THE EFFECTS OF PERFORMANCE MEASUREMENT ON SMALL AND MEDIUM ENTERPRISES' PERFORMANCE IN THE HOSPITALITY INDUSTRY IN CAPE TOWN

by

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DECLARATION

I, Agboton Jessica Ayo Adjoke, assert that the fillings of this thesis characterise my own unassisted work, and that the thesis has not previously been submitted for academic examination toward any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

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ABSTRACT

Small and medium enterprises (SMEs) in the hospitality industry in Cape Town are failing to make use of adequate performance measurement systems (PMSs) that aim to collect, analyse and report information regarding the performance of these industries. This lack of adequate PMSs has a direct negative impact on products, processes and services that are delivered in the industry, which in return affects SMEs' overall performance to attain industry goals. Considering the impact that SMEs in the hospitality industry have on South Africa's economy, this research investigated the effects of performance measurement on SMEs' performance in the hospitality industry in Cape Town to assess the high rate of failure of these entities. Furthermore, the research determined the extent to which performance measurement is utilised by SMEs in the hospitality industry and to find out a comprehensive approach to motivate SMEs in establishing or making use of adequate performance measurement tools. The quantitative research approach was used. It allowed the researcher to measure variables existing in the social context.

The research found that SMEs in the hospitality industry in Cape Town inappropriately use the Balanced Scorecard (BSC) measures by focusing only on well-known traditional aspects. It was also found that lack of resources, lack of quality personnel, misconception of performance measurement, the focus on short-term rather than long-term strategies by SMEs, and lack of time, were the factors influencing the SMEs in the hospitality industry to not use performance measurement. It was recommended that for SMEs in the hospitality industry to improve their performance, they must use appropriately and match both financial and non-financial measures. The research concludes that due to SMEs being in the hospitality industry environment, the use of performance measurement is inevitable; organisations should know that their success comes by balancing and properly using the aspects of BSC. Lack of adequate use of this system will always negatively affect the evolution of the organisation's performance against their initial expectation, whether in occupancy rate, return on investment or meeting budget targets.

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DEDICATION

I dedicate this study to my parents Agboton Jean Baptiste and Zounhouho Rachel Fanny, and my siblings Agboton Calixte, Agboton Ravelah and Agboton Arnold for their unconditional love and support. God Almighty bless you all.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

GLOSSARY

Hospitality industry: "the combination of the accommodation and food and beverage groupings, collectively making up the largest segment of the industry" (Discover Hospitality, 2015:3).

Performance measurement: "the process of quantifying the efficiency and effectiveness of action" (Neely, Gregory & Platts, 1995:80)

Small and Medium Enterprises: "non-subsidiary, independent firms which employ fewer than a given number of employees" (Koyuncugil & Ozgulbas, 2009).

LIST OF ABBREVIATIONS AND ACRONYMS

- BSC   Balanced scorecard
- CSF   Critical Success Factors
- PMS   Performance measurement system
- SMEs   Small and Medium Enterprises

CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

This study investigates Small and Medium-Sized Enterprises (SMEs) in the hospitality industry in South Africa (SA). This is because SMEs play an important role in reducing unemployment, contribute substantially to economic growth, and account for sustainable development of a nation (Longnecker, Petty, Palich & Moore, 2010). SMEs are significantly set in increasing production volumes and entrepreneurship skills to support a country's economy (NCR, 2011). A study by Abor & Quartey (2010:223) states that, "about 91% of formal business enterprises in SA are SMEs contributing about 52% to 57% of the country's GDP and provide about 61% of employment".

Based on the vibrant role SMEs present in flourishing the country's economy, several studies have focused on SMEs' performance and critical success factors (CSFs) (Wu, 2009). In SA for example, according to a DTSA (2010) report, since the country hosted the 2010 FIFA World Cup, the tourism industry has grown prominently making this sector one of the most important sectors in terms of economic development. Furthermore, the report points out that the tourism industry has contributed tremendously to the process of job creation and reduction of poverty. About 6.1% of the revenue of the accommodation industry has increased and contributed about 43% to the country's GDP (SSA, 2015). Despite the impact of SMEs on the development of the country's economy, a number of internal factors (such as management competency and skills, limited financial knowledge and lack of training, access to finance) and external factors (such as crime and corruption, labour, infrastructure and competition) are still affecting SMEs' ability to survive and be successful (Maduekwe & Kamala, 2016; Olawale & Garwe, 2010).

Performance management (PM) is critical to SMEs in all industries, whether they are for-profit or non-profit, operating on a domestic or global level (Aguinis, 2009). According to Moullin (2007), organisations are finding it difficult to develop cost-effective, meaningful measures that drive performance improvement without leading to undesired negative

consequences or failure. Neely, Gregory and Platts (2005:1228) defined PM as the process of quantifying the efficiency and effectiveness of past actions. Furthermore, the authors defined a performance measurement system (PMS) as a set of metrics used to quantify both effectiveness and efficiency. Performance measurement is seen as evaluating how well organisations are managed and the value they deliver for customers and other stakeholders (Moullin, 2002:188).

A study by Olawale and Garwe (2010) illustrated that SMEs' failure rate in SA is 75%, which is considered to be among the highest in the world. PMSs are seen to be vital tools used to evaluate, enhance business performance, and support managers in their decision-making processes in achieving organisations' key success activities (Cooper, Rayson, Botchway & Mccafferty, 2005). Measuring business performance encourages management to be proactive rather than reactive (Taticchi, Balachandran & Tonelli, 2012). Since the 1990s, a number of balanced PMSs have been introduced by scholars in order to overcome the limitations of the traditional PMS. PMSs such as Balanced Scorecard (BSC) were introduced by Kaplan and Norton back in 1992. BSC is the most popular model used by large organisations as well as distinct medium organisations (Kaplan & Norton, 1995). The model aimed to provide management with balanced measures based on four (4) perspectives: financial, customers, internal process, and learning and growth. Performance Prism (PP) was first introduced by Neely, Adams and Kennerly (2002) as a model that shows the growing importance of stakeholder's satisfaction based on shareholders, customers, investors, employees and suppliers. However, Traditional PMSs have been criticised since they are mostly based on past information, do not include qualitative factors, are short-term oriented and present lack of strategic focus (Gunasekaran & Kobu, 2007).

Studies conducted on SMEs have pointed out the dependence on financial measures which make decision-makers ignore the non-financial measures aspects of their entities like customer satisfaction, quality, time and innovation (Matsoso & Benedict, 2014; Maduekwe & Kamala, 2016). Traditional financial measures have been perceived to be unsuitable in capturing the essence of an organisation's relationship with stakeholders, such as customers, employees and suppliers (Mabesele, 2009). Bergin-Seers and Jago

2

(2007) stressed that, from the past, financial measures have been the traditional means of performance measurement. Furthermore, Ghalayini and Noble (1996) illustrated that business performance measurement in the past was based on achieving certain accounting measures, such as return on investment, return on sales, sales per employee, and productivity. Nowadays, these methods are now irrelevant; organisations now need to monitor both financial (occupancy rate, return on asset, average daily rate) and non-financial (market share, return customers and maintenance costs) aspects of their businesses to remain competitive. According to Brignall and Ballantine (1996), using financial aspects alone presents some limitations as they are lagged indicators which are the result of management action.

Few studies have investigated the non-financial measures and financial measures used by SMEs; to overcome the financial measures limitations, a number of integrated PMSs, such as Balance Scorecard (BSC), Performance Prism (PP) and many others have been introduced (Kirsten, Vermaak & Wolmarans, 2015; Taticchi et al., 2012). However, there is a lack of research on the use of performance measurement by SMEs, particularly those operating in the hospitality industry. Monitoring and evaluating the performance of SMEs in the hospitality industry is essential as it is important for the country's economy. Considering the impact that SMEs in the hospitality industry have on SA's economy, this research aims to explore different performance measurement practices used by SMEs in the hospitality industry to improve their performance.

1.2. Statement of the Research Problem

SMEs operate in a fierce competitive environment and it is important for these entities to measure how well their organisation is performing in order to benchmark themselves with other organisations that operate in the same sector (Wangui, 2013). Bergin-Seers and Jago (2007) argue that an organisation that makes use of both financial and non-financial measures is perceived to perform well.

However, SMEs in the hospitality industry in Cape Town are failing to make use of adequate PMSs that aim to collect, analyse and report information about the performance of hospitality industries (Mjongwana & Kamala, 2018). This lack of adequate PMSs has a

3

direct negative impact on SMEs products, processes and services that are produced and delivered, which in return affect SMEs' overall performance, effectiveness and efficiency to attain industry goals.

According to Mabhungu (2017) most SMEs are challenged by the lack of time and the scarcity of resources that will help them in terms of outsourcing the required management skills that will enhance the business performance. Management skills cause the reason behind the inability that decision-makers in SMEs present in tracking key performance indicators, to understand and select the most suitable measures that might help organisations' effectiveness (Myeda, Zaid, Sulaiman & Mahyuddin, 2014). Consequently, these actions block organisations from continuously improving to gain competitive advantages, monitor and track employees' performance, and satisfy customers in terms of quality and delivery time.

1.3. Research Aim

The purpose of this study is to specifically explore different performance measurement practices used by SMEs in the hospitality industry to improve their performance; also encourage SMEs of making use of adequate performance measurement tools in the hospitality industry.

1.4. Research Questions and Objectives

The primary question that underpins this research was: "What are the financial and non-financial measures utilised by SMEs in the hospitality industry in Cape Town?"

Sub questions:

i. What are the performance measurements tools used by SMEs in the hospitality industry in Cape Town?
ii. What are the factors that influence the use of performance measurement by SMEs in the hospitality industry in Cape Town?
iii. What are the perceptions of the owners/managers of SMEs in the hospitality industry regarding the use of performance measurement in Cape Town?

iv.   What types of performance measures are critical for success in the hospitality industry in Cape Town?

Objectives

The objective of the study was to determine financial and non-financial measures utilised by SMEs in the hospitality industry in Cape Town.

Sub-objectives

i.   To ascertain performance measurement tools used by SMEs in the hospitality industry in Cape Town.

ii.   To determine the factors that influence the use of performance measurement by SMEs in the hospitality industry in Cape Town.

iii. To examine the perceptions of the owners/managers of SMEs in the hospitality industry regarding the use of performance measurement in Cape Town.

iv.   To investigate the types of performance measures that are critical for success of SMEs in the hospitality industry in Cape Town.

1.5. Rationale of the Study

As indicated above, SMEs play an important role in reducing unemployment, contribute substantially to economic growth and account for a sustainable development of a nation (Moore, Petty, Palich & Longermecher, 2010). Consequently, there is an essential need to provide owners and managers with appropriate managing strategies that would not only deal with single measurement but also approaches in performance measurement.

There are several major reasons for carrying out the present study. Firstly, after consulting four (4) databases of the Cape Peninsula University of Technology and five (5) national databases, studies in the area of the effect of performance measurement on SMEs' performance in the hospitality industry in Cape Town were scarce. Secondly, when reviewing previous studies on performance measurement, there was not enough evidence on the use of performance measurement by SMEs in the hospitality industry.

This research explores the effects of performance measurement on SMEs performance in the hospitality industry in Cape Town to determine how they affect an organisation's performance. The study will benefit owners and managers of the hospitality industry by establishing the performance measurement framework that is pertinent for success in the hospitality industry. The study intends to highlight the importance of making use of performance measurement in the hospitality industry.

1.6. Research Design and Methodology

Research design and methodology are often used interchangeably in research investigations. Cant, Gerber-Nel, Nel and Kotze (2008:65) define research design as an introductory plan for conducting research. It consists of outlines of what the researcher will use. According to Cant et al (2008:406), a research methodology is a technique use to find a conclusion to a research problem. Additionally, the authors point out that, it defines how the research design will be used, these are the methods that will be used to collect data.

For the purpose of this study, the quantitative research method was adopted for data collection. The quantitative approach allows the use of designed surveys to collect assessable data which is analysed to generate outcomes of the objectives (Garbarino & Holland, 2009:13). The quantitative research approach is appropriate to this research because it intends to determine the effects of performance measurement on SMEs' performance in the hospitality industry. The benefit of using the quantitative method is because it allows the researcher to be objective regarding the findings of the investigation (Jones, 2017).

1.7. Significance, Outcome and Contribution of the Research

The study aims to produce results that will help inform SMEs' owners, managers or accountants in the hospitality industry about the benefit of using appropriate (Financial Performance Measures (FPMs) or Non-Financial Performance Measures [NFPMs]) performance measurement tools to enhance the sustainability of their businesses. The study will expose SMEs to the importance of various NFPMs and FPMs which can enable them to succeed and gain competitive advantage.

The outcome of the investigation of the effect of performance measurement on SMEs' performance in the hospitality industry in Cape Town provide a guide in identifying NFPM's usage gaps among selected SMEs in the hospitality industry which could help owners, managers or the accountants in ensuring the survival of the organisation. In terms of contribution, the proposed study intends to fill the gap in literature on the usage of PMSs employed by SMEs in the hospitality industry in SA. The proposed research will also contribute towards the knowledge of performance management in the hospitality industry by providing the importance of multi-dimensional measures and their application in the SMEs.

1.8. Delineation of the Research

Collis and Hussey (2013:128) state that, "the only reason behind the delineation of a research is to ensure that the study focuses on a specific area instead of taking into consideration a broader range of areas". The boundaries of the research were as follows:

- The study only focused on the performance measurement practice by SMEs operating in the hospitality industry located in Cape Town.
- The respondents that took part in the study were mainly managers and included some accountants and owners.
- All respondents were requested to respond by ticking the concerned box.
- The research covered about 70 SMEs only.

1.9. Thesis Structure

The remaining part of the research is organised in the following way:

Chapter Two

In this chapter, an outline is provided of recent and past related research on SMEs, PMSs, BSC and the hospitality industry. This chapter also presents the theoretical framework of PMSs and the context of BSC attributes.

Chapter Three

In this chapter, the research methodology, design of the investigation are discussed. It will explain quantitative research methods, and discuss the methods used in collecting data.

Chapter Four

Data analysis and presentation of the results from questionnaires handed to managers, owners and accountants in the hospitality industry are presented in this chapter. The findings are provided from the results of questionnaires handed to managers, owners and accountants in the hospitality industry. The chapter also provides a discussion which will conclude the research.

Chapter Five

From this chapter, an effort is made to respond to the study's primary and sub-questions listed earlier in Chapter One. The chapter will conclude and recommendations for the research will be given.

CHAPTER TWO
LITERATURE REVIEW

2.1. Introduction

The previous chapter illustrated the basis for the current research by addressing the research problem, objectives and questions. The chapter also provided the significance, outcome and contribution of the research. This chapter will examine related literature for the purpose of contextualising and explaining the issue which was planned to be addressed in this research. The chapter will explain performance measurement, SMEs and BSC and other aspects that contribute to the study.

2.2. Performance

Within any organisation, the term "performance" is viewed as an achievement by the organisation in terms of behaviour as well as economic aspects in relation to its goals. The organisation's performance represents the outcome achieved or accomplished through the help of individuals and tools. According to Salem (2003), organisational performance has gained more support, is easily acknowledged internationally, and has expanded from the private to the public sector. It continues to be improved throughout both developed and developing countries.

Goergopoulos and Tannenbaum (1957:534) acknowledged the view of performance that ties the concept to dealing with both an organisation's means and ends. A study by Peterson, Gijsbers and Wilks (2003) illustrated that during the past decade, the view of organisation performance has focused on pointing out the capability and ability of the organisation to efficiently make use of its accessible resources in order to achieve its objectives. Goergopoulos and Tannenbaum (1957:534) define performance as "the degree to which an organisation, as a communal system with certain resources, is able to fulfil its goals without being obliged to harm its resources and means".

Performance encompasses doing the work or task and being able to achieve the desired result. Salem (2003) points out that performance to an organisation is considered as the

outcomes produced from tasks. It offers a solid connection to the strategic goals of an organisation's customer satisfaction and economic contributions. In general, an organisation performs different activities so as to achieve their objectives. According to Jenatabadi (2015), the number of repeatable activities that are used in procedures for the organisation to be successful have to be measured in order to determine the degree of its performance. The terms "Performance Management and Measurement" are viewed as any integrated, methodical tactic to improve organisational performance so to achieve strategic goals and promote an organisation's mission and values (Salem, 2003). Consequently, it is evident that there is an undisputed relationship between an organisational objective and the concept of organisational performance (Jenatabadi, 2015).

2.3. Performance Measurement

Around the world, there is a sign of struggle amongst private and public organisations when it comes to maintaining their PMSs. Organisations in both the private and public sectors are struggling to appropriately develop cost effective and meaningful measures capable of ameliorating their performance without leading to negative consequences (Moullin, 2007). Performance measurement is viewed as a non-stop monitoring and evaluating program of activities, conducted by an organisation's management that aim to attain organisation goals (GAO, 2005). According to Mackay (2007), the process of monitoring and conducting an evaluation in an organisation is to develop certain practices that will contribute to the development process, management, decision-making and accountability. A report by CIVICUS (2001) points out that the use of monitoring program activities allows the organisation to gather more information on the organisation's projects' progress in order to improve its efficiency and effectiveness. Monitoring program activities are those that inform the organisation on whether the system or resources used are sufficient for the direction planned (CPD, 2012). To do so, an organisation has to implement evaluation program activities to make sure that the direction taken by the organisation is going as planned (SAMDI, 2006). Evaluating attempts to assess systematically and objectively the performance of the ongoing project and compare its impact against the organisation's strategies (CIVICUS, 2001).

The GAO (2005) report points that PMSs inform on the type of program activities conducted in the organisation, such as direct products and services delivered by an activity and the results of those products and services. According to Perrin, Durch and Skillman (1999) performance measurement is a general analysis of the success of an activity, group work or an organisation's effort by linking data on what actually happened, based on what was planned. It is evident that the outcome of any activity cannot determine without passing any measurement. Cho and Lee (2005:502) insisted on the importance of performance measurement by stating that "what gets measured gets done and you cannot manage what you cannot measure".

In his book, Moullin (2002) contested the most quoted definition of performance measurement is by Neely et al. (1995:8). They defined performance measurement as "the process of quantifying the efficiency and effectiveness of past actions". Moullin (2002:188) believed the definition aligned by Neely et al. (1995:8) only emphasises the view of effectiveness and efficiency which fails to make managers stop and challenge their PMS. The definition emphasises little suggestion as to what should be quantified and why. In response, the authors define performance measurement as "evaluating how well the organisations are managed and the value they deliver to customers and other stakeholders".

For decades, businesses have been focusing on using traditional support of quantitative approaches to assess organisational performance measurement. Nowadays, the study of measuring an organisation's performance utilises the BSC in order to regroup different aspects of the organisation's performance. From the above statement, a study by Pienaar and Vogt (2012) pointed out that the use of BSC to determine performance allows the organisation to secure financial and non-financial performance aspects of the organisation. Badenhorst-Weiss, Biljon and Ambe (2017) illustrated that it is evident that performance measurement should not only focus on traditional support of quantitative approaches, such as financial measures. According to the authors, performance measurement of an organisation should also involve performance indicators of non-financial measures, such as business processes, customers, innovation and learning.

