36	36.0	36.0	100.0
	Total	100	100.0	100.0	
Ability to adjust to guest request					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	2	2.0	2.0	2.0
	Sometimes	4	4.0	4.0	6.0
	Frequently	27	27.0	27.0	33.0
	Very frequently	67	67.0	67.0	100.0
	Total	100	100.0	100.0	
Response time to guest request					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	4	4.0	4.0	4.0
	Sometimes	3	3.0	3.0	7.0
	Frequently	21	21.0	21.0	28.0
	Very frequently	72	72.0	72.0	100.0
	Total	100	100.0	100.0	
Frequency of equipment breakdown					

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	10	10.0	10.0	10.0
	Rarely	10	10.0	10.0	20.0
	Sometimes	23	23.0	23.0	43.0
	Frequently	16	16.0	16.0	59.0
	Very frequently	41	41.0	41.0	100.0
	Total	100	100.0	100.0	
Hotel suppliers delivering on time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	8	8.0	8.0	8.0
	Rarely	3	3.0	3.0	11.0
	Sometimes	5	5.0	5.0	16.0
	Frequently	19	19.0	19.0	35.0
	Very frequently	65	65.0	65.0	100.0
	Total	100	100.0	100.0	
Hotel suppliers meeting standard purchasing specifications					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Never	8	8.0	8.0	8.0
	Rarely	3	3.0	3.0	11.0
	Frequently	17	17.0	17.0	28.0
	Very frequently	72	72.0	72.0	100.0
	Total	100	100.0	100.0	
Obtaining star classification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	11	11.0	11.0	13.0
	Sometimes	13	13.0	13.0	26.0
	Frequently	33	33.0	33.0	59.0
	Very frequently	41	41.0	41.0	100.0
	Total	100	100.0	100.0	
Number of employee training and development programs					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	6	6.0	6.0	6.0
	Rarely	16	16.0	16.0	22.0

	Sometimes	18	18.0	18.0	40.0
	Frequently	30	30.0	30.0	70.0
	Very frequently	30	30.0	30.0	100.0
	Total	100	100.0	100.0	
Employee training hours					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	3.0	3.0	3.0
	Rarely	25	25.0	25.0	28.0
	Sometimes	17	17.0	17.0	45.0
	Frequently	26	26.0	26.0	71.0
	Very frequently	29	29.0	29.0	100.0
	Total	100	100.0	100.0	
Number of product and services innovated per year					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	11	11.0	11.0	11.0
	Rarely	20	20.0	20.0	31.0
	Sometimes	19	19.0	19.0	50.0

	Frequently	22	22.0	22.0	72.0
	Very frequently	28	28.0	28.0	100.0
	Total	100	100.0	100.0	
Level of Information Communication Technology (ICT) usage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	5	5.0	5.0	7.0
	Sometimes	10	10.0	10.0	17.0
	Frequently	34	34.0	34.0	51.0
	Very frequently	49	49.0	49.0	100.0
	Total	100	100.0	100.0	
Employee turnover rate					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	4	4.0	4.0	4.0
	Rarely	10	10.0	10.0	14.0
	Sometimes	7	7.0	7.0	21.0
	Frequently	34	34.0	34.0	55.0

	Very frequently	45	45.0	45.0	100.0
	Total	100	100.0	100.0	
Employee performance appraisal					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	4	4.0	4.0	4.0
	Sometimes	7	7.0	7.0	11.0
	Frequently	40	40.0	40.0	51.0
	Very frequently	49	49.0	49.0	100.0
	Total	100	100.0	100.0	
Employee absenteeism					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	3.0	3.0	3.0
	Rarely	7	7.0	7.0	10.0
	Sometimes	2	2.0	2.0	12.0
	Frequently	31	31.0	31.0	43.0
	Very frequently	57	57.0	57.0	100.0
	Total	100	100.0	100.0	

Employee satisfaction surveys					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	5	5.0	5.0	7.0
	Sometimes	9	9.0	9.0	16.0
	Frequently	30	30.0	30.0	46.0
	Very frequently	54	54.0	54.0	100.0
	Total	100	100.0	100.0	
Aligning strategic activities to the strategic plan					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	5	5.0	5.0	7.0
	Sometimes	17	17.0	17.0	24.0
	Frequently	26	26.0	26.0	50.0
	Very frequently	50	50.0	50.0	100.0
	Total	100	100.0	100.0	
Improving the profitability of the business					