According to the CMI's (2015) report, performance measurement represents the way of controlling and monitoring the organisation's targeted budget, and also the degree of how well the organisation is doing regarding its business, employees and all stakeholders. The measure of performance is categorised into short-term objectives that focus on financial aspects, such as cost control, and long-term objectives that focus on non-financial aspects, such as customer satisfaction. Things have changed from what they were in the past decade; a great deal of attention is now on the development and the use of non-financial measures of performance which are now seen as great opportunities in motivating and reporting on the performance of the business (Neely, 2002). Kaplan & Norton (2001) suggested that a balanced performance measurement based on financial and non-financial measures helps decision-makers to evaluate changes in the business environment, determine and monitor progress towards the organisation's goals and sustain the achievement of the organisational performance.

Performance measurements are important in tracking organisational performance against its objectives. The organisational system must be aligned in accordance with the organisation's mission, values and strategies that involve all systems which monitor the achievement of the organisation (CMI, 2015). Bergin-Seers and Jago (2007) point out that business performance measurement has been characterised as a particular challenging task for SMEs; these challenges are usually related to the way of defining key performance dimensions (Garengo, Biazzo & Bititci, 2005:25). SMEs are organisation establish to seek financial stability such as profitability, the overall financial measurement of SMEs need to encompass the use of customer, business process and innovation measure to enhance its performance.

2.4. Performance Measurement System (PMS)

In today's business environment, it is necessary to find out why businesses measure their performance and why it is vital to them. A PMS is unavoidable for most organisations. PMSs represent a strategical plan for any organisation to draw their success. Implementing the use of PMSs is not only to find out how better the business is performing, but also with the information gathering to easily improve the way the business will perform in the future in serving it employees, customers and other stakeholders (Johnson, 2007).

It is clear that the business environment today is pressured by many radical factors such as change in customer's needs, technology and increased in competition. (Chenhall & Langfield-Smith, 1998). Organisations today have to implement a clear way of competing with their rivals by formulating competitive strategies that ensure organisational performance through compatible accounting systems, organisational structure and information systems (Abushaiba & Zainuddin, 2012).

Ullrich and Tuttle (2004:6) defined a PMS as "an important part of management accounting systems that are implemented to provide information to an organisation's managers in order for them to think strategically about how the organisation's activities might fit other parts of the organisation". Bisbe and Malagueno (2012) described a PMS as an important source of gathering raw information regarding the organisation in order to safely analyse the efficiency and effectiveness of the organisational activities toward assisting it to use correct information to improve and achieve its goals. According to Koufteros et al. (2012), performance measurement systems are implemented to direct decision-making process through the gathering of valuable information and quantitatively analysing these informants in order to determine performance.

The study by Neely et al. (1995:80) illustrated that a PMS is an indicator that might be observed in three different levels. They state that, "First, the individual measures aimed to measure the efficiency and effectiveness of activation or activities; second, the set of a measures jointed to measure the performance of an organisation as a whole, and third, a supporting infrastructure that enables data to be acquired, ordered, sorted, analysed, interpreted, and dispersed". It is evident that PMSs assist organisations to measure, plan and control their activities' performance as set in their strategies; the purpose of performance measurement is to gather information necessary to create shareholder value, and also knowing how and where the organisation is heading (Johnson, 2007).

According to Kowalak (2009), the eminence of any system in an organisation depends on appropriate information resources to successfully accomplish the organisation's activities. Nowadays, performance measurement procedure is intensive on dealing with imperceptible assets categorised as non-financial in nature, rather than dealing with

perceptible assets characterised as financial in nature (Kaplan & Norton, 2001). A study by Abushaiba and Zainuddin (2012) also pointed out that a public understanding around traditional approaches which display dependence upon financial measures and a more contemporary approach, which acknowledges a wide range of non-financial and financial measures; PMSs are characterised by a set of different systems adopted worldwide, such as BSC, activity-based costing and management, economic value added, quality management, customer value analysis or customer relationship management and performance prism (Kaplan & Norton, 1992).

2.5. PMSs in SMEs

Big or small, today organisations are aware of their competitive environment and it is imperative for them to clearly define what they want as goals and how to achieve them (Kaplan & Norton, 2001). SMEs tend to be an economic power and supporting tool of growth and development of any country (Wasniewski, 2017). A PMS is important in adjusting the way people communicate in organisations (Franco-Santos et al., 2012). in SMEs, PMSs are classified as the most imperative tools capable of strengthening managerial development and important factors that determine the organisation's value (Garengo et al., 2007). PMSs are implemented to maintain the course of an organisation's long-term performance; they are detailed differently in different type of organisation due to their unique set of subsystems and unrepeatable condition of exercise.

Chalmeta, Palomero and Matilla (2012) argued that the extensive use of PMSs has been noticed only in large organisations and less recognised around SMEs due to their limitation. Furthermore, the authors illustrated that regardless of their size or characteristics, it important for SMEs to make use of PMSs in order to tie strategy, performance measurement and decision-making processes. Several research studies in performance measurement have proven that the use of PMSs in SMEs improve their managerial approach (Taticchi et al., 2010). Usually, SMEs do not show commitment to implementing PMSs and most SMEs do not approve of the benefit linked to measurement of its activities because in this environment the management system is carried out by owners who have a direct influence on decision-making processes and business management (Buhovac & Groff, 2012).

Garengo et al., (2007) point out that the implementation of PMSs in SMEs should be designed in they that it supports the organisation activities and represent flexibility in responding not only to stakeholders but also to the companies as a whole. According to Michelli and Mari (2014), there is less evidence that conclusively pointing the pitfalls or advantages of implementing PMSs in SMEs. However, performance measurement is a continuous process that also affects the evolution of PMSs as a result of adapting the system to the changing needs of business activities (Ates et al., 2013:).

Past research has stressed the importance of implementing performance measurement in SMEs. Firstly, because SMEs are characterised by little formalised practices, PMSs might be implemented to address more formalities regarding management so as to control the increase in complexity. Secondly, the implementation of performance measurement also addresses the quality perspective and the way of maintaining continuous improvement. Lastly, the implementation of PMSs brings development in information technology and allows the organisation to have less manual labour (Bernard & Biazzo, 2003; Garengo et al., 2005). Even though multitudes of benefits are identified, the implementation of performance measurement in SMEs remained extremely low due to their approach compared to big organisations (Langwerden, 2015). According to Garengo and Biazzo (2012), the main difficulty in implementing PMSs in SMEs is that, these organisations are not formalised in strategy. Garengo and Biazzo (2005) also highlighted particularity of SMEs and the difficulty they face in implementing PMSs as follows:

Table 2.1: Difficulty in implementing PMSs in SMEs

Difficulties	Description
Managerial capacity	Managerial tools and techniques are often perceived as being of little benefit to the company (Garengo & Biazzo, 2005).
Limited capital resources	The impact of the resources needed to implement a PMS is proportionally more onerous in SMEs than in large companies (Hudsonet al., 2000).

Reactive approach	SMEs are characterised by poor strategic planning and their decision-making processes are not formalised (Garengo & Biazzo, 2005).
Tacit knowledge and little attention given to the formalization of processes	Since knowledge is mainly tacit and context-specific, the information required to implement and use a PMS is difficult to gather (Jennings & Beaver, 1997)
Misconception of performance measurement	SMEs often do not understand the potential advantages of implementing a PMS; these systems are perceived as a cause of bureaucratisation and an obstacle of the flexibility of SMEs (Bourne et al., 2002)

2.6. Balanced Scorecard (BSC)

Firstly introduced by Dr Robert Kaplan and Dr David Norton in 1992, as a PMS, the BSC today has turned out to be the most implemented tool in most organisations worldwide whether for-profit or non-profit in both the public and private sectors. This performance measurement tool is set to measure an organisation's performance across four (4) recognised perspectives known as the financial perspective, customer perspective, internal business process perspective, and innovation or learning perspective (Petr, Jaroslav & Michal, 2012).

According Kaplan and Norton (1992), the BSC is described as a tool capable of redirecting an organisation's strategy to properly achieve the demands of appropriate stakeholders and translate them into action. A study by Isoraite (2008) stressed that the BSC is a management tool that aimed to support an organisation in converting its planned strategies and vision into action. Furthermore, the author points out that the BSC is an organisation gathering information regarding external outcomes and internal business processes so as to provide relevant feedback to the organisation to progressively improve

its performance. It is evident that the BSC is one the most used and influential management tools in organisations today (Kaplan & Norton, 1992). From the above stamen, several success stories have been mentioned in different sectors as reported by Bain & Company in their bi-annual management tool survey (Rugby & Bilodeau, 2015).

Toivanen (2001) evaluated the influence of the BSC on organisational management and made use of certain well-known Finnish companies. According to his discovery, BSC is aimed to give managers the ability to cope with business activities as a whole by embracing financial and non-financial matters. Furthermore, the BSC had given the ability to incorporate their operation into a more customer and future oriented direction to these lines of business. A study by Ittner and Larcker (2001) illustrated that measuring performance differs from one organisation to another; the purpose of these measurements depends on each organisation's strategy and characteristics.

2.7. BSC Approach

The BSC approach is a combination of financial and non-financial measures which opined that, if well-balanced, can provide an organisation or manager with the overall perspective of the organisation's operations. Also, it provides valuable information capable of establishing current performance and continually monitors the organisation's progress gradually over time (Madsen, 2015). It is even stressed by Kaplan and Norton (1995) to be the best measure that reflects important value creating activities. Ittner and Larcker (2001) viewed that non-financial measures still lack evidence on whether these measures can improve an organisation's managerial performance.

2.7.1. Financial measures

From a traditional perspective, organisational performance was widely evaluated by the use of a financial framework found in financial management and accounting fields. From the past year, the financial framework has proven to be important for cost control, profitability and liquidity for the organisation (Marie, Ibrahim & Al Nasser, 2014). Furthermore, the authors point out that controlling cost and increasing revenue are two of the best ways of helping an organisation increase its profit. A study conducted by Ibrahim

(1999) is of the view that, despite financial measure role in controlling an organisation's strategy, these financial measures are not good enough in evaluating its performance.

According to Kaplan and Norton (2001), the ability in which financial measures use to evaluate performance through the use of operating income and return on investment of the organisation are not relevant as it does not reflect the long-term consequences of income and return on investment activities. For a good performance evaluation, organisations have to incorporate non-financial measures. The trend of this combination brings organisational value that is made throughout different activities capable of holding an organisation's critical success factors (CSFs), such as customer satisfaction, quality, innovation and productivity (Kelly, 2007).

2.7.2. Non-financial measures

The BSC is developed to support an organisation with its competitive strategy that focuses on financial and non-financial measures. Even though the combination of the two measures provides managers with clear attributes that help them in translating strategy into action, the view that converting non-financial measures to organisational performance remains weak (Marie et al., 2014). Furthermore, to support such a system, Chenhall (2005) acknowledged imperative interrelated dimensions that integrate strategy performance systems, such as integration between strategy and operations, customer linkages and supplier orientation. It is evident that financial measures are the foremost measure of performance, however, non-financial measures easily predict the organisation's future performance through the use of sustainability, internal process improvement, learning and growth measures (Briggs, Claibobome & Cole, 2006).

A study conducted by Randall (2003) stressed that results clarifying which type or organisation can benefit more from the use of non-financial measures remain inconclusive. However, Banker and Mashruwala (2007) attempted to assess the use of financial measures in the retailing sector; the authors found that customers' and employees' satisfaction in retail are key ingredients in helping managers to set predictions of the organisation's future profitability. Sedatole (2007:14) presented a classification of experiential improvements of the important indicators encompassed in previous studies,

all of which improve the information content of NFPMs. The authors pointed out that these improvements indicators incorporate "alternative measurements of the NFPM, lag differences in the leading indicator's relation, interactions between the NFPM and contextual variables affecting the important indicator relation, non-linearities in the important indicator's relation, and finally the variables that play a mediating role in the relation between the NFPM and future financial performance".

2.8. BSC Attributes

As mentioned above in the literature, the BSC is a measurement system that helps managers and organisations to properly convert strategies to action. According to Isoraite (2008) the BSC is created to adjust concerns regarding unilateral measurement methods used by organisations by introducing organisational performance ability throughout perspectives, such as financial, customer, internal and innovation/learning.

2.8.1. The financial perspective

It is evident that financial overviews deal with the organisation's shareholder satisfaction. As stated earlier, Kaplan and Norton (1992) expressed that the financial perspective of any organisation only addresses the financial ratio and other cash flow measures in order to evaluate if the organisation's implemented strategy is contributing to the bottom line. According to Al-Najjar and Kalaf (2012), this perspective of measure focuses on the organisation's financial goal, such as profitability, by conveying economic moment for the actions that have been used by the organisation. Furthermore, the authors' view was that nothing is reduced from the capability of financial perspectives to maintain an organisation's survival through increasing its sales, income, market, and return on equity; however, it is not well concluded to persuade top managers in today's business environment to focus on financial measures.

Jackson (2015) also expressed the importance of financial measures. According to the author, financial measures are critical for for-profit organisations. Financial perspectives help managers in monitoring and measuring a strategy's growth especially in terms of the profit goal because it is important to shareholders and the organisation itself. Furthermore, the author also illustrated that despite these benefits attributed to financial perspectives,

the financial measurement still presents drawback in some indicators that permitted Kaplan and Norton (1992) to publish the concept of the BSC. It is believed that gaining valuable financial information at the right time by the right person in any organisation is a tremendous aspect that helps an organisation in the process of implementing the right decision at the right time that aims to boost return on investment, cash flow revenue growth and net operating income (Etim & Agara, 2011); from this view, the financial perspective is crashed between positive and negative aspects; it is evident that several studies lag in indicators or inadequacy in documentation. However, the view concluded that financial perspectives are not necessary in today's business environment; it remain premature however if well used it help with organisation quality management program (Isoraite, 2008; Kaplan & Norton, 1992).

2.8.2. The customer perspective

Customer perspectives are visions designed to focus on customers; it is the essence of how an organisation is treating its customers. According to Kairu et al., (2013), customer measures refer to the way an organisation is giving back to its customers through the provision of adequate services, the quality of its product and effectiveness of quality service delivery. Gekonge (2005) added that the overall point of customer measures is to satisfy them through making available a quality product at an affordable price and ensuring that it can be accessible at any time. Kaplan and Norton (1992) point out that nowadays, several organisations are using customer direction as part of their mission statement. The use of the BSC allows organisations to transform their stated mission to specific measures which they identify in customer measures, such as time, which is measured by the duration to satisfy the customer needs; quality measure, which is the imperfection of a product made available to customer; cost measure, which is the affordability of the product through to the final consumer; and performance and service measures, which are how the organisation's products and services contribute to creating value for its customers.

Today, customer focus plays an important role in any organisation as it aligns customers' satisfaction (Needleman, 2003). Customer measures do not only measure how an organisation prepares to satisfy its customers, but it is evident that customer satisfaction also helps an organisation in maintaining its long-term success (Horngren et al., 2012).

Customer measures also define a road to how the external side, such as customers, are valuing the organisation through certain attributes, such as the kind of product they are buying, at what price, for which quality, and at what moment (Al-Najjar & Kalaf, 2012). This full satisfaction of customers influences directly the organisation's financial goals. According to Kotler and Armstrong (2004), customer satisfaction is imperative as it attracts customers to buy the product again or easily influences new and potential customers to buy from the organisation which later puts an organisation in a good competitive spot. To be certain of their strategies, organisations usually make use of Key performance indicators, such as customer satisfaction rating, to measure their performance.

2.8.3. The internal business perspective

Internal measures excel on business processes. The organisation, in this case, is focusing on creating its mission and support orientation. A study by Kairu et al., (2012) illustrated that internal perspectives pay much attention on what an organisation is processing internally in order to satisfy customer and financial goals. As pointed out by Kaplan and Norton (1992), it is imperative for the organisation to understand its customers, however, the strategy put in place to meet customers' expectation has to be translated internally; internal perspectives give an advantage to business process, decisions and actions within the organisation so as to come out with important actions to satisfy customers' and the organisation's financial goal. Al-Najjar and Kalaf (2012) expressed that the internal perspective is where top management in any organisation are prepared with certain strategies and measures that aim to provide customers and shareholders with what they are expecting by using specific business processes.

The business process deeply influences customers' satisfaction. Kaplan and Norton (1992) illustrated that an organisation must put effort in identifying and measuring their activities' core competencies, the technology needed to maintain continued market leadership, and further should decide on what processes and competencies they must surpass. According to Wood and Sangster (2002), the importance of this perspective resides on the organisation's business processes that focus on producing good services that are pertinent by using methods that are efficient and effective. Furthermore, the authors point out that, to overcome internal perspectives, important measures to be

undertaken should cover organisational process innovation, cost of quality products, time-saving and the cost of non-conformance. Etim and Agara (2011) opined that internal perspectives should include more indication than what is cited by Wood & Sangster. According to the authors, quality and skill of staff repose to customer requests, internal bureaucracy, and the quality of after services, should equally be measured.

2.8.4. The innovation and learning perspective

According to Isoraite (2008), achieving the innovation and learning perspective is focusing on the ability to adapt to change and improvement towards employees and the organisation. Furthermore, the author explained that, in order to achieve organisational objectives, this perspective measures the employees' knowledge and examines their training, skills and talent; it also examines the organisation's leadership, culture and teamwork. Kairu et al. (2012) added that the process of the learning perspective can succeed only if employees are driven by adequately skilled and motivated supervisors and acquire accurate information under an acceptable timeframe from a very effective leader. If these actions are implemented as needed, it leads to the production and delivery of quality products and services that will eventually lead to positive financial performance.

Even though the internal and customer perspectives are appreciated by several organisations as the most important measure in the BSC, the aspect of these perspectives in terms of measurement, are not well positioned in the changing environment (Kaplan & Norton, 2002). The authors illustrated that in today's global competitive climate, an organisation must prove its ability to adapt to change and improve its existing organisational processes and products. It must also be able to attract new and potential customers with a set of new products. Taken from Kaplan and Norton's (2002) point of view that learning and growth measures are the most problematic to select, the study by Al-Najjar and Kalaf (2012) suggested certain measures that might illustrate Kaplan and Norton's thought by pointing to employee empowerment, information system capability, employee capabilities and employee motivation.

2.9. Theoretical Framework

There are several different theories that address the BSC which are produced to support an organisation in embracing the financial and non-financial aspects. For the purpose of this study, the outline is created on the PMS, the BSC, which proposes that an organisation should measure performance across four (4) recognised perspectives, known as the financial perspective, customer perspective, internal business process perspective and innovation or learning perspective (Petr, Jaroslav & Michal, 2012).

For the purpose of this research, the theoretical framework was used to make available and examine certain methods to understand how the proposed BSC, such as financial perspective, customer perspective, internal business process perspective, and innovation or learning perspective, impact on SMEs in the hospitality industry. The study draws on literature in performance measurement, SMEs and the hospitality industry in order to develop an efficient manner of using the BSC.

Financial Perspective

Return on Capital Employed
Cash Flow
Project Profitability
Profit Forecast Reliability
Sales Backlog

Customer Perspective

Pricing Index Tier II
Customers
Customer Ranking Survey
Customer Satisfaction Index
Market Share
Business Segment Tier I
Customers
Key Accounts

Internal Business Perspective

Hours with Customers on
New Work
Tender Success Rate
Rework
Safety Incident Index
Project Performance Index
Project Closeout Cycle

Innovation and Learning Perspective

% Revenue from New
Services
Rate of Improvement Index
Staff Attitude Survey
# of Employee Suggestions
Revenue per Employee

Figure 2.1: BSC framework. Source (Kaplan & Norton (1996).

2.10. BSC in SMEs

Recently the BSC has shown to be inevitable in large for-profit organisations in order to maintain the organisation's survival and competitive advantage. According to several research studies, such as Madsen and Stenheim (2015) and Hoque (2014), the evolution of the BSC should be viewed as an extensive body of knowledge covering the idea and practice. BSC is now a recognised managerial practice that frequently helps an organisation to achieve its objectives (Cooper et al., 2017). Kaplan and Norton (1996) expressed that BSC is not designed to support only large organisations, but can also be used by SMEs in their pursuit for survival. Evidently, it is undeniable that the implementation of the BSC has been more focused around large organisations and less viewed in SMEs (Rigby & Bilodeau, 2015). Few research studies have been conducted on the reason behind lower interest of using BSC in SMEs.

A research study by Madsen (2015) finds that SMEs rarely make use of the BSC compared to large organisations. A low level or complete non-adoption of this managerial tool among SMEs had brought attention to a few researchers, such as Giannopoulos et al., (2013). The authors reveal that the tool seems forgotten and does not mean much for SMEs. Von-Bergen and Benco (2004) state that it should be easier for SMEs to implement the BSC despite their negative views on it, as they can get around the pitfalls experienced by large organisations. Researchers such as Biazzo and Garengo (2012) and Malagueno, Lopez and Gómez-Conde (2017) opined that SMEs are not to blame as the empirical evidence of the effect of using the BSC in SMEs is either scarce or not available. Furthermore, the authors point out that the effect should be shown on a big scale as it is represented in large organisations; however, SMEs are generally contented with only few cases that it has been applied in.

It evident that the low scale of the BSC in SMEs has contributed little knowledge and awareness in managerial practices among SMEs (Giannopoulos, Holt, Khansalar & Cleanthous, 2013). Besides unawareness of this managerial practice, SMEs still face many problems with regards to efficiency and flexibility that emerge from implementing the BSC (Chowdhury, 2011). Benner & Tushman (2003) stated that, "If SMEs benefit from efficiency gains accompanying the use of the BSC, it may come at a cost that is usually

associated with significant constraints on firm flexibility". The implementation of the BSC is viewed differently by large and small businesses (Andersen et al., 2001), however it still faces several difficulties through attributes, such as resources limitation (e.g. finance), low level of customers, and unclear boundaries of job responsibility (Hudson-Smith & Smith, 2007:; Ates et al., 2013; Cardon & Stevens, 2004).

Even though the design of the BSC implementation is comparable in both large and small businesses, it is important to understand how the BSC is implemented in SMEs (Raja & Whalley, 2006). BSC is well-positioned to help organisations find value (Madsen, 2015), however, the BSC should be adapted to incorporate the structure of SMEs in order to be safely implemented (Marques, 2012).

2.11. Critical success factors (CSFs)

The BSC has been viewed as an inappropriate managerial practice tool when it comes to certain organisations with issues such as undergoing structural restrictions and short-term financial planning (Birchard, 1996). The BSC seems to be valuable as it focuses on its ability to determine CSFs and measures aimed at bringing out an organisation's potential, growth and long-term success. According to a CIMA (2004) report, the success of the BSC resides on the way its combined measures are identified. Furthermore, the report points out that key aspects in organisational strategy processes are the way strategy are formulated. In any organisation, if strategy has to succeed, its formulation, measures and objectives have to be physically printed out. It is necessary for top managers in organisations to manage the strategies in the sense of making it visible to all stakeholders in order show necessary resources and action (CIMA, 2004).

CSFs are viewed as an imperative aspect of implementing the BSC. A study by Pandey (2005) points out that it is not difficult for new mover organisations in a national or global stage characterised by competition in that the driving force for survival is the focus on customers satisfaction, before pursuing quality, time and other services. Furthermore, the author illustrates that, for other well-established organisations with a strong customer aspect or measure, the challenge is in identifying other important fundamental CSFs. From their definition and point of view, CSFs "are, for any business, the limited number of

areas in which results, if they are satisfactory, will insure successful competitive performance for the organisation, they are the critical key areas where 'things must go right' for the business to flourish. If the results in these areas are inadequate, the organisation's efforts for the period will be less than defined" (Rockart, 1979:85).

The BSC allows organisations that operate in a fast-changing environment to embrace the application of non-financial aspects. CSFs are another tool that focuses on non-financial aspects. Both the BSC and CSFs allow an organisation to identify what is critical for its survival (Veen-Dirks & Wijin, 2002).

2.11.1. CSFs from the organisation perspective

CSFs from the organisation view represent the way they regroup vital elements in order to accurately execute their strategy. The elements of these aspects are important as they might negatively or positively affect the organisation's performance (Raravi et al., 2013). Organisations have to demonstrate the ability to control their CSF element in order maintain their ability to grow and be successful. According to Cassidy and Kreitner (2011), for the organisation, CSFs are all about the management of important factors that have to be implemented in the organisation to ensure the big picture within the organisation is achieved in order to be favourable on a competitive market in a changing environment. Elements of CSFs, such as strategic capabilities that are routinely designate in organisation's resources and competences, must be put in place (Johanson et al., 2008). Helfat and Peteraf (2003) argued that the way organisations acquire, manage and control resources needs to be done in an effective manner, whether they are intangible, such as knowledge, skills and learning, or tangible, such as application, stock, and factory. Furthermore, the authors point out strategic dynamic capabilities to address the organisation's ability to reconfigure internal and external competencies. "CSFs represent the goal behind the growth that is aimed to achieve critical mass size" (Freud, 1998:21). Despite the growing pressure for an organisation to overcome today's environment, competition and growth, the most important point the organisation has to consider is to understand its CSFs and focus on them (Marais, Du Plessis & Saayman, 2017).

2.11.2. CSFs from the customer perspective

In general, an organisation has several elements to concentrate on in order to fully compete in today's highly competitive environment; as the individual who will consume the products or services, a customer plays a vital role in an organisation's decision on what they should prioritise (Selim, 2007). According to Fredrik, Marcus, Johan and Krister (2014), customers are behind the organisation's survival and what generates their profit. Organisations, on the other hand, must pay attention on what customers believe and suggest, as their opinion is considered valuable. A study by Solomon et al., (2010) stressed that customers come from different social backgrounds and present different personalities. Armstrong et al., (2012) added that customers are unique in their decision-making and preferences. With these characteristics in mind, the organisation's products, services and quality attributes and functions are also differently viewed by these customers. Chawla et al., (2010) illustrated that organisational culture and customers' behaviour are those characteristics that an organisation needs to take into consideration for them to understand and satisfy the customers. The way customers perceive CSFs, such as quality of the product delivered and the service rendered contribute to customers' satisfaction, is the main focus of an organisation today. If the CSFs mentioned are well-perceived by customers, the action engenders an important relationship between the organisation and its customers (Devaraj et al., 2001).

2.12. Small and Medium Businesses

SMEs are those organisations that are easily recognised through their adjective which indicates SMEs' size and can be separated according to quantitative indicator measurements (Berisha & Pula, 2015). It is evident that the number of human resources gives a clear distinction between smaller and larger organisations (Hatten, 2011). According to a Bolton (1971:75) report, the best way of providing a clear definition to SMEs is to bring both quantitative and qualitative measures. From the above view, a report from the European Commission (2005) suggested that quantitative measure, such as number of employees, are the principal criteria that one can use to define SMEs, however, other criteria, such as annual turnover and finance, are also important in order to elaborate performance.

According to Koyuncugil and Ozgulbas (2009), SMEs are defined as non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across national statistical systems. The above definition differs from one country to another. In SA for example, the criteria that establishes what should be an SME is very important. According to an IFC (2009:9) report, SMEs as a shared definition among several authors who define SMEs are "a registered business that counts less than 205 employees". According to the ILDP (2014), categorising the definition of SMEs by using quantitative criteria such as its size is important; however, this description is not sufficient for bringing clarity of a sector in which the realities are not only complex but also dynamic.

SMEs operate in the same environment as large organisations. However, without sufficient capital and extended human resources, these entities lack certain benefits as their larger counterparts (Rahman, 2009). SMEs in their day-to-day operations are faced with increasing competitive pressure due to globalisation, legislation, the reducing of trade barriers, and increasing market expansion, due to changes in technologies and innovations. SMEs often prosper on the ability to be close to customers, openness towards new ways of operation and risk-taking. Nevertheless, SMEs are susceptible to major external approaches (Koyuncugil & Ozgulbas, 2009).

2.12.1. Characteristics of SMEs

The most common upper limit is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees (Koyuncugil & Ozgulbas, 2009). Small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10, or in some cases five workers. Financial assets are also used to define SMEs (Rahman, 2009:223).

Micro-enterprises

Small businesses are generally present in formal and informal sectors where they are categorised by the number of its employees. According to Western Provincial Economic Review and Outlook (2007), micro-enterprises are those organisations that are either referred to survivalist (no physical employees) or non-survivalist (no more than five

physical employees). From the above view, a report by SEDA (2014) illustrated that the micro-enterprise characteristics differ from one industry to another. Furthermore, the report defined a micro-enterprise as any type of organisation that employs at least five employees and has a very limited power in skills and finance; it starts up activities through the support of funding. A micro-enterprise is usually a sole proprietorship, partnership or family business that is run by the owner or a family member. In addition, micro-enterprises represent a small-scale labour force and present a lack of formal registration.

Very small enterprise

As pointed above, small businesses are extremely diverse and are present across industries and through formal and informal sectors. Regarding the general number that categories a very small enterprise, a study by Cupido (2002) points out that very small enterprises are categories of enterprises that employ less than 10 or 20 employees depending on the industry. Very small enterprises are likely to be operated in industrial premises with a high change to be designated or registered, and differ from their linking purpose, turnover and assume responsibility in settling taxation (Western Provincial Economic Review and Outlook, 2007). In SA, very small businesses typically operate legally in the country and are designated to be the most used type of business (SEDA, 2014).

Small enterprise

Small businesses are mostly predominant in the informal sector. By definition, according to SEDA (2014), the report defined small enterprises as ones that employ no more than 50 employees and are represented by a certain level of entrepreneurial skill. Small enterprises are set to be managed and controlled by owner (Western Provincial Economic Review and Outlook, 2007). "Small enterprises in South Africa are very multifaceted and tend frequently on financial boost, small enterprises present well-built management structures aimed to gather assets and credit. Furthermore, it is evident that small businesses are well established compared to micro and very small enterprises in terms of employment" (Cupido, 2002:33).

Medium enterprise

Medium enterprises are those organisations with more complex management structures and vigorously controlled by the owner (Western Provincial Economic Review and Outlook, 2007). The difference that categorises these organisations is the number of employees they have. SEDA (2017) report described medium enterprises as organisations capable of employing more than 50 employees and has the capability of shaping business skills and is able to expand or grow its activities. Medium enterprises are well positioned in acquiring funding due to the number of their resources and their accumulation in turnover power (SEDA, 2014).

Table 2: Categories of SMEs businesses (Source: National Small Business Act Amendment No.26 of 2003)

Size of enterprises	Total full-time equivalent of paid employees less than	Total annual turnover (Rm) less than	Total gross assets, excluding fixed property (Rm) less than
Micro-enterprise	5 employees	0.15	0.10
Very small enterprise	10 or 20 employees depending on the industry	0.15 or 0.5 depending on sector	0.15 or 0.5 depending on sector
Small enterprise	50 employees	2 or 25 depending on sector	2 or 4.5 depending on sector
Medium enterprises	100 or 250 employees depending on the industry	4 or 50 depending on sector	4 or 18 depending on sector

2.12.2. Economic contribution of SMEs in SA

SMEs are viewed by economists as important tools in supporting economic growth. Despite their given management and small productivity, SMEs support the economy through creating jobs and shaping innovation (Aldaba, 2012). SMEs in most emerging countries are characterised as engines where the aims of the country's development can be achieved (National Credit Regulation, 2011). In SA for example, a study by Hendricks et al. (2015) point out that, since the establishment of Act No. 102 of 1996, recognising small businesses as a means of generating employment opportunities and eradicating poverty among South Africans, SMEs tend to become an important contributor in the country's economy.

Leboea (2017:49) stated that, "it was important for a country such as South Africa to encourage the establishment of SMEs in order to address the socio-economic issues". Mahadea (2008) illustrated that, establishing the SMEs sector is very important for any country as it allows the country to produce goods and services capable to revitalising the economy. According to Singh et al., (2012), about 97% of the overall number that constitutes businesses in SA is represented by SMEs. Regarding the area this study is focused on, which is Cape Town (SA), there are several business sectors spread throughout and most of these businesses are comprised of SMEs. According to the study conducted by Flowers et al. (2013:2122) about "22% of the businesses in Cape Town are micro-enterprises, 36% falls under very small enterprises and 42% are categorised under small enterprises". The statistic that revealed the total number of SMEs in SA indicates the degree to how important these sectors are for the country's survival; these businesses contribute a high percentage of GDP and employment.

Despite the criticism reserved to SMEs compared to larger organisations, SMEs contribute about 36% to the county's GDP which is relatively low compared to the contribution in other countries, such as Brazil with 59%. However, SMEs contribute 65% to employment according to the Statistics South Africa (2011). According to the report presented by OECD (2011), the low contribution of South African SMEs to GDP is attributed the high level of business failure that is usually triggered by lack of sufficient

professional skills and are poorly motivated by its owners or managers. Regardless of their substantial importance of contribution to economic growth, SMEs in SA are still running through different challenges that prevent the growth of entrepreneurial activities. Challenges, such as poor management skills, training, education and tools, are those that result in that inhibition (Global Entrepreneurship Monitor, 2014).

2.12.3. Sectors where SMEs operate in SA

In SA, SMEs and SMMEs (Small, Medium and Micro Enterprises) are interchangeable terms that describe the collective category of small business. According to Ntsika (1999), the small business sector in SA has its place in transforming and adjusting the economy and employment. As mentioned above, this sector of business plays an important role and can be categorised as an important key in contributing to the country's GDP and creating employment. The importance of this sector in SA's economy motivated the reason behind the creation of a new Ministry of Small Business Development back in 2014 in order to promote SMEs' development (SEDA, 2016).

According to an NCR (2011) report, SA's SMEs sector is aligned with the country's economic sector. Furthermore, the report points out that the SMEs sector in SA is divided into two, namely formal and informal. According to Turner et al., (2008:18), SA's economy is witnessing an important participation of SMEs through activities that are either in the formal or informal sectors; this is smoothed by a vivacious system of trade credit. Furthermore, the authors stated that, "evidence trade financing at SMEs level are serving substitute, which gives the raise of SMEs in informal sector". Operating in either formal or informal sectors, SMEs are viewed as engines for eliminating unemployment by creating jobs.

There is big gap between SMEs categorised in formal and informal sectors. To distinguish between the sectors, the formal sectors are referred to the sector where SMEs are registered and possess the capability of having access to banks, enjoy capital markets, suppliers and finance opportunities and have a bank account. The informal sector, on the other hand, is deprived of any opportunity to enjoy any capital markets, suppliers and finance.

According to a study conducted by Quartey (2010), SMEs in SA represent almost 91% of formal businesses. SMEs in the formal sector are categorised as businesses with more oriented toward generating high income. They tend to be well-managed, have educated staff, and are more concentrated in Gauteng and Western Cape suburbs. The informal sector, however, are those types of organisations without proper management and are usually unregistered. The management of its economic activities are usually handled by one individual or a family who own the business (Barker, 2003). To understand the view of informal businesses, Portes and Haller (2005) also illustrated that informal businesses are those not legally regulated by the government of other entities as done to businesses in the formal sector. In SA, it is SMMEs that are more centred at the lower bottom and are recognised as survivalist; they trade on the streets and sometimes home-based (Berry, 2002).

2.12.4. SMEs' performance in SA

Kora (2004) point out that the performance of SMEs in any country is linked with legal, political and economic environments in which they operate. Furthermore, the author added that the performance of SMEs also involves economic policies, market structure, physical infrastructure and administration. It is evident that SMEs are the engine of redistribution, employment creation and poverty alleviation that contribute to the country's GDP. However, SMEs in SA are characterised by a low level of performance and a high rate of failure (Motsepe & Fatoki, 2017). According to a study by Willesse (2010), even though SMEs bring support towards the country's unemployment alleviation and economic growth, the performance these enterprises is slowed by down by the high level of failure; it is estimated that 75% of SMEs in SA fail approximately within their first five years of activity. The failures that affect SMEs' performance in SA are trigged by a lack of managerial skills, high competition and limited access to valuable training. SMEs' performance in SA is also a result of improper access to finance (Herrington & Kew, 2013).

Melville, Kraemer and Gurbaxani (2004) elaborated that, in any organisation, performance represents how the overall technology empowered performance influences the organisation's overall activities to ameliorate revenue, cost reduction and

competitiveness. Pienaar and Vogt (2012) agree that the performance of an organisation's overall activities requires the BSC which is designed to not only seek performance of financial aspects, but also seek for non-financial performance aspects. In SA, the performance of SMEs and their occurrence are somehow mediocre (Herrington et al., 2008). According to Sitharam (2014), the performance of SMEs in SA is not satisfactory because of the sector they operate in and the challenges they face.

In SA, the performance of SMEs is often considered low as the majority of the individuals with businesses indicate less managerial skills; the rate of successful SMEs is small compared to other countries and weight on poor performance of SA's economy (Radipere & Van-Scheers, 2005). Much of the poor performance of SMEs in SA ranges from the shift in business focus that usually happens at the beginning of the businesses' activities (DTI, 2008). Business owners in small-scale enterprises have to demonstrate managerial skills in order to successfully achieve the business objectives (Okpara & Wynn, 2007).

According to Jaybalan et al., (2009), accounting functions are proven to be critical for SMEs in today's business environment, but so far, many SMEs are still struggling with their accounting-related tasks. Okpara and Kabongo (2009) stated that, "businesses' poor performance and failure are linked to the inability of SMEs to not be able to draw a line between profit and capital, and also the inability to keep records concerning the businesses' accounting".

2.13. Hospitality Industry

The hospitality industry has been considered as one of fastest growing industries in the world. The industry focusses mostly on tourism, accommodation, and food and beverages, which contribute almost 10% of the world's gross domestic product (GDP) (Boella, 2000). It is important when considering the hospitality industry to historically check the origin of this undeniable sector of business and also view the meaning of the term hospitality. In the ancient times, this sector was known as a way of providing travellers with a peaceful place to rest after their journey (King, 1995). Hospitality is a business sector of helping people to feel welcomed and relaxed and enjoy themselves; therefore, the hospitality industry is referred to as the combination of the accommodation, and food

and beverage groupings, collectively making up the largest segment of the industry (Discover Hospitality, 2015:3).