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sometimes	4	4.0	4.0	4.0
	Frequently	31	31.0	31.0	35.0
	Very frequently	65	65.0	65.0	100.0
	Total	100	100.0	100.0	
Improving productivity and mission effectiveness					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.0	1.0	1.0
	Rarely	1	1.0	1.0	2.0
	Sometimes	4	4.0	4.0	6.0
	Frequently	30	30.0	30.0	36.0
	Very frequently	64	64.0	64.0	100.0
	Total	100	100.0	100.0	
Obtaining feedback needed to guide planning efforts					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	2	2.0	2.0	4.0

	Sometimes	10	10.0	10.0	14.0
	Frequently	32	32.0	32.0	46.0
	Very frequently	54	54.0	54.0	100.0
	Total	100	100.0	100.0	
For identifying best practices in the hotel and expand their usage elsewhere					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	6	6.0	6.0	6.0
	Rarely	12	12.0	12.0	18.0
	Sometimes	15	15.0	15.0	33.0
	Frequently	20	20.0	20.0	53.0
	Very frequently	47	47.0	47.0	100.0
	Total	100	100.0	100.0	
For budgeting and control purposes					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	2	2.0	2.0	2.0
	Sometimes	5	5.0	5.0	7.0
	Frequently	35	35.0	35.0	42.0

	Very frequently	58	58.0	58.0	100.0
	Total	100	100.0	100.0	
For developing tactical strategies					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.0	1.0	1.0
	Rarely	5	5.0	5.0	6.0
	Sometimes	9	9.0	9.0	15.0
	Frequently	34	34.0	34.0	49.0
	Very frequently	51	51.0	51.0	100.0
	Total	100	100.0	100.0	
For problem identification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	4	4.0	4.0	4.0
	Sometimes	7	7.0	7.0	11.0
	Frequently	36	36.0	36.0	47.0
	Very frequently	53	53.0	53.0	100.0
	Total	100	100.0	100.0	

For improving decision – making					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sometimes	6	6.0	6.0	6.0
	Frequently	34	34.0	34.0	40.0
	Very frequently	60	60.0	60.0	100.0
	Total	100	100.0	100.0	
For optimising the use of resources					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	1	1.0	1.0	1.0
	Sometimes	7	7.0	7.0	8.0
	Frequently	32	32.0	32.0	40.0
	Very frequently	60	60.0	60.0	100.0
	Total	100	100.0	100.0	
For business process improvement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.0	1.0	1.0
	Rarely	1	1.0	1.0	2.0

	Sometimes	5	5.0	5.0	7.0
	Frequently	33	33.0	33.0	40.0
	Very frequently	60	60.0	60.0	100.0
	Total	100	100.0	100.0	
For training and learning purposes					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	2	2.0	2.0	4.0
	Sometimes	11	11.0	11.0	15.0
	Frequently	38	38.0	38.0	53.0
	Very frequently	47	47.0	47.0	100.0
	Total	100	100.0	100.0	
For influencing, evaluating and rewarding employee behaviour					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	2	2.0	2.0	4.0
	Sometimes	7	7.0	7.0	11.0

	Frequently	34	34.0	34.0	45.0
	Very frequently	55	55.0	55.0	100.0
	Total	100	100.0	100.0	
For encouraging innovation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	2.0	2.0	2.0
	Rarely	11	11.0	11.0	13.0
	Sometimes	15	15.0	15.0	28.0
	Frequently	35	35.0	35.0	63.0
	Very frequently	37	37.0	37.0	100.0
	Total	100	100.0	100.0	
Increase customer satisfaction					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	2	2.0	2.0	2.0
	Sometimes	4	4.0	4.0	6.0
	Frequently	33	33.0	33.0	39.0
	Very frequently	61	61.0	61.0	100.0

	Total	100	100.0	100.0	
For benchmarking performance against that of competitors					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	7	7.0	7.0	7.0
	Rarely	17	17.0	17.0	24.0
	Sometimes	12	12.0	12.0	36.0
	Frequently	20	20.0	20.0	56.0
	Very frequently	44	44.0	44.0	100.0
	Total	100	100.0	100.0	
For motivating employees					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.0	1.0	1.0
	Rarely	5	5.0	5.0	6.0
	Sometimes	2	2.0	2.0	8.0
	Frequently	26	26.0	26.0	34.0
	Very frequently	66	66.0	66.0	100.0
	Total	100	100.0	100.0	