Latdict (2014) illustrated that the term "hospitality", precedes the use of the term "tourism". The term was first used back in the 14th century which comes from the Latin term "hospes", encompassing the terms "guest", "host", and "foreigner". A study by Theobald (1998) suggested that the term "tour" is derived from Greek and Latin arguments for "circle" and "turn", and that "tourism" and "tourist" represent the activities of circling away from home, and then returning. Because the journey is taken far away from the traveller's original place, the holistic point of the business sector was to reduce or eliminate the road dangers that might be encountered by these travellers; the focus was not only the host providing a better stay for travellers, but a mutual agreement obliging the two parties to commute on a safety place against honest and respect by the other party (King, 1995).

According to Talabi (2015), most countries in world have paid more attention in developing this industry because it is viewed as one of the largest labour employers in the world. Morrison and Thomas (1999) illustrated that this higher employability comes from the incontrovertible ability of the industry's sectors, such as growth in accommodation and food service in the past decades. Sufi (2010:1) stated that the hospitality industry by nature is an important labour provider despite the environment they operate in today. Furthermore, the author states that, "the hospitality industry is extremely complex. These complexities arise because of the disjointed nature of this industry and the subsequent strategy of the hospitality establishments for a bigger market share, growth and entering foreign markets".

2.13.1. Hospitality industry in SA

The hospitality industry in SA is well-established. The well-known sector of this industry in the country is tourism that covers accommodation. It has mostly influenced aspects on job creation and supporting the economy (Conradie, 2012). According to a PWC (2015) report, SA's cities, such as Durban and Cape Town, are boosting the industry by attracting more visitors with their well-designed infrastructure and natural beauty. Furthermore, the report illustrates that accommodation in SA rose by 9.1% since 2014. A report by WTTC

(2015) revealed that the important growth in the tourism sector, encompassing accommodation, has played a major role in the country as it contributes up to 9.4% of GDP.

A study by Nguema and Ntloedibe (2016) points out that even though the global economic recession impacted much of the industry in the country, the industry is still according to the South African statistic agency, the most prominent sector and it is still enjoying growth in total income of about 13.8% through tourism and accommodation. "*We as South Africans are confident that there is still potential for even further growth in tourism in our country, the growth in overseas arrivals, the increase in the number of star-graded establishments, and the range of accommodation options on offer indicates that our destination is perfectly suited to meet the needs and budgets of our visitors*" - Deputy Minister of tourism Thabethe (2017). It has to be admitted that tradition of the hospitality industry of SA is dramatically changing and the chances of survival reside on how stakeholders are prepared. Nadasen COO of Tsogo Sun and Dlamini-Mbele groups sale director for Protea (2018), indicated, the industry is changing through the way it is interacting with customers, and through disruptions by Airbnb and online travel agencies.

2.13.2. SMEs and the hospitality industry

Several studies have been done in addressing the evolution and innovation in the hospitality industry, however, the studies of innovation of SMEs in the industry are still limited (Tether, 2003). Hospitality sometimes refers to service industries, which are predominantly composed of small and independent businesses. It is also run by motivated individuals with a clear reason to make a difference in tourist lifestyle by driving the organisation to growth and profit maximisation as planned. This motivation in SMEs of the hospitality industry is usually connected with the non-financial aspects of the business (Lashly & Lee-Ross, 2009). These small entities, as mentioned above, are imperative for economic development of any country in the world. Nevertheless, due to information irregularities, the entities are blocked from expanding their activities due to the limitation of their capital acquisition (Motta, 2017).

According to a report published by India SMEs report (2009), certain regulation initiatives taken by some governments and the changing dynamic of the industry start giving a number of opportunities to SMEs to be represented as part of this growing industry. Furthermore, the report points out that the combination of government regulations, innovation and continuous high demand in customer needs has prospered SMEs in acquiring a place in this highly competitive industry. According to Yüzbaşıoğlua, Çelikb and Topsakalc (2014), recently there has been a growing amount of attention on SMEs in the hospitality industry, the attention that has been hardly applying has been so important mostly in the travel sector. From the innovation perspective, SMEs are well placed to provide certain criteria capable of serving their customer needs in an appropriate and effective way (Anuvareepong, 2016).

2.13.3. Travel and tourism

Travel and tourism have become one of the most prominent sectors that have a direct impact on the country's economy. According to the report published by United Nation World Tourism Organisation (2012), this sector of the hospitality industry has influenced people over the world reaching one billion travellers each year; furthermore, the report points out that travel and tourism represent one of the top 12 job sectors in the world and contributes substantially about 30% to the world's services exports. In SA for example, the travel and tourism sector contributes about 8% to the GDP (Kleynhans & Zhou, 2012). The travel and tourism sector has found its place in SA. According to the Statistics South Africa (2015), the volume of tourism increased by 10.2% between the year 2011 and 2012, improved by 3.6% from 2012 to 2013, and by 0.1% from 2013 to 2014. Many reasons have been pointed out in justifying the growth of tourism in the country; South Africa Tourism (2016) stressed that the number of tourists visiting the country increased partly due to the FIFA World Cup hosted by the country in 2010.

The World Travel and Tourism Council (2012) illustrates that the evolution of the tourism industry affects several fields of government interests, such as national culture, heritage preservation, nature conservation and mobility. Further, this has a direct negative influence on tourism development and its impact. According to Glen (2017), the growth

and development of this industry in the country comes from a number of policies implemented to allow entrepreneurs to seize this international opportunity. Dinica (2006:246) stated that, "the tourism industry is imperative to the economy; its importance resides in providing jobs, tax revenue and also supporting other activities that give the country a diverse economy".

2.13.4. Hotel and accommodation

It has been shown that the provision of hotel and accommodation is by far the most important sector for global tourism expenditure; the sector has continued to show great development in either developed or developing countries (Clancy, 2010). The great development of this industry comes from new consumer trends. Timothy and Teye (2009) argued that the shift of the market is what engendered different forms of tourist hotels and accommodation. Organisations operating in the hotel and accommodation industry environment are competing for a greater share in the market, and customer-driven quality management is becoming the foremost method for improving their performance. The hotel and accommodation sector needs to check the aspect of quality in order to ensure their survival (Kleynhans & Zhou, 2012).

According to a report published by Wesgro (2015) SA is recognised by its different ranges of hotel and accommodation that are easily accessible by its tourists. According to the Tourism Grading Council of South Africa (2005), hotel and accommodation in SA has an important number of graded hotels and accommodation, relating to their functional and physical characteristics, and their level of services available to guests. According to Caras (2007) this grading ranges from one star representing the bottom line and five representing the highest. A study by Turuduoglu, Suner and Yildirim (2014) points out that, as in many developing counties, SA's hotel and accommodation industry is negatively affected by the management aspect in SMEs. SMEs operating in hotels and accommodation are failing due to the pursuing of only traditional systems of performance measurement and completely ignoring other systems such non-financial measurement.

Phillips and Louvieris (2010:209) added that, in the hotel and accommodation industry, different types of measurements include: "bed occupancy levels, customer satisfaction

surveys completed by customers, guest evaluations of employees' helpfulness, guest evaluations of design, facility renovations and maintenance; also, the number of repeat customers, number of complaints, and guest evaluation of extra benefits gained, such as relaxation, exercise, and refreshments". Bongani (2013) stressed that the form of non-financial measures cited by Phillips and Louvieris (2010:209) are imperative as they drive value in modern organisations and predict the future performance of an organisation. According to Wangui (2013), with the growing competition and change in consumer trends, the hotel and accommodation industry has to adopt the use of the NFPM system to ensure their survival.

2.13.5. Restaurants and bars

Restaurants and bars are inseparable from the hospitality industry as they play an important role within tourist experience. They provide food and beverages for the survival of visitors (PWC, 2015). This sector generates important revenue in a large organisation. According Nguema and Ntloedibe (2016) the sector is also subjected to passing the Tourism Grading Council of South Africa grading aspect in order to maintain its structure. Furthermore, the authors point out that, in a country such as SA, tourists spend a considerable amount of money on food and beverages which represents approximately 20% of daily expenditure. Because consumers judge this sector based on the quality of food, the food and beverage openings of any operating hotel should avoid showing only convenience for its guests, nonetheless should also attract members of the local community to visit the hotel just to experience the local flavours (Peens, 2012). It is imperative for food and beverage managers to work closely with management to decide on what kind of food to serve on the menu and at what price. This important non-performance measurement is vital to food and beverage in the hospitality industry as it determines the types of customer that the establishment will attract (South Africa Tourism, 2016).

2.14. Gaps and Current Studies on Performance Measurement of SMEs

Only a few studies have been conducted on the use of performance measurement by SMEs in the hospitality industry. Moreover, performance measurement practices in SMEs

operating in the hotel industry are scarce in Cape Town. This section provides an overview of current studies.

Melia (2010) conducted a study on the phenomena of performance measurement and the CSFs of five small and medium-sized hotels in a series of in-depth interviews with their managers in Ireland. The findings of the research revealed that most of the managers identified quality of product and service, employees, customer satisfaction, location and the infrastructure as common CSFs to SMEs in the hotel industry. Although participants recognised the impact of CSFs on their organisations' performance, the research suggested that they do not measure all the aspects that affect the hotel's performance. Furthermore, the author found that the participants did measure some key performance dimensions, namely finance, customers, operation and competitors, that form part of the BSC perspectives. However, it was apparent to the researcher that all the aspects of hotels were not measured because participants found it difficult to measure CSFs as there is no tested measure to assist with their measurement.

In addition, Wadongo, Odhuno, Kambona and Othuon (2010) conducted a study on the key performance indicators of six five-star hotels in Kenya. By means of questionnaires distributed to managers of six five-star hotels investigating the utilisation of key performance measures, researchers found out that most of the respondents only monitored financial performance and competitiveness, such as total sales, sales growth, profitability ratios, and total operation cost. Furthermore, a customer perspective was measured through customer satisfaction, customer profitability and market share. However, little attention was paid to innovation, supplier performance and resource utilisation that form part of the organisational processes. Although, the study was conducted on a small sample, the findings cannot therefore be generalised to the Kenyan hotel industry nor be applicable to the South African context.

A study conducted in Limpopo, SA by Naude (2007) using a qualitative approach to investigate the organisational performance measurement practice of seven SMEs in the information communication and technology industry (ICT), revealed that participants had a limited knowledge on the performance measurement frameworks, except for one that

knew about the BSC. Furthermore, the study revealed that participants frequently measured and relied on financial aspects, which are cash flow, gross profit, revenue, debtor's days outstanding and creditors without any formal framework due to limit cost and time. However, it was also found that some SMEs utilised few certain non-financial measures, quality, time, flexibility, customer satisfaction, human resources and client services which fall under the sphere of the customer and internal process of the BSC.

Mabesele (2009) in his study on the role of performance measured in the fast-food franchise industry to sustain positive growth in SA, found that owners and managers of SMEs paid more attention to financial measures and disregarded the non-financial measures. In addition, the findings do not reveal the existence of innovation or employee satisfaction that forms part of the BSC.

Matsoso (2014) investigated the extent to which SMEs recognise the significance of FPMs and incorporates NFPMs in SMEs' supply chain management (SCM). The findings revealed that SMEs' owners and managers recognised the significance of certain non-financial measures and had incorporated those measures in the organisation's SCM. Furthermore, the author discovered that owners and managers do not implement non-financial measures as the businesses were operating well for a decade. However, little attention was paid to certain non-financial measures by SMEs, such as customer satisfaction and product quality, but still focused more on financial indicators. The study indicated that SMEs were faced with lack of knowledge regarding the management of the organisation's books.

A study by Maduekwe and Kamala (2016) was conducted on the use of performance measurement (both financial and non-financial measures) by SMEs of the Cape Metropolis in SA. The research results pointed out that SMEs' high failure rate has been partially attributed to the misapplication of appropriate performance measures. Furthermore, the findings revealed that frequent use of popular financial measures, such as sales growth, cash flows, operating income, and net profit margin, were opposing the use of the non-financial measures, such as customer measures. The researchers also discovered that performance measures used by SMEs are perceived to be effective.

SMEs lack the use of appropriate performance measures due to the lack of awareness, qualified personnel, top management support and required resources, such as computers.

Recently, Mjongwana and Kamala (2018) conducted a study on the usage of NFPMs by SMEs operating in the hotel industry in the City of Cape Town. The researchers discovered that a number of SMEs implemented certain NFPMs, such as customer measures, which was reported as the most used measure in the organisations. Also, SMEs use bed occupancy and sales growth, learning and innovation and training. The authors did find that managers and owners were well aware that the purpose of NFPMs is basically to improve profitability, productivity and decision-making in the organisation. However, decision-makers made less use of NFPMs to encourage innovation, identify best practices in the hotel, and for benchmarking performance against competitors operating in the same field.

From the above literature review, some gaps were identified. Only a few studies were conducted on the use of performance measurement by SMEs in SA and they were carried out in different industries. Most PMS studies on the hospitality industry were conducted outside the country. Given the gaps identified and discussed above on the performance measurement practice by SMEs operating in the hospitality industry, studies aim to add value by exploring different performance measurement practices to assist SMEs in improving their performance in order to adjust the high rate of failure of these entities.

2.15. Summary

Performance is viewed as an achievement by the organisation in relation to its goals. Around the world, there is a sign of struggle among private and public organisations when it comes to maintaining their PMS. Organisations in both the private and public sectors are struggling to appropriately develop cost effective and meaningful measures capable of ameliorating their performance without leading to negative consequences (Moullin, 2007). In today's business environment, it is necessary to find out why businesses measure their performance and why it is vital to them; PMSs are unavoidable for most organisations. PMSs are implemented to maintain the course of the organisation's long-

term performance. They are differently detailed in different types of organisations due to their unique set of sub-system and unrepeatable condition of exercise.

The BSC today has turned to be the most implemented tool in most organisations worldwide, whether they are for-profit or non-profitable organisations in the public sector. This PMS is set to measure organisational performance across four (4) recognised perspectives, known as the financial perspective, customer perspective, internal business process perspective, and innovation or learning perspective (Petr et al., 2012). The BSC approach is a combination of financial and non-financial measures which opined that if well-balanced, can provide an organisation or manager with the overall perspective of the organisation's operations and valuable information capable of establishing current performance and continually monitoring the organisation's progress progressively over time (Madsen, 2015). SMEs in SA have a low level of performance and a high rate of failure (Motsepe & Fatoki, 2017). The hospitality industry of SA is dramatically changing and the chance of survival resides on how stakeholders are prepared. According to Nadasen and Dlamini-Mbele (2018), the industry is changing through the way it is interacting with customers; it is also through disruptions, such as Airbnb and online travel agencies.

<div align="center">

CHAPTER THREE

RESEARCH METHODOLOGY

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3.1. Introduction

This chapter focuses on the approach used to gather the required data to answer the research questions and achieve the objectives. According to Bless & Smith (2000), the use of research design and methodology is to have an organised plan and established procedures developed by researchers to study a social or natural phenomenon and to realise a research aim. In every research, the methodology describes what methods were used to arrive at the conclusion related to the research problems and results (Polit & Hungler, 2001). A study by Jowah (2011) added that design and methodology represent the structure of the research on how it is carried out to solve the problem.

Research methodology is also the way the research is used to collect data in a systematic manner. This section of the research described the approaches used in the study to address its objectives. The research was conducted for the purpose of specifically determining the extent to which a PMS is used in SMEs in the hospitality industry in Cape Town.

3.2. Philosophical Assumption

The alignment of this research was not to provide, define or even explain the concept of performance measurement, SMEs or BSC, however, the investigation was conducted to develop an understanding to the extent to whether SMEs in the hospitality industry in Cape Town make use of the system. The study focused on the positivism approach to lay the perception of performance measurement among SMEs operating in the hospitality industry. This approach supports the view that reality is objectively measurable using procedures that are independent of the researcher and the research instruments. The knowledge resulting from a positivist research is considered to be objective and quantifiable (Gratton & Jones, 2010).

3.3. Positivism Approach

A positivism paradigm is a logical method which holds the opinion that the scientific method is the only technique to the truth and objective reality (Chilisa & Kawulich, 2012). Scientific knowledge was more representative of the truth than that resulting from theoretical assumptions (Schwandt, 2001). The positivism paradigm was invented by Auguste Compte (1830) in order to reproduce a firm experimental approach in which claims about knowledge are based directly on experience. It highlights evidence and the causes of behaviour (Bogdan & Biklen, 2003). Positivistic theorists adopt scientific methods and the knowledge generation process with the help of quantification to improve precision in the explanation of parameters and the relationship among them. Positivism is concerned with uncovering truth and presenting it by empirical means (Henning, Van Rensburg & Smit, 2004:17). The positivist position maintains that scientific knowledge consists of evidence whereas its ontology considers the reality as independent of social constructs (Walsham, 1995). Positivism typically applies the scientific method to the study of human action which is suitable to this research. Therefore, the current study is aligning with positivism approach as it first acknowledges certain methods used by hotels in measuring their performance, then suggestively introduces the evidence of positive application of BSC to hotels for the purpose of new experiences in performance measurement.

3.4. Quantitative Research

Gray (2009:165) defines quantitative research as a detached approach, whereby the researcher does not form part of the research process, which concentrates on investigating the phenomena. Babbie (2010) pointed out that quantitative research can be characterised as research that discloses findings through numerical data investigated through scientifically-based techniques, particularly measurements. for the purpose of this research, scientific based technique was adopted by using rate; From a broader perspective in quantitative research, a theory is stated and formulated in advance; data is expressed in the form of numbers from specific measurements, and then analysed by using statistical methods.

Thus, the quantitative approach was suitable for this research in the context that denotes measuring variables existing in social life (Bryman, 2012). For the purpose of this

research, the quantitative method was used to seek regularity by separating the social world throughout empirical data that can be represented by numbers, rates or frequency, which can be explored by statistical techniques (Payne & Payne, 2004). This study made use of a quantitative approach in the context of the positivism paradigm to explore different performance measurement practices to assist SMEs in the hospitality industry to improve their performance.

3.4.1. Advantages and disadvantages of using the quantitative approach

Quantitative research is recognised from being a general study that in all cases generalised the entire population and sub-population as a whole or a sampling as it involves the larger population that is usually randomly selected (Rahman, 2017). Quantitative research was advantageous for this study as it helped to quantify hotels and guesthouses in the field of the hospitality industry, in order to describe the effects of performance measurement on SMEs' performance. The limitation of this approach on the current research is that, closed-ended answers from the employees or managers of the hospitality industry in Cape Town might not produce critical information needed for the effects of performance measurement.

3.5. Population Type

According to Peck, Olsen and Devore (2015:6) population is regarded as the whole pool of individuals or objects about which information is generated or gathered. The target population of this research was SMEs operating in the hospitality industry located in Cape Town, SA. The population for this study mainly involved managers, accountants and owners of different SMEs in the hospitality industry in evaluating and understanding the effect of performance measurement.

3.6. Sample Size

Peck, Olsen and Devore (2015) described the sample size as a sub-group of a population prudently selected for a study. The sample size for this study was one hundred (100) participants, and the number was obtained by using the margin error formula. The targeted sample for this study was made up of the owners, managers and accountants of the hospitality industry businesses operating in the Cape Town area.

The number of participants was as follows:

- 15 owners of the hospitality industry businesses operating in the Cape Town area.
- 60 managers of the hospitality industry businesses operating in the Cape Town area.
- 25 accountants of the hospitality industry businesses operating in the Cape Town area.

3.7. Sampling Techniques

For the purpose of this research, the sampling technique was the non-probability sampling technique. Babbie (2013:199) points out that the non-probability technique is relevant when conducting social research where samples are actually selected in a particular way not recommended by probability theory.

Non-probability sampling presents regular boundaries related to the personal nature in selecting the pilot. Also, it is valuable specifically in the case when randomisation is unbearable, and also when the populations are vast. It might be valuable as well when the researcher has inadequate time and resources. It might be utilised as well when the study does not aim to make outcomes that will be utilised to produce oversimplifications relating to the whole population (Etikan, Musa & Alkassim, 2016). Non-probability includes accidental sampling, suitable sampling, judgmental sampling or purposive, snowball sampling and quota sampling. For the purpose of this research, snowball sampling was selected.

3.8. Data Collection

The researcher sought to give objective information on the extent to which performance measurements are used by SMEs in the hospitality industry of Cape Town. For the nature of this research, the foremost focus of the research design is to obtain research contributors and collect data through structured questionnaires. According to Bryman and Bell (2015:14), data collection is defined as the process in which primary data is gathered from samples through surveys, questionnaires and interviews, so that the research question or problem can be answered to produce original research results. As mentioned

above, the quantitative approach will be used to investigate and measure attributes; the method of data collection involves using questionnaires to answer what or how questions in relation to the methodology (Shaffer, 2013).

3.8.1. Questionnaire

According to Monette, Sullivan and De Jong (2011:164), a questionnaire is an instrument that combines both quantitative and qualitative items. It is the tool for gathering data in survey research that contains both open and close-ended questions made available to the population, often from a wide geographical area, to respond directly on the questionnaire itself without the interaction of the investigator. Due to the research approach technique, questionnaires were found as an appropriate means of data collection as it is reasonably quick to collect data from participants. The responses were collected in a comparable way by handing the same type of questions to the participants of selected industries. Questions regarding contributors' status experience and other questions related to industry performance measurement were asked using closed-ended questions.

3.8.2. Closed-ended questions

Closed-ended questions are direct tools in collecting quantitative data. Closed-ended questions are designed to answer questions by "Yes" or "No" or ticking boxes. Closed-ended questions contain a small level of participation. According to Durheim (2000:44), with closed-ended questions, answers from the participants are limited to a fixed set of responses. Further, the author points out that closed-ended questions in general yield a higher percentage of responses. A study by Reja, Manfreda, Hlebec and Vehovar (2003) illustrated that the disadvantage of closed-ended questions is that they limit the respondent to the normal option of opportunities being offered. For the purpose of this study, as it was based on quantitative methods, closed-ended questions were designed to gather information on the effect of BSC on performance measurement. This method was quick in collecting data; however, the limit of the information was evident.

3.8.3. Questionnaire design

The questionnaire was designed with different sections for clarity. From investigation questionnaire paper, the two sections were presented as follows. Section A was the Background; the section was designed for organisations and employees to describe the background only. Section B focused on the effect of performance measurement in SMEs in the hospitality industry. Furthermore, it focuses on the types of performance measurement practices employed, BSC, and other related questions, for example, on the perceptions of performance measurement.

3.9. Data Analysis

A study by Polit and Hungler (2001:383) stated that, "data analysis means to organise, offer structure and produce meaning". In this research, primary data was captured and analysed. According to Babbie (2010:12), primary data is data that is unprocessed and which has been obtained directly by the researcher for a particular research project. For the purpose of this research, Microsoft Excel was the main tool of data analysis used for statistical analysis. The quantitative data was analysed by allocating all participants answers with a number, and a letter was attributed to an individual identifying them by a code. For example, A1 represents a participant in row 1.

3.10. Validity and Reliability of the Research

Cronbach and Meehl (1995) in the mid-20th century introduced the issue of validity in quantitative research in relation to the establishment of the criteria for assessing psychological tests. According to Thatcher (2010), validity in quantitative research is the extent to which a data collection instrument measures what is envisioned for it to measure and whether it will lead to valid conclusions. To achieve the validity of the current study, the researcher aligned it in accordance with the methodology and data collection. The assumption was clearly denoted to reveal opinions on employees in SMEs in the hospitality industry. Data was compared to that from previous literature from the hospitality industry in different areas of study, cities and countries.

Blumberg, Cooper and Schindler (2005) state that reliability is a measurement that supplies consistent results with equal values. Reliability measures consistency, precision,

repeatability and trustworthiness of the research (Chakrabartty, 2013). For the purpose of this study, the researcher performed a pilot study on the questionnaire in order to pre-test the questions in order to enhance reliability. The questionnaire was supplied to a small number of managers and accountants, in total five (5), to test the questions. After the test, minor changes were done on the questionnaire before they were printed out for a large pool of participant.

3.11. Delineation of the study

This research was limited to SMEs in the hospitality industry in guest houses and bed and breakfast accommodation businesses operating in the Cape Peninsula.

3.12. Ethical Considerations

The researcher protected the subjects' privacy and confidentiality. The protection was follows:

- *Informed consent*: Permission to participate was obtained from the participants before handing out any questions.
- *The right to privacy*: The rights of participants were secured by the investigator and were not violated.
- *Plagiarism*: The use of information from existing documents was referenced to comply with the Cape Peninsula University of Technology's rules.
- *Withdrawal of participants*: They were allowed to withdraw at any time they felt like doing so. There was no obligation or commitment for a participant to not withdraw.
- *The right to fair treatment*: Respect and fair treatment were applied to all individuals.

3.12 Summary

This chapter described the research methodology. The purpose of a research design was to maximise valid answers to a research question. This was achieved by using the quantitative approach that was found suitable. Data was collected by means of closed-ended questions. The questionnaires were limited to the SMEs operating in the hospitality industry in Cape Town. Questionnaires were the easiest and quickest way of accumulating data. Quantitative data was captured in a table. Codes and numbers were used to capture

it. The researcher made sense of data by using a pilot study, and questions were pre-tested in order to enhance reliability and also ensure that the data was trustworthy and confidential. The chapter concluded by pointing out the principles of anonymity and ensured that the participants were morally and ethically protected.

CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

The current study was conducted with one hundred (100) participants that were selected from the hundred (100) hospitalities industry in Cape Town. The 100 questionnaires were distributed to fifteen (15) owners of the hospitality industry businesses operating in the Cape Town area. From the 100 participants, sixty (60) were managers of the hospitality industry businesses operating in the Cape Town area. This selection was done because most SMEs are led by managers. Twenty-five (25) accountants in the hospitality industry businesses operating in the Cape Town area were selected because of their ability to undertake measurements of the organisations. From the 100 questionnaires distributed to hundred (100) SMEs in Hospitality industry, eighty-four (84) participant of the (hundred) 100 responded. The overall participant rate was as follows:

Table 4.1: Participants and distributed questionnaires demographics

Owners		Managers		Accountants	
Distributed	15	Distributed	60	Distributed	25
Responded	9	Responded	57	Responded	18
Declined	6	Declined	3	Declined	7

The specific purpose of this study was to determine financial and non-financial measures utilised by SMEs in the hospitality industry in Cape Town; also, it was to determine a comprehensive approach to motivate SMEs in establishing or making use of adequate performance measurement tools in the hospitality industry. The objectives were to determine if the SMEs make use of both financial and non-financial measures to improve their performance, identifying performance measurement tools used by the SMEs, identifying factors that influence the use of performance measurement by the SMEs, examine the perceptions of the owners and managers of the SMEs regarding the use of performance measurement and identifying performance measures that are critical for success of SMEs in the hospitality industry in Cape Town.

As a quantitative-based research, Microsoft Excel was the main tool used to analyse raw data. The procedure applied to analyse data started by allocating all participants with the letter 'A' and a number attributed to an individual. Questions were represented by the letter 'Q'. This was indicated as follows: A1 represented a participant in row one (1) and A2 for a participant in row two (2). The number one (1) in the cell attributed participant responses to the questions. The data is summarised in a table, all answers were represented by number one (1) and attributed to a cell corresponding to a participant's answer. The numbers in each cell on a row are then accumulated to get a total using the sum formula; the total is then converted to an appropriate chart to display respective percentages of the raw data.

4.2. Data Analysis

4.2.1. Section A: Background to the organisation

4.2.1.1. Respondents' gender

The respondents' demographics regarding their gender were as follows: Out of eighty-four (84) respondents, the majority of n=53 (63%) in the study were male. The minority of n=31 (37%) were female. The figure below depicts the research result.
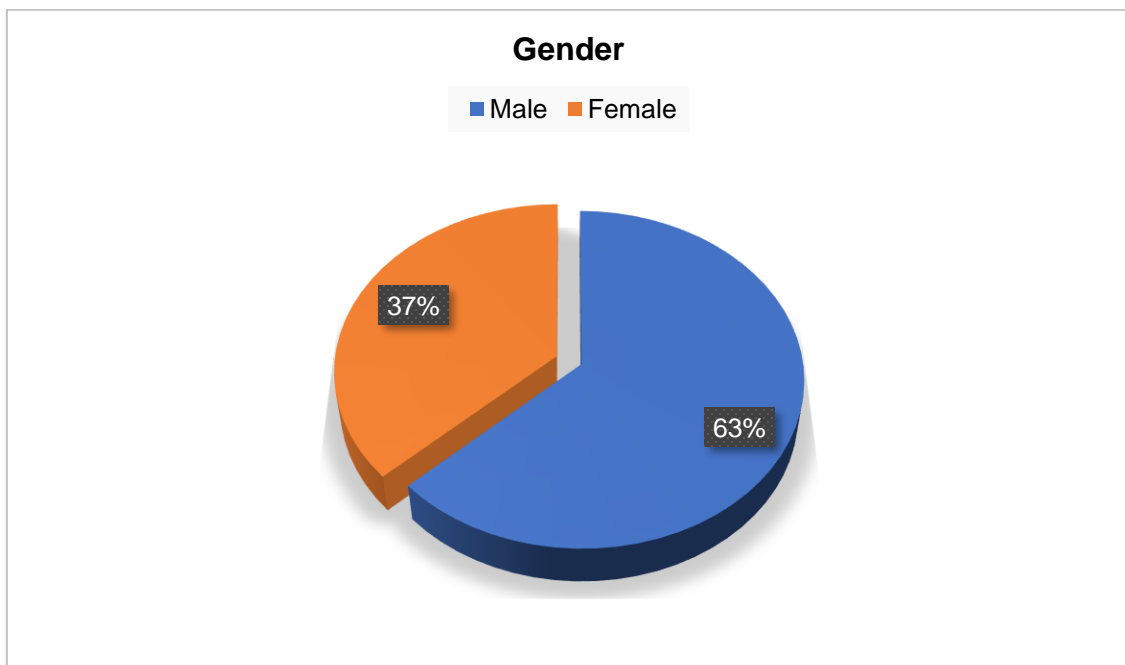

Figure 4.1: Respondents' gender demographics

4.2.1.2. Respondents' status

The bar chart below (Figure 4.2) illustrates respondents' demographics regarding their status. Of the eighty-four (84) respondents, the majority of n=57 (68%) were collected from managers in the hospitality industry. n=18 (21%) were collected from accountants also operating in the hospitality industry and n=9 (11%) were collected from the hospitality industry business owners.
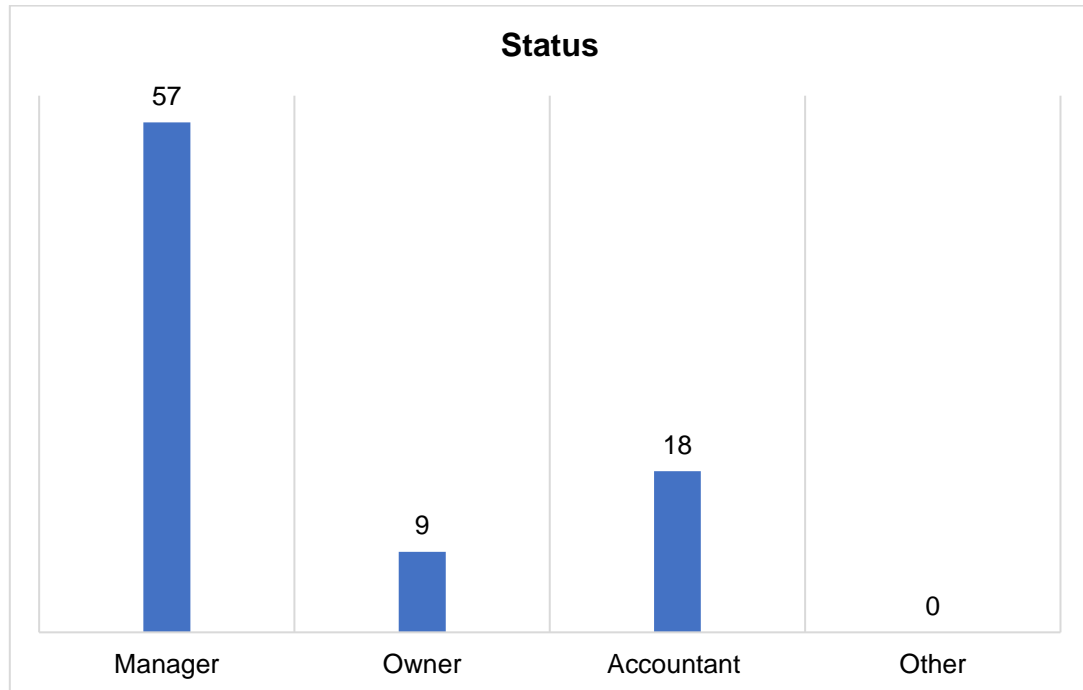

Figure 4.2: Respondents' status demographics

4.2.1.3. Respondents' working duration in the hospitality industry

The question to selected participants to determine the duration which they have been working at, managing or owning a hospitality industry business was asked. Of the respondents, the research results show that the majority of n=32 (38%) have been working in the hospitality industry in their particular position for between5 and 10 years. The results also show n=25 (30%) respondents have been working in the hospitality industry in their position for between 10 and 15 years. The results show that only n=18 (21%) of the respondents have been working for more than 15 years. The research results displayed a minority of n=9 (11%) who have been working in the hospitality industry for only 1 to 5 years. Table 4.2 below depicts the results of the research.

Table 4.2: Working duration of respondents

		Frequency	Percentage	Accumulative percentage
Valid	1 to 5 years	9	11	11
	5 to 10 years	32	38	49
	10 to 15 years	25	30	79
	More than 15 years	18	21	100
	Total	84	100	

4.2.1.4. Industry sector the selected organisations are operating in

The question to identify which industry sector the participants' organisations were operating in by choosing between different industry sectors enumerated in the question was asked. The research result shows that the overall respondents, n=84 (100%), indicated that their organisation operates within the "tertiary sector industry" which is an approach of industry that focuses on the "service industry". The research results displayed no result regarding other sectors, such as the primary sector of industry (focusing on raw materials industry), secondary sector (which focuses on manufacturing and construction), quaternary sector (intellectual services industry) and quinary sector (decision-based industry). The figure below depicts the research result.
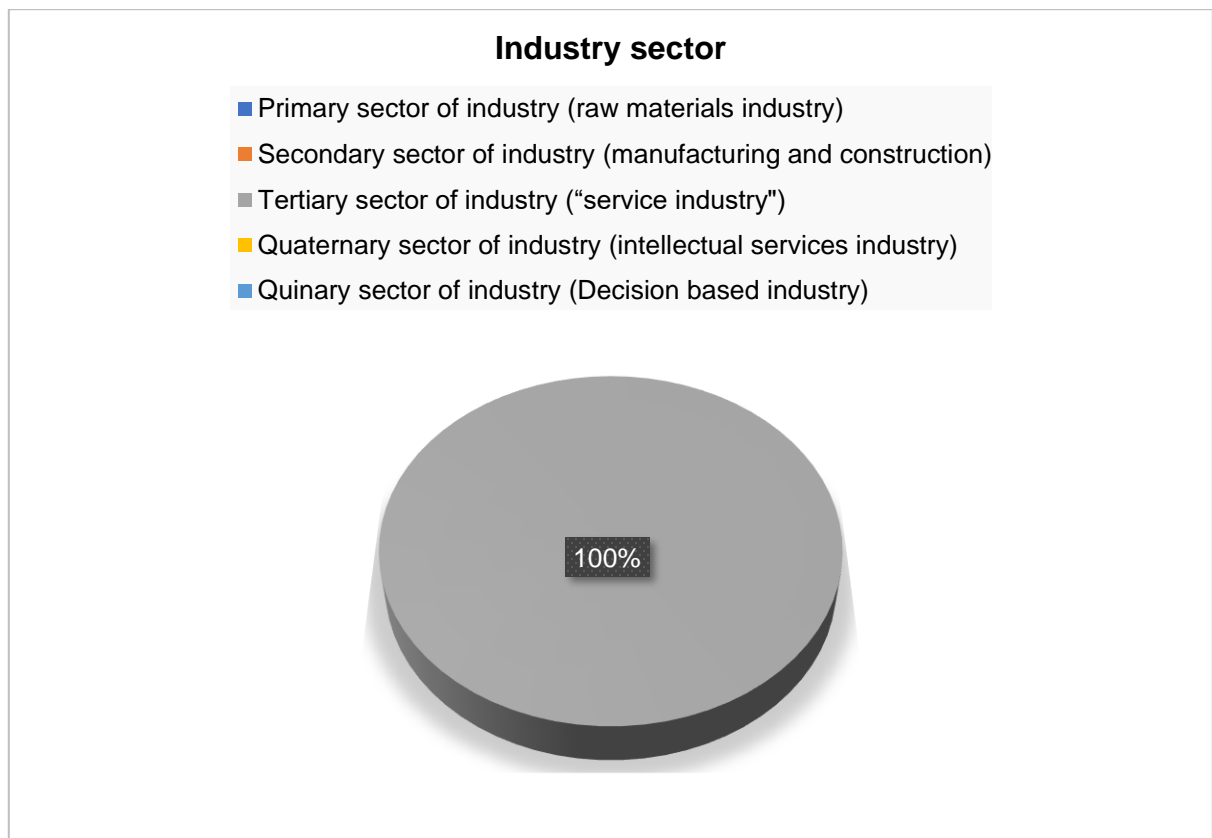
Figure 4.3: Industry sector which the organisation operates