Market share percentage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	5	5.0	5.0	5.0
	Ineffective	10	10.0	10.0	15.0
	Neutral	23	23.0	23.0	38.0
	Somewhat effective	27	27.0	27.0	65.0
	Very effective	35	35.0	35.0	100.0
	Total	100	100.0	100.0	
Sales growth percentage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	1	1.0	1.0	1.0
	Somewhat effective	20	20.0	20.0	21.0
	Very effective	79	79.0	79.0	100.0
	Total	100	100.0	100.0	
Bed occupancy levels					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	1	1.0	1.0	1.0

	Somewhat effective	25	25.0	25.0	26.0
	Very effective	74	74.0	74.0	100.0
	Total	100	100.0	100.0	
Guest satisfaction surveys					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	1	1.0	1.0	1.0
	Neutral	3	3.0	3.0	4.0
	Somewhat effective	24	24.0	24.0	28.0
	Very effective	72	72.0	72.0	100.0
	Total	100	100.0	100.0	
Guest evaluation of employee helpfulness					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	6	6.0	6.0	6.0
	Neutral	7	7.0	7.0	13.0
	Somewhat effective	41	41.0	41.0	54.0
	Very effective	46	46.0	46.0	100.0
	Total	100	100.0	100.0	

Guest evaluation of facilities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	1	1.0	1.0	1.0
	Ineffective	8	8.0	8.0	9.0
	Neutral	11	11.0	11.0	20.0
	Somewhat effective	42	42.0	42.0	62.0
	Very effective	38	38.0	38.0	100.0
	Total	100	100.0	100.0	
Number of repeat customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	1	1.0	1.0	1.0
	Ineffective	3	3.0	3.0	4.0
	Neutral	13	13.0	13.0	17.0
	Somewhat effective	41	41.0	41.0	58.0
	Very effective	42	42.0	42.0	100.0
	Total	100	100.0	100.0	
Guest evaluation of extra benefits provided such as exercise and refreshment					

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	4	4.0	4.0	4.0
	Ineffective	11	11.0	11.0	15.0
	Neutral	20	20.0	20.0	35.0
	Somewhat effective	33	33.0	33.0	68.0
	Very effective	32	32.0	32.0	100.0
	Total	100	100.0	100.0	
Guests' complaints					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	1	1.0	1.0	1.0
	Ineffective	5	5.0	5.0	6.0
	Neutral	14	14.0	14.0	20.0
	Somewhat effective	42	42.0	42.0	62.0
	Very effective	38	38.0	38.0	100.0
	Total	100	100.0	100.0	
Ability to adjust to guest request					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Ineffective	3	3.0	3.0	3.0
	Neutral	2	2.0	2.0	5.0
	Somewhat effective	39	39.0	39.0	44.0
	Very effective	56	56.0	56.0	100.0
	Total	100	100.0	100.0	
Response time to guest request					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	4	4.0	4.0	4.0
	Neutral	3	3.0	3.0	7.0
	Somewhat effective	29	29.0	29.0	36.0
	Very effective	64	64.0	64.0	100.0
	Total	100	100.0	100.0	
Frequency of equipment breakdown					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	10	10.0	10.0	10.0
	Ineffective	23	23.0	23.0	33.0
	Neutral	11	11.0	11.0	44.0

	Somewhat effective	17	17.0	17.0	61.0
	Very effective	39	39.0	39.0	100.0
	Total	100	100.0	100.0	
Hotel suppliers delivering on time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	7	7.0	7.0	7.0
	Ineffective	6	6.0	6.0	13.0
	Neutral	6	6.0	6.0	19.0
	Somewhat effective	22	22.0	22.0	41.0
	Very effective	59	59.0	59.0	100.0
	Total	100	100.0	100.0	
Hotel suppliers meeting standard purchasing specifications					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	7	7.0	7.0	7.0
	Ineffective	6	6.0	6.0	13.0
	Neutral	2	2.0	2.0	15.0
	Somewhat effective	27	27.0	27.0	42.0