4.2.1.5. The industry area the selected organisations are operating in

Respondents were asked further to identify the major area of industry in which their organisation is operating. The research results pointed out that the majority of n=74 (88%) focused on the hospitality industry. The results also show n=6 (7%) of the organisation focused on the food industry and very few, n=4 (5%), focused on luxury transportation. The high proportion of the hospitality industry results in the current study are connected with Conradie's (2012) remark that the hospitality industry in SA is booming and well established. The PWC (2015) report also illustrated that most localities in SA are boosting their hospitality industries in order to attract visitors to showcase their city's well-designed infrastructure and natural beauty. The figure below represents the results.
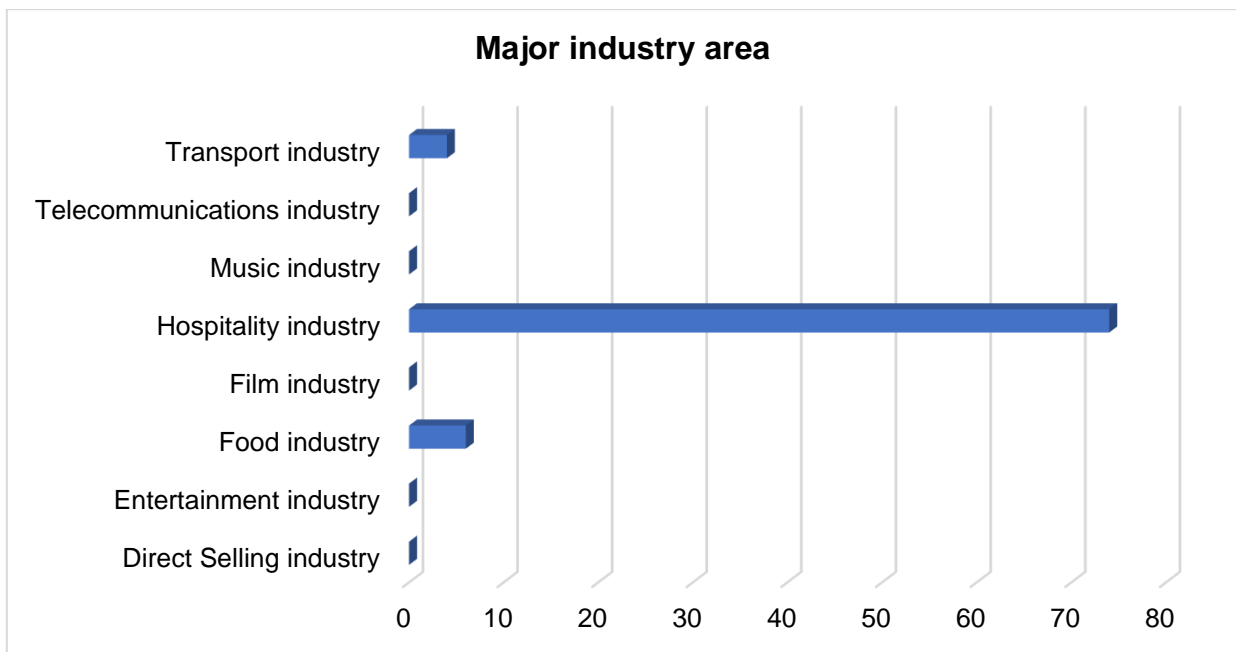
Figure 4.4: Industry area

4.1.2.6. The Hospitality industry sector the selected organisations focuses

Respondents were further asked to identify which sector under the hospitality industry they were operating in. Of the respondents, the majority of n=65 (77%) were operating under "Lodging". The results show n=17 (20%) of the respondents were operating as "Tourism Industry" and the n=2 (3%) were organisations operating under "luxury transportation". No results were displayed for "Event Planning, "Theme Parks" and "Cruise Line". The high percentage of results regarding lodging in the current research are parallel to Clancy's (2010) who points out that the lodging sector, which encompasses hotels and other types of accommodation, has continued to show great development in either developed or developing countries. The figure below describes the research results on the hospitality industry sectors.
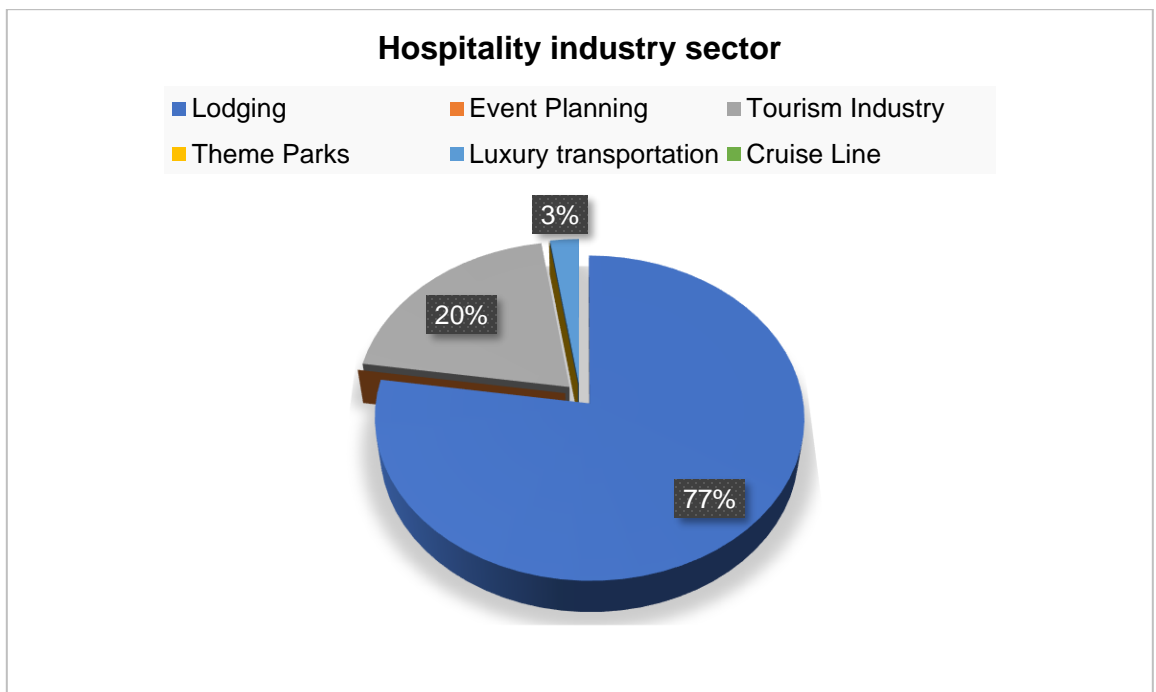
Figure 4.5: Hospitality industry sector

A question was then further asked to respondents by specifying the area of their services in lodging, the tourism industry and transportation. The research results show that, under the lodging sector, the majority of n=41 (49%) pointed out that, they were offering services under the sector of "Guest House". The n=21 (25%) were offering services under the "B&B, Home Stay" sector and an equal number, n=11 (13%), were under "Hotel" and "Vacation Rental". The research results of these different types of accommodation are parallel with Wesgro's (2015) research, which illustrated that SA, in its hospitality industry, is recognised by a number of different ranges of hotel and accommodation that are easily accessible by its tourists. The figure below depicts the research results on lodging.
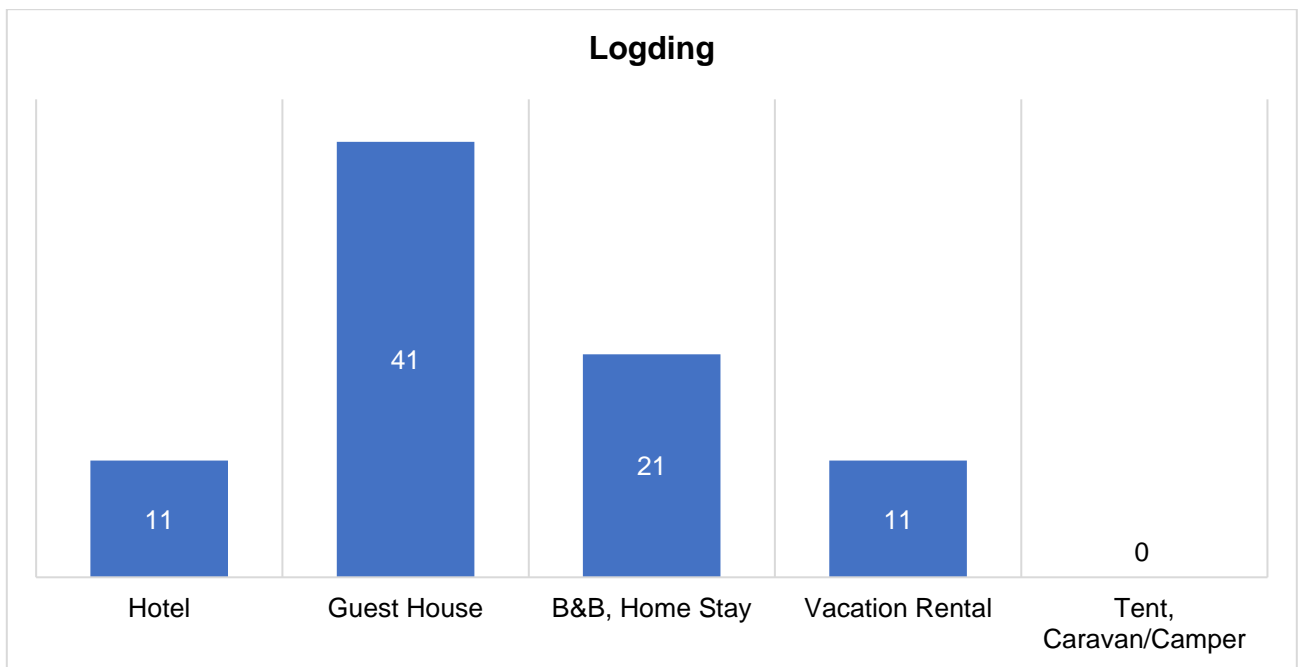
Logding

	11	41	21	11	0
	Hotel	Guest House	B&B, Home Stay	Vacation Rental	Tent, Caravan/Camper

Figure 4.6: Lodging categories

Under the tourism industry, the research results show that the overall respondents, n=84 (100%), offered services under "Hospitality services", which is a combination of accommodation, hotels and resorts. The table below illustrates the research result.

Table 4.3: Tourism categories

		Frequency	**Percentage**	**Accumulative percentage**
Valid	"Transportation services (airlines, cruise ships, trains, taxicabs)"	0	0	0
	"Hospitality services (accommodation, hotels, resorts)"	84	100	100
	"Entertainment venues (amusement parks, restaurants, casinos, shopping malls, music venues, theatres)"	0	0	100

Total	84	100	

Under transportation, the research results show that the majority of n=66 (79%) respondents were offering services under "Air". n=18 (21%) respondents were offering services under "water transportation" and no result was displayed for "Land (rail and road)", "Cable Pipeline" and "Space".
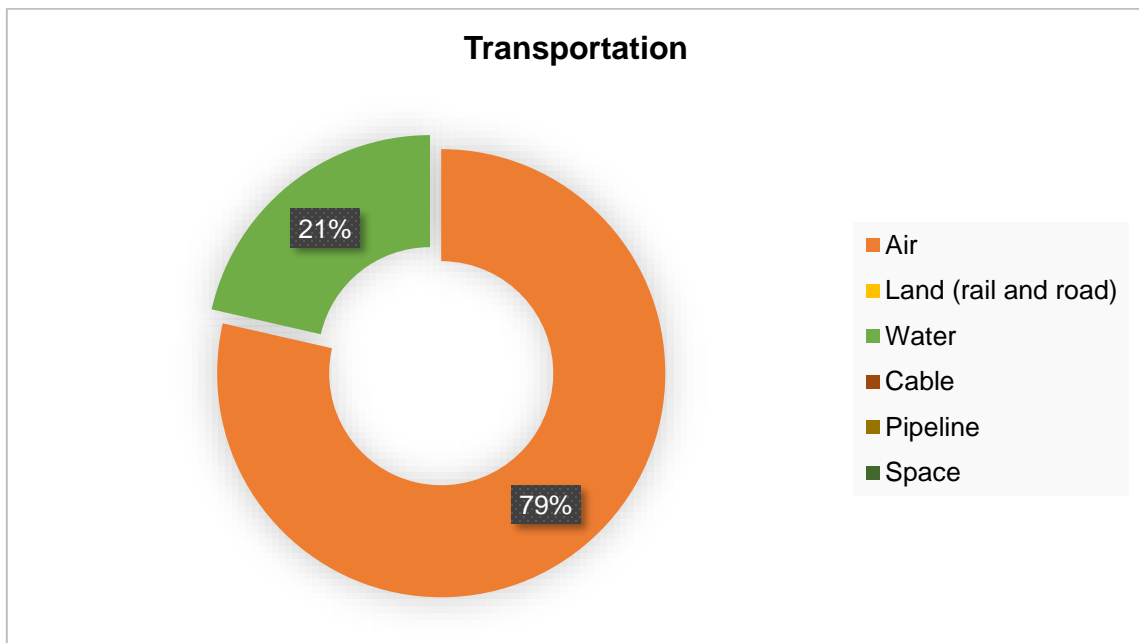

Figure 4.7: Transportation categories

4.2.1.7. Geographical focus for the selected organisation on providing services

The question to describe the area where the selected hospitality organisations were offering their services was asked. Of the respondents, the research results show that the majority of n=44 (52%) were mostly providing their services in the "District" sector. n=24 (29%) were providing their services within a "Provincial area"; and n=16 (19%) were providing services "Nationally". The research displayed no results for "International." The table below illustrates the results on geographical area.

Table 4.4: Geographical area

		Frequency	Percentage	Accumulated percentage
Valid	District	44	52	52
	Provincial	24	29	81
	National	16	19	100
	International	0	0	100
	Total	84	100	

4.2.1.8. The availability of rooms from the selected organisations

Figure 4.8 below displays the results on the number of rooms available per organisation. Of the respondents, the results show that the majority of n=53 (63%) acknowledged their organisations counted between 10 and 20 rooms. n=20 (24%) acknowledged having more than 20 rooms and n=11 (13%) stated they had between 5 and 10 rooms.
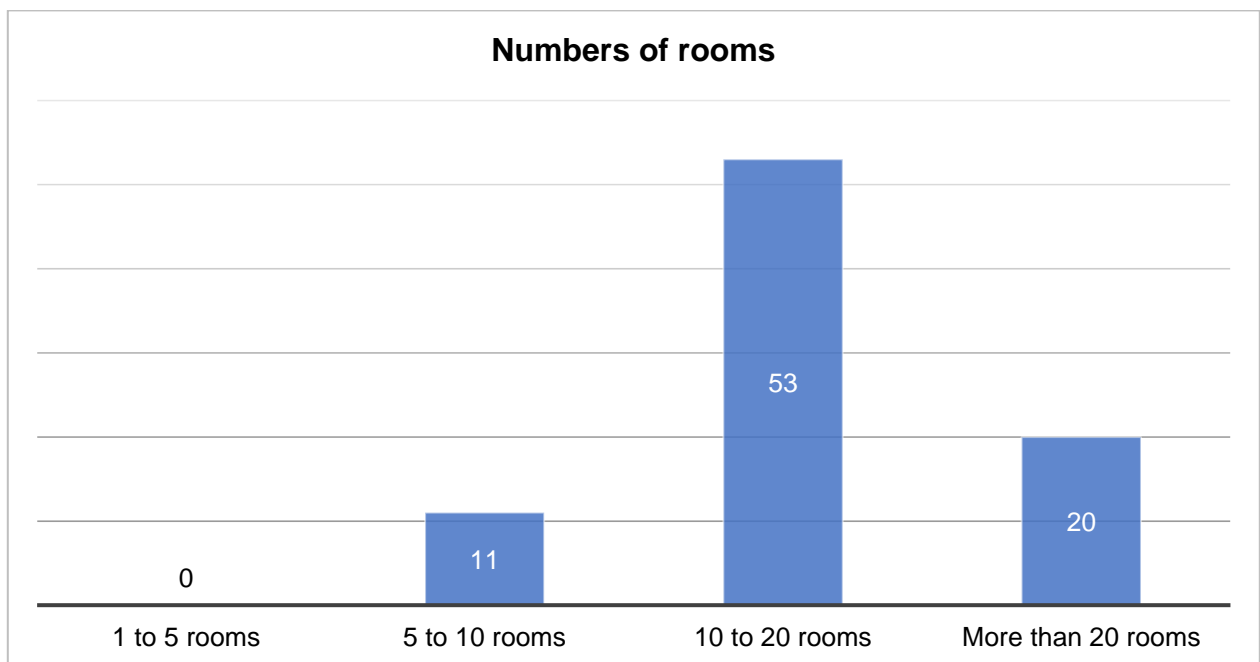

Figure 4.8: Number of rooms per organisation

### 4.2.1.9. Number of people the selected organisations employed

Respondents were asked to choose from a scale of employability on the number of their respective employees. The research results show that the majority of n=59 (70%), employ between 1 and 10 employees. The second-highest category with the frequency of n=18 (22%) were employing between 10 and 20 employees. A small frequency of n=7 (8%) were employing up to 50 employees. No results were found for those employing more than 50 individuals. Table 4.5 below displays the research results.

Table 4.5: Number of employees that are employed by the organisation

		Frequency	Percentage	Accumulated percentage
Valid	1 to 10 employees	59	70	70
	10 to 20 employees	18	22	92
	20 to 50 employees	7	8	100
	More than 50 employees	0	0	100
	Total	84	100	

4.2.1.10. Numbers of customers the selected organisations manage yearly

A questionnaire representing the numbers of customers an organisation can manage over a period of one year was given to managers, accountants and owners to identify their range of customer management. Of the respondents, the results show that the whole pool of n=84 (100%) believed that their organisation manages more than 350 customers in each and every year. Figure 4.9 below depicts the results.

Customer yearly management

0	0	0	84
50-100	100-250	250-350	350 and More
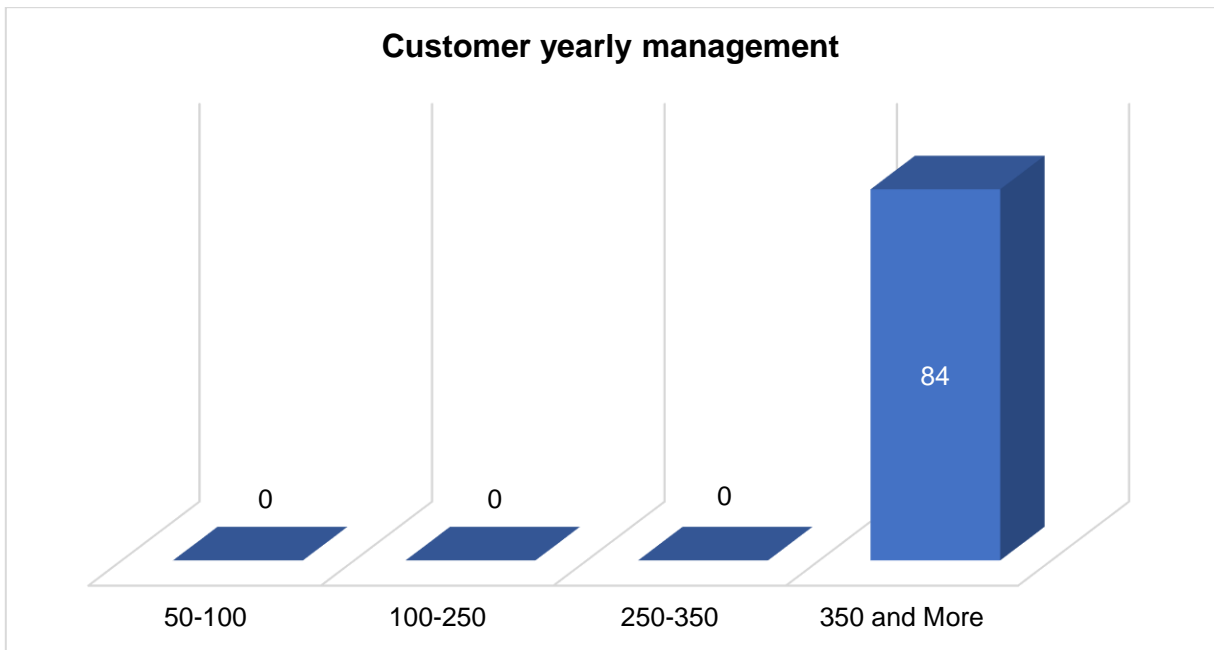
Figure 4.9: Yearly customer management

4.2.2. Section B: Performance measurement

4.2.2.1. Knowledge of performance measurement

The question to respondents of the selected SMEs in the hospitality industry on whether they have knowledge of performance measurement was asked. Of the respondents, the research results show that the majority of n=75 r (89%) acknowledged being aware of what performance measurement is. The results show minority of n=9 (11%) admitted that they had never heard about performance measurement. The results of the current research are connected to Kaplan & Norton's (2001) research which pointed out that, in today's business environment, whether big or small, these organisations are aware of performance measurement. This awareness is known because performance measurement defines an organisation's competitive environment and allows it to anticipate their goals and achieve them. The figure below depicts the research results.
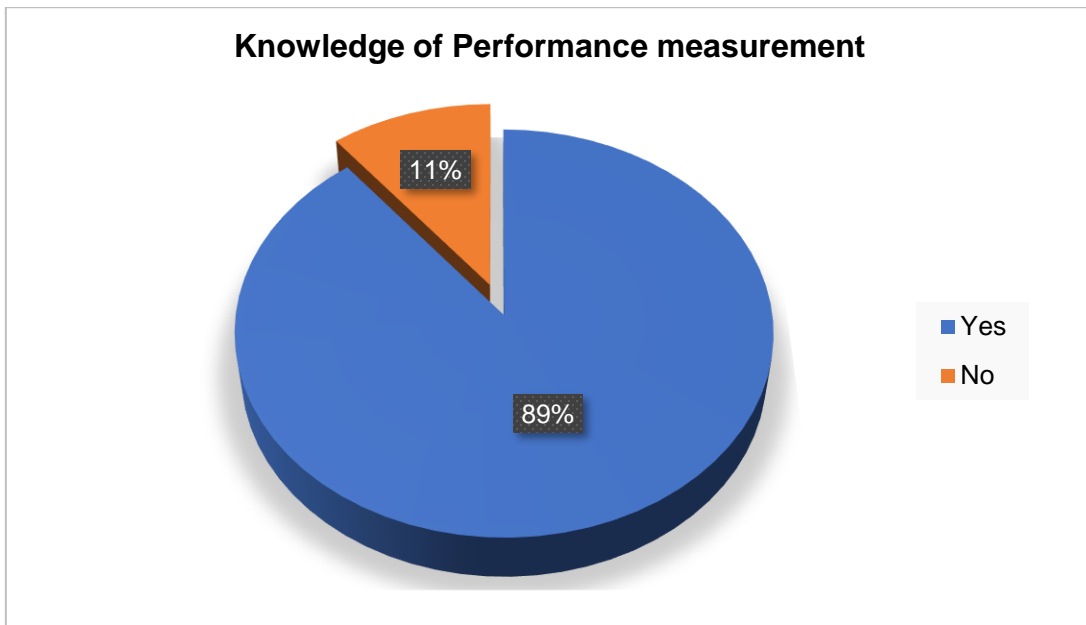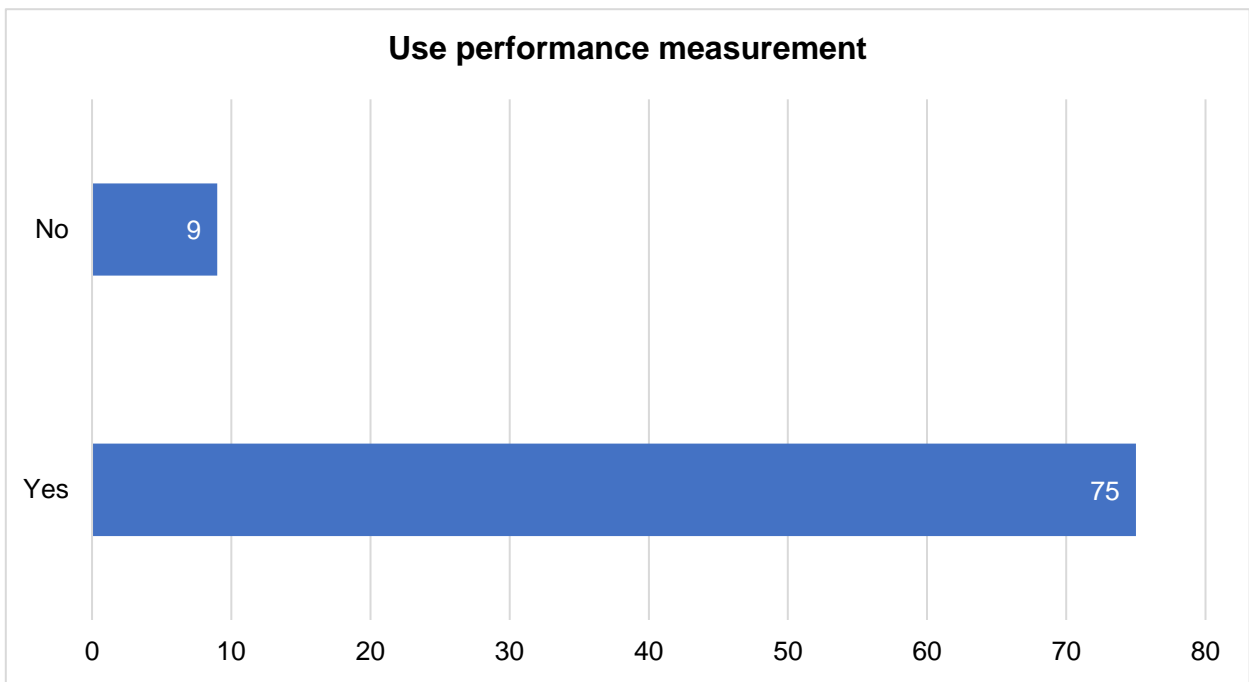
Figure 4.10: Knowledge of performance measurement

4.2.2.2. Organisations making use of performance measurement

Figure 4.11 below displays the results from respondents on whether they use performance measurement within their organisation (hospitality industry). The research results show that most of the selected SMEs in the hospitality industry, n=75 (89%), acknowledged being aware of performance measurement and used it within their organisation. The results from the study also show that the minority of n=9 (11%) did not make use of performance measurement as they were not aware of it.

Use performance measurement

Figure 4.11: Use of performance measurement

4.2.2.3. Perceptions of performance measurement at Hospitality industry

Respondents were given a scale to illustrate their perceptions on using performance measurement in their business environment. The research results show that the majority of n=29 (35%) believed performance measurement to be "time consuming". The research results show n=23 (27%) perceived using performance measurement as "expensive". The research results also show that n=21 (25%) believed using performance measurement is "useful" for the organisation; n=6 (7%) believed that it to be "normal to use" and n=5 (6%) perceived it as "no need". No results were obtained for "not useful to SMEs". From the current research which leans more towards a negative perception, these results can be connected to Buhovac and Groff's (2012) research result. The authors pointed out that management in SMEs somehow do not show much commitment regarding implementation of performance measurement (See Figure 4.12 below).
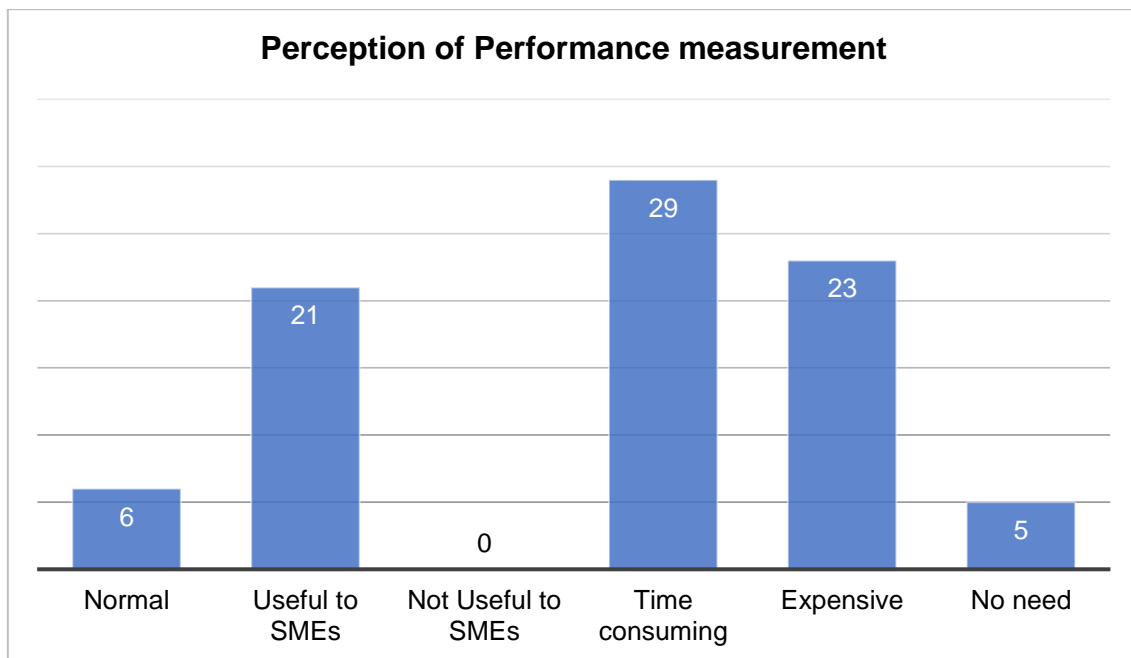
Figure 4.12: Perceptions over performance measurement

4.2.2.4. Critical factors influencing SMEs in the Hospitality industry to use performance measurement

The question to identify critical factors that might influence SMEs in the hospitality industry not to use performance measurement was asked. Of the respondents, the study results show that the majority of n=24 (28%) believe that "Lack of resources" is the critical factor influencing SMEs in the hospitality industry to not use performance measurement. Other results of critical factors were as follows: n=21 (25%) pointed out "Lack of qualified personnel"; n=14 (17%) noted "Lack of time", n=10 (12%) indicated "Focus more on short-term than long-term strategies"; n=9 (11%) pointed out "Misconception of Performance Measurement"; and n=6 (7%) indicated "Lack of knowledge on Performance Measurement". The research results are in parallel with Garengo & Biazzo (2012) who pointed out that the main difficulty facing SMEs in implementing performance measurement falls on the way that the organisation is not well formalised in strategy. Mabhungu (2017) also pointed out the lack of time, and the scarcity of resources (See Figure 4.13 below).

Factors influencing the use of performance measurement

Factor	Value
Lack of knowledge on Performance Measurement	6
Employee resistance to changes	0
Lack of senior management commitment	0
Focus more on short-term than long-term strategies	10
Lack of time	14
Lack of qualified personnel	21
Lack of resources	24
Misconception of Performance Measurement	9
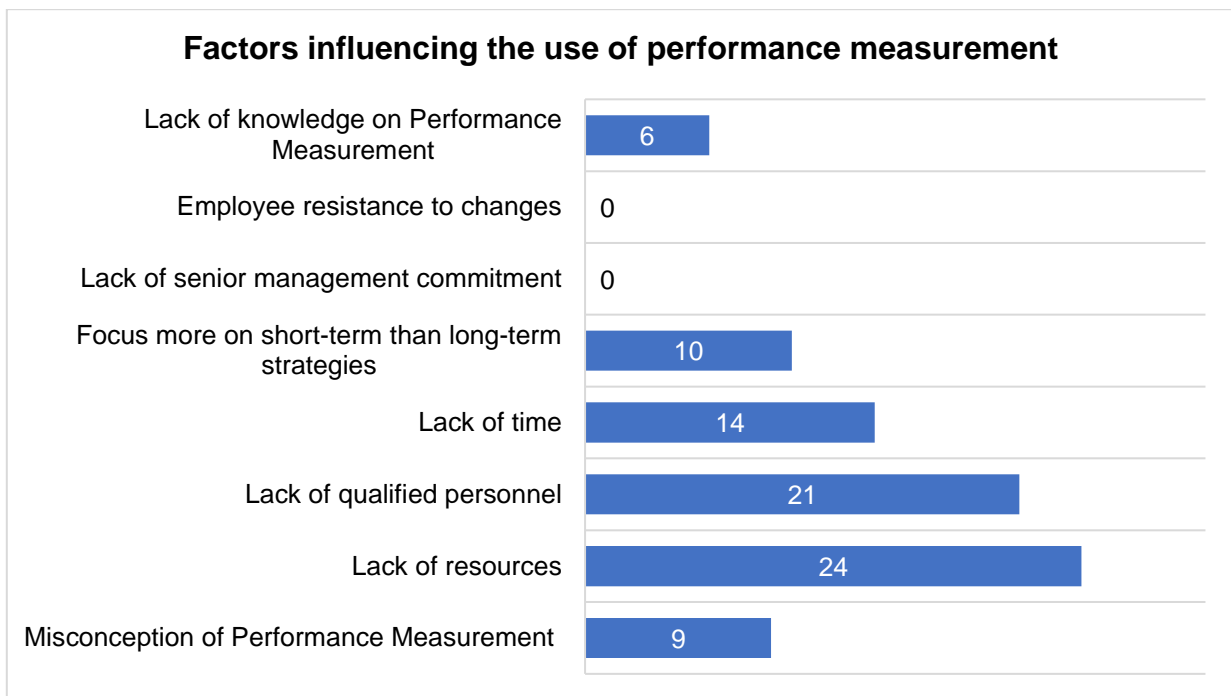
Figure 4.13: Factors influencing performance measurement at SMEs in the hospitality industry

4.2.2.5. Utilisation of financial or non-financial measures to improve organisational performance

The table (8) below depicts the degree to whether the SMEs in hospitality make use of either financial or non-financial measures to improve organisational performance. The research results show that the overall respondents, n=84 (100%), utilise either financial or non-financial measures to improve organisation performance.

Table 4.6: Utilisation of financial or non-financial measures

		Frequency	Percentage	Accumulated percentage
Valid	Yes	84	100	100
	No	0	0	100
	Total	84	100	

4.2.2.6. System of performance measurement used

The respondents were further asked to identify the performance measurement they adopted in their organisation. The research results show that the entire pool of respondents, n=84 (100%), identified the combination of both financial and non-financial as performance measurements used in their organisation. Figure 4.14 below represents the research results.
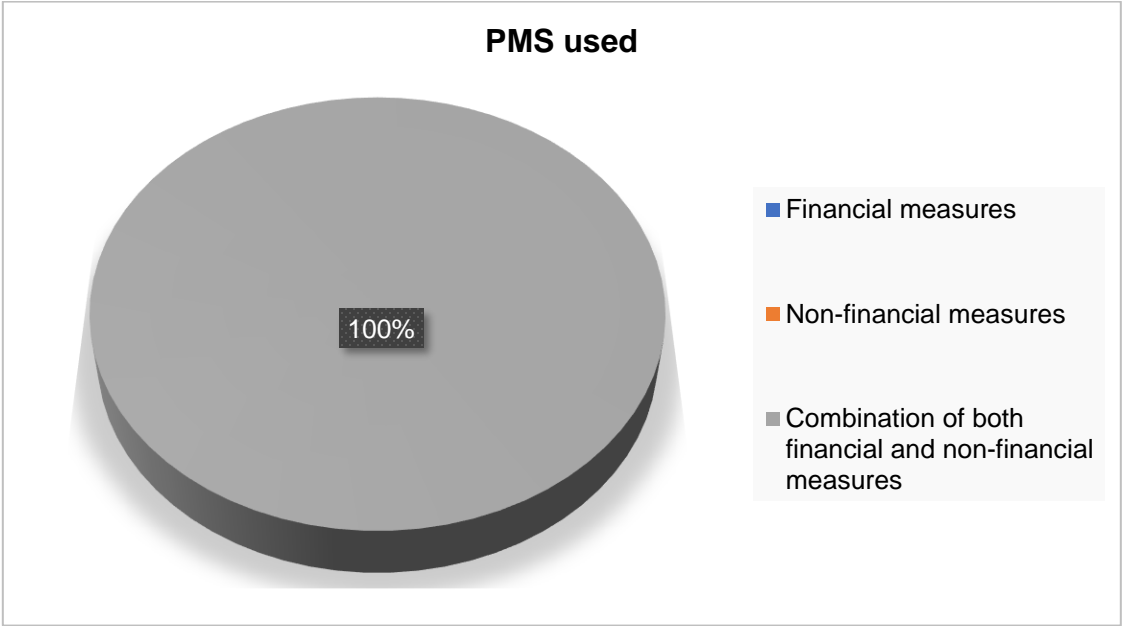

Figure 4.14: PMS used

4.2.2.7. Performance measurement tools used

Table 4.7 below illustrates the performance measurement tools used by respondents within SMEs in the hospitality industry. The research results show that the overall respondents, n=84 (100%), make use of the BSC which is the system of combining financial and non-financial measures.