	Very effective	58	58.0	58.0	100.0
	Total	100	100.0	100.0	
Obtaining star classification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	2	2.0	2.0	2.0
	Ineffective	9	9.0	9.0	11.0
	Neutral	16	16.0	16.0	27.0
	Somewhat effective	34	34.0	34.0	61.0
	Very effective	39	39.0	39.0	100.0
	Total	100	100.0	100.0	
Number of employee training and development programs					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	4	4.0	4.0	4.0
	Ineffective	13	13.0	13.0	17.0
	Neutral	13	13.0	13.0	30.0
	Somewhat effective	33	33.0	33.0	63.0
	Very effective	37	37.0	37.0	100.0

	Total	100	100.0	100.0	
Number of product and services innovated per year					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	6	6.0	6.0	6.0
	Ineffective	17	17.0	17.0	23.0
	Neutral	16	16.0	16.0	39.0
	Somewhat effective	27	27.0	27.0	66.0
	Very effective	33	33.0	33.0	99.0
	Total	100	100.0	100.0	
Employee training hours					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	1	1.0	1.0	1.0
	Ineffective	13	13.0	13.0	14.0
	Neutral	8	8.0	8.0	22.0
	Somewhat effective	41	41.0	41.0	63.0
	Very effective	36	36.0	36.0	99.0
	Total	100	100.0	100.0	

Level of Information Communication Technology (ICT) usage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ineffective	3	3.0	3.0	3.0
	Neutral	6	6.0	6.0	9.0
	Somewhat effective	37	37.0	37.0	46.0
	Very effective	53	53.0	53.0	99.0
	Total	100	100.0	100.0	
Employee turnover rate					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	3	3.0	3.0	3.0
	Ineffective	9	9.0	9.0	12.0
	Neutral	7	7.0	7.0	19.0
	Somewhat effective	42	42.0	42.0	61.0
	Very effective	38	38.0	38.0	99.0
	Total	100	100.0	100.0	
Employee performance appraisal					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Ineffective	1	1.0	1.0	1.0
	Neutral	4	4.0	4.0	5.0
	Somewhat effective	38	38.0	38.0	43.0
	Very effective	56	56.0	56.0	99.0
	Total	100	100.0	100.0	
Employee absenteeism					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	4	4.0	4.0	4.0
	Ineffective	3	3.0	3.0	7.0
	Neutral	3	3.0	3.0	10.0
	Somewhat effective	30	30.0	30.0	40.0
	Very effective	59	59.0	59.0	99.0
	Total	100	100.0	100.0	
Employee satisfaction surveys					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very ineffective	1	1.0	1.0	1.0
	Ineffective	2	2.0	2.0	3.0

	Neutral	5	5.0	5.0	8.0
	Somewhat effective	23	23.0	23.0	31.0
	Very effective	69	69.0	69.0	100.0
	Total	100	100.0	100.0	

Are there any factors that inhibit your business from using non-financial measures?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	89	89.0	89.0	89.0
	No	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Difficult to quantify

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.0	2.2	2.2
	Neither agree or Disagree	4	4.0	4.5	6.7
	Agree	22	22.0	24.7	31.5
	Strongly agree	61	61.0	68.5	100.0
	Total	89	89.0	100.0	

Missing	System	11	11.0		
Total		100	100.0		
Cost ineffectiveness of the performance measures					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.0	1.1	1.1
	Disagree	3	3.0	3.4	4.5
	Neither agree or Disagree	6	6.0	6.7	11.2
	Agree	28	28.0	31.5	42.7
	Strongly agree	51	51.0	57.3	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		
Inadequacy of information systems in the entity					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.0	2.2	2.2
	Disagree	2	2.0	2.2	4.5
	Neither agree or Disagree	7	7.0	7.9	12.4

	Agree	29	29.0	32.6	44.9
	Strongly agree	49	49.0	55.1	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

Complexity of the NFPs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.0	1.1	1.1
	Disagree	5	5.0	5.6	6.7
	Neither agree or Disagree	10	10.0	11.2	18.0
	Agree	36	36.0	40.4	58.4
	Strongly agree	37	37.0	41.6	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

Non-financial measures are unreliable

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	20	20.0	22.5	22.5
	Disagree	20	20.0	22.5	44.9
	Neither agree or Disagree	24	24.0	27.0	71.9
	Agree	12	12.0	13.5	85.4
	Strongly agree	13	13.0	14.6	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

Non-financial measures are irrelevant to our business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	23.0	25.8	25.8
	Disagree	25	25.0	28.1	53.9
	Neither agree or Disagree	20	20.0	22.5	76.4
	Agree	7	7.0	7.9	84.3
	Strongly agree	14	14.0	15.7	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		

Total		100	100.0		
A lack of objectivity as these measures can be determined in various ways					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.0	1.1	1.1
	Disagree	8	8.0	9.0	10.1
	Neither agree or Disagree	26	26.0	29.2	39.3
	Agree	30	30.0	33.7	73.0
	Strongly agree	24	24.0	27.0	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		
Cost of implementation is very high					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.0	1.1	1.1
	Neither agree or Disagree	1	1.0	1.1	2.2
	Agree	31	31.0	34.8	37.1
	Strongly agree	56	56.0	62.9	100.0

	Total	89	89.0	100.0
Missing	System	11	11.0	
Total		100	100.0	

Are company specific and, thus, hamper comparison with other business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.0	1.1	1.1
	Neither agree or Disagree	5	5.0	5.6	6.7
	Agree	32	32.0	36.0	42.7
	Strongly agree	51	51.0	57.3	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

A lack of resources in terms of money required and time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.0	1.1	1.1
	Neither agree or Disagree	5	5.0	5.6	6.7
	Agree	26	26.0	29.2	36.0

	Strongly agree	57	57.0	64.0	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

A lack of the necessary skills and human resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	4.0	4.5	4.5
	Neither agree or Disagree	4	4.0	4.5	9.0
	Agree	23	23.0	25.8	34.8
	Strongly agree	58	58.0	65.2	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

A lack of awareness about performance measures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.0	1.1	1.1
	Disagree	9	9.0	10.1	11.2

	Neither agree or Disagree	7	7.0	7.9	19.1
	Agree	31	31.0	34.8	53.9
	Strongly agree	41	41.0	46.1	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

A lack of management support

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	5.0	5.6	5.6
	Disagree	17	17.0	19.1	24.7
	Neither agree or Disagree	20	20.0	22.5	47.2
	Agree	23	23.0	25.8	73.0
	Strongly agree	24	24.0	27.0	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

Absence of an effective process of implementing the measures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	6.0	6.7	6.7
	Neither agree or Disagree	15	15.0	16.9	23.6
	Agree	37	37.0	41.6	65.2
	Strongly agree	31	31.0	34.8	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		

Conflicting results among the different performance measures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	2.0	2.2	2.2
	Disagree	11	11.0	12.4	14.6
	Neither agree or Disagree	22	22.0	24.7	39.3
	Agree	29	29.0	32.6	71.9
	Strongly agree	25	25.0	28.1	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		

Total		100	100.0		
Employee resistance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	8.0	9.0	9.0
	Disagree	22	22.0	24.7	33.7
	Neither agree or Disagree	17	17.0	19.1	52.8
	Agree	10	10.0	11.2	64.0
	Strongly agree	32	32.0	36.0	100.0
	Total	89	89.0	100.0	
Missing	System	11	11.0		
Total		100	100.0		
Position in Business					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	9	9.0	9.0	9.0
	Manager	77	77.0	77.0	86.0
	Owner and Manager	5	5.0	5.0	91.0
	Accountant	9	9.0	9.0	100.0

	Total	100	100.0	100.0	
Experience in position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	7	7.0	7.0	7.0
	1-5 years	11	11.0	11.0	18.0
	6-10 years	33	33.0	33.0	51.0
	Above 10 years	49	49.0	49.0	100.0
	Total	100	100.0	100.0	
Business Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	6	6.0	6.0	6.0
	6-10 years	16	16.0	16.0	22.0
	Above 10 years	78	78.0	78.0	100.0
	Total	100	100.0	100.0	
Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matric	2	2.0	2.0	2.0

	Short course	1	1.0	1.0	3.0
	Diploma	26	26.0	26.0	29.0
	Bachelor/Degree	57	57.0	57.0	86.0
	Masters	1	1.0	1.0	87.0
	Other	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Accounting qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	19.0	19.0	19.0
	No	79	79.0	79.0	98.0
	Total	100	100.0	100.0	

Employees					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5	3	3.0	3.0	3.0
	6-10	6	6.0	6.0	9.0
	11-20	12	12.0	12.0	21.0
	21-50	54	54.0	54.0	75.0
	51-100	21	21.0	21.0	96.0

	Above 100	4	4.0	4.0	100.0
	Total	100	100.0	100.0	