Table 4.7: Performance measurement tools used

Valid		Frequency	Percentage	Accumulated percentage
	Balanced Scorecard	84	100	100

	Performance Prism	0	0	100
	Other tools	0	0	100
	Total	84	100	

4.2.2.8. Financial measures indicators used

Respondents were asked to identify the means of financial measures indicators they use when performing financial measurement aimed at improving organisational performance. The results show that "Cash flow" was widely used by all respondents, n=84 (100%). The results displayed in the figure below show "Profit margin" was indicated amongst n=51 (51%) respondents. The results also show a low selection of using "Return on Investment" and "Sales Growth" among the respondents at n=13 (14%). No results were displayed for other financial measures indicators, such as "Occupancy rate", Return on Asset", "Average Daily Rate", "Revenue Per Available Room, "Revenue Per Available Customer", "Debt Ratio" and "Quick Ratio" (See Figure 4.15 below).
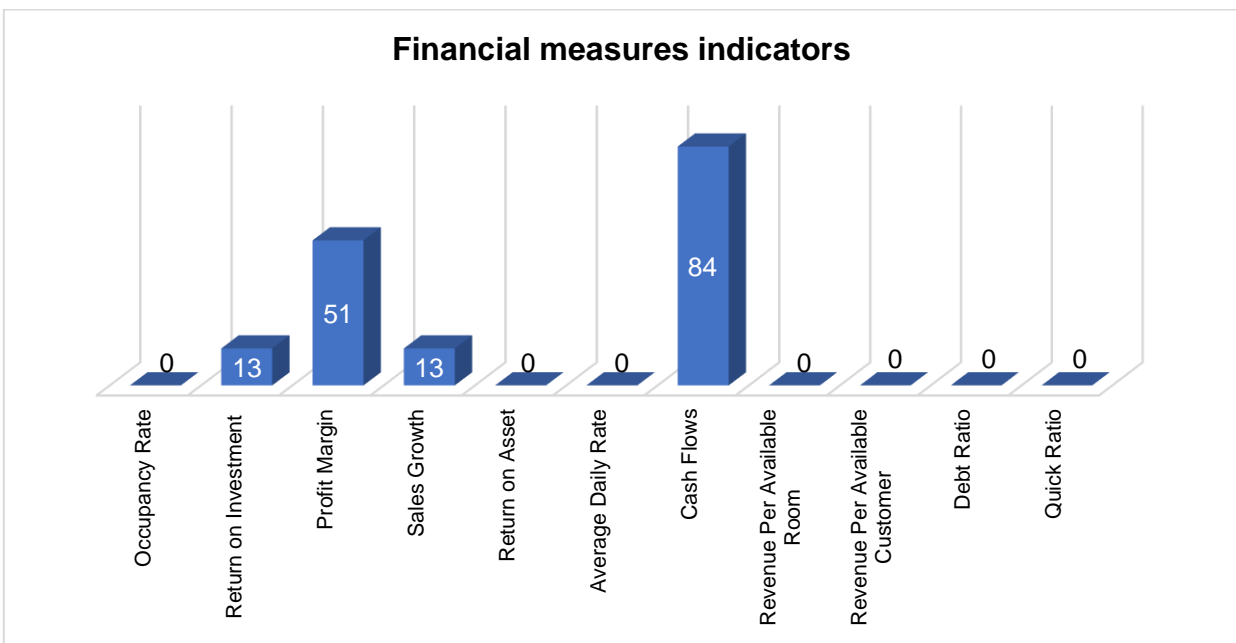

Figure 4.15: Financial measures indicators used

4.2.2.9. Non-financial measures indicators (customer perspective)

Respondents were asked to identify the means of non-financial measures indicators under customer perspectives they use to improve organisation performance. Of the

respondents, the research results show that the majority of respondents, n=84 (100%), make use of "Customers satisfaction" and "Pricing". n=34 (%%%) indicated they make use of "Customer Complaints Survey". The research results also show a low indication of n=6 (%%%) of "Customers Retentions" among the respondents. No results were displayed for "Market Share", "Return Customers" and "Maintenance Costs". The bar chart below depicts the results.
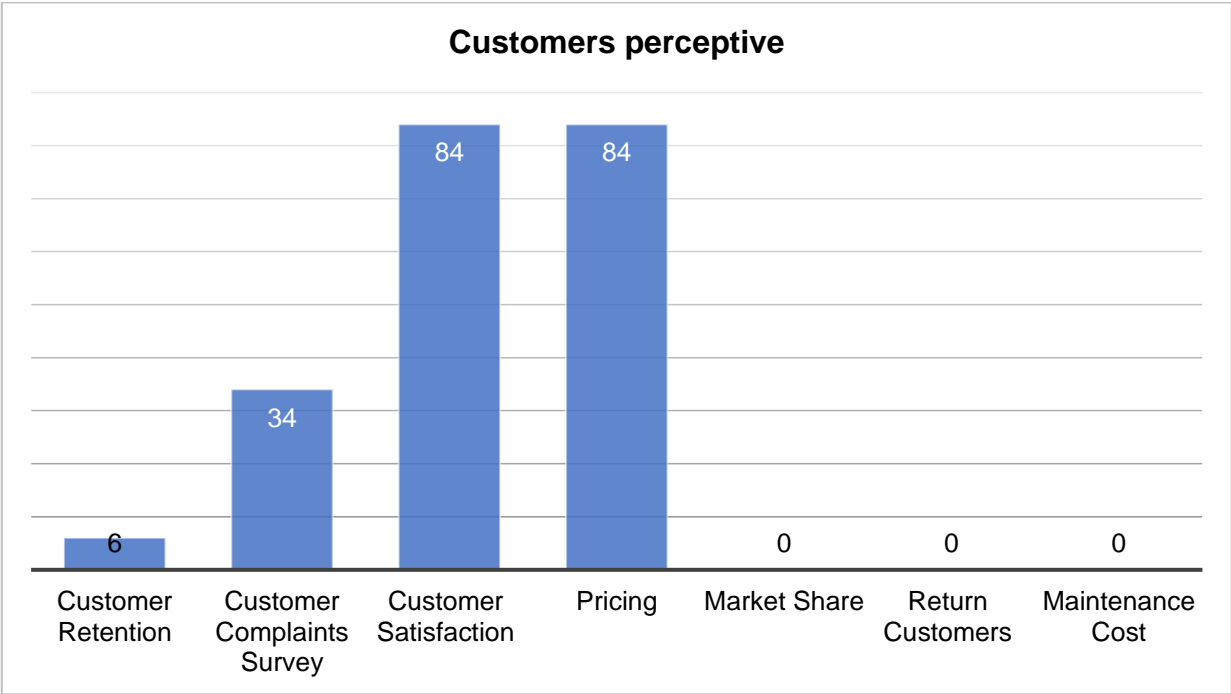

Figure 4.16: Customers' perspective

4.2.2.10. Non-financial measures indicators (internal business perspective)

Respondents were further asked to identify the means of non-financial measures indicators under internal business perspectives they use to improve organisational performance. Of the n=84 (100%) respondents, all made use of "Service Quality", "Cleanness of the Rooms" and "Comfort of the Rooms". n=21 (&&&) made use of "New Product Launch". The research results also show that only n=17 (%%%) used "Online Rating" and n=10 (%%%) used "Time of Delivery" as an indicator to improve organisational performance. No results were selected for "Hotel Suppliers Delivering on Time", and "Hotel Suppliers Delivering Quality Services" (See Figure 4.17 below).
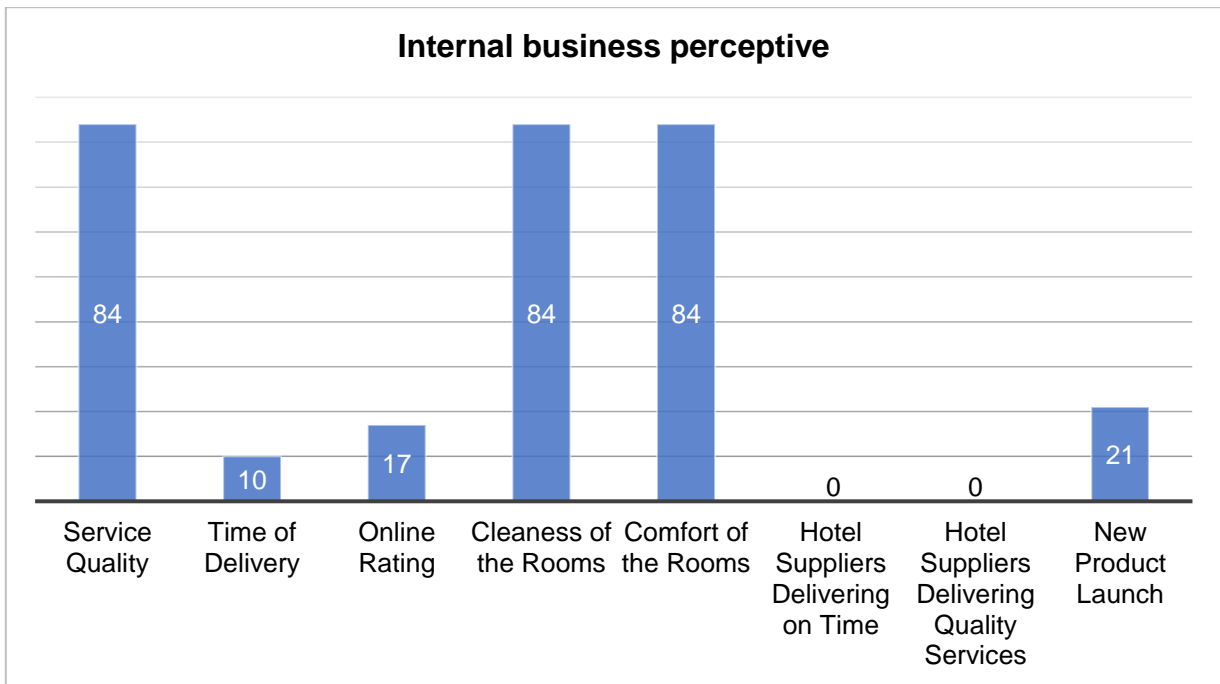
Figure 4.17: Internal business perspective

4.2.2.11. Non-financial measures indicators (innovation and learning perspective)

Respondents were also asked to identify the means of non-financial measures indicators under innovation and learning perspectives they utilise to improve organisational performance. Of the n=84 (%%%) respondents, the research results show that all of them of responded that they do make use of "Employee Training" to improve organisational performance. n=23 (%%%) made use of "New Technology". The research results also show a low number n=14 (%%%) indicated "Employees Turnover Rate" and n=10 (%%%) selected "Employee Satisfaction", when aiming to improve organisational performance. No results were displayed for "Employee Absenteeism" and "Employees Performance Appraisal".
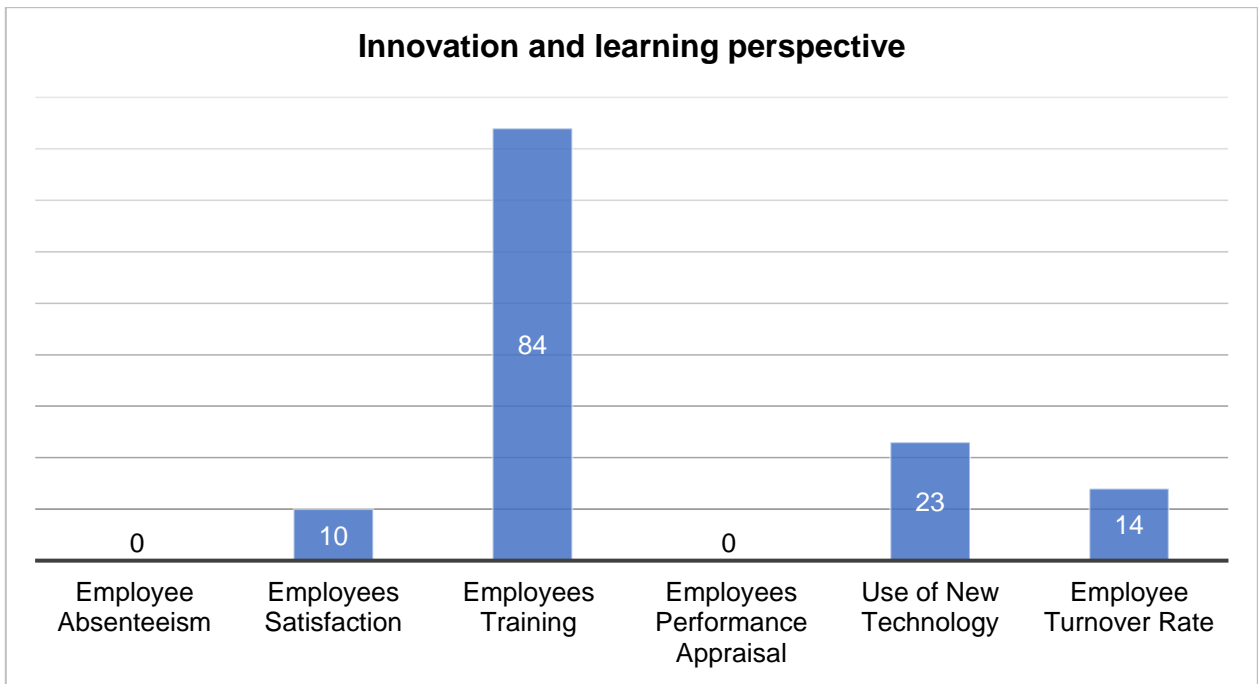
Figure 4.18: Innovation and learning perspective

4.2.2.12. Performance measures critical for success in the hospitality industry under financial measures

The question to identify financial performance measures that might be critical for the hospitality industry's success was asked. Of the n=84 (%%%) respondents, the research results show that all respondents (n=84) believed that "Cash Flow", "Profit Margin" and "Return on Investment" are the most critical measures for the hospitality industry's success. n=76 (%%%) pointed to "Sales Growth". The research results show n=12 (%%%) identifying "Revenue per available customers" followed by n=6 (%%%) identifying "Revenue per Available Room". No results were displayed for "Debt Ratio", "Quick Ratio", "Return on Asset", "Average Daily Rate" and "Occupancy Rate" (See Figure 4.19 below).
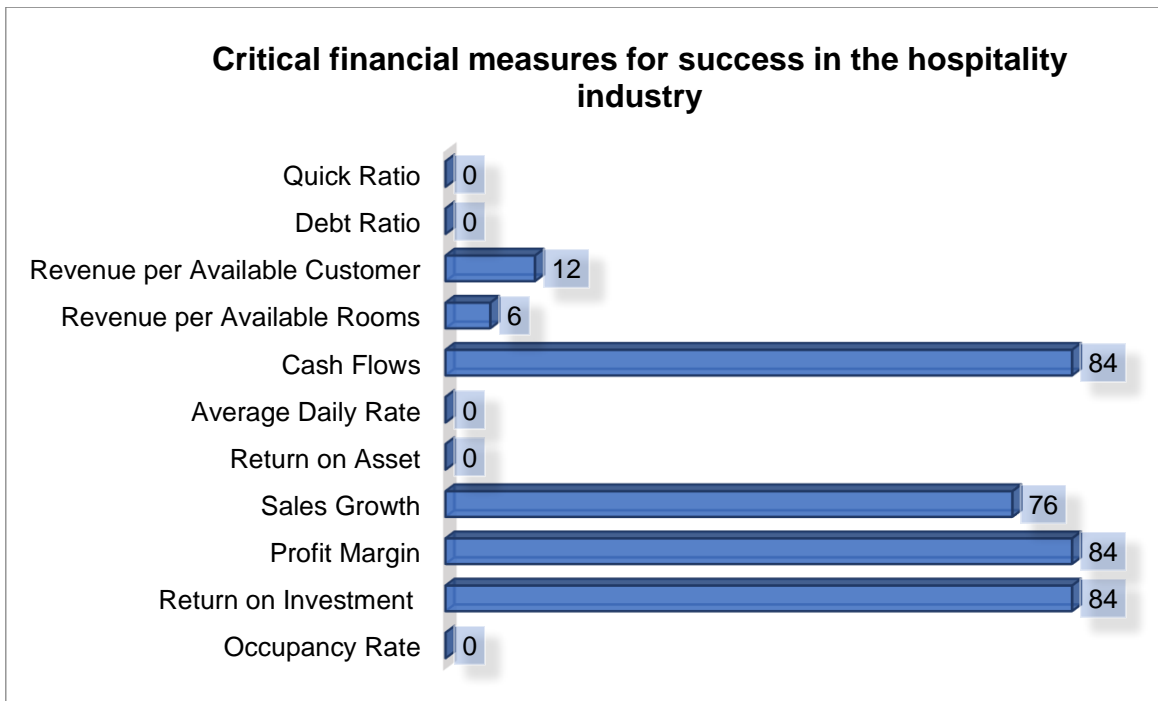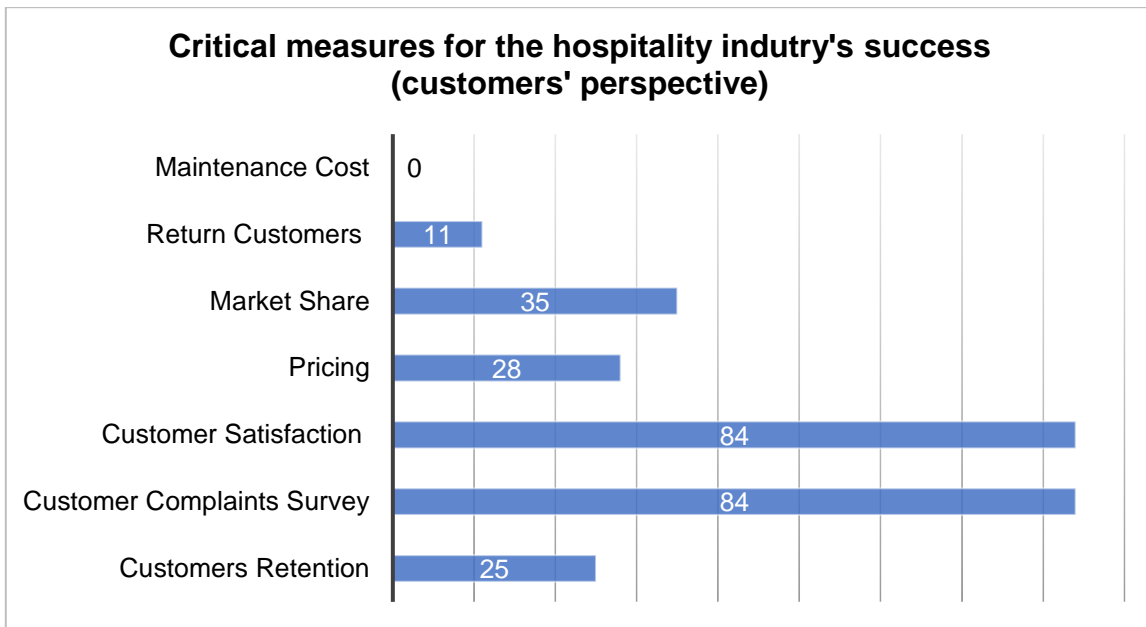
Figure 4.19: Critical financial measures for success in the hospitality industry

4.2.2.13. Performance measures that are critical for success in the hospitality industry for non-financial measures (customer perspective)

A question was also asked to identify performance measures that might be critical for success in the hospitality industry when it comes to non-financial measures particularly on customer perspectives. Of the n=84 (100%) respondents, the research results displayed that all believe that "Customers Satisfaction" and "Customer Complaints Survey" are significant for non-financial measures on customer perspectives for the hospitality industry's success. n=35 (%%%) pointed to "Market Share". n=28 (%%%) identified "Pricing" and n=25 (%%%) identified "Customer Retention". Only n=11 (%%%) selected "Return Customers". No results were displayed for "Maintenance Cost" (See Figure 4.20 below).

Figure 4.20: Critical measures for the hospitality industry's success (customers' perspective)

4.2.2.14. Performance measures critical for success in the hospitality industry for non-financial measures (internal business perspective)

Respondents were given a list of measures to identify non-financial measures on internal business perspectives that might be critical for the hospitality industry's success. Of the n=84 (%%%) respondents, the research result show that all respondents identified "Comfort of the Rooms", Cleanness of the Rooms", "Online Rating" and "Service Quality" as critical non-financial measures on internal business perspectives that are critical for the hospitality industry's success. n=33 (%%%) mentioned "Time of Delivery" followed by n=27 (%%%) who identified "New Product Launch". No result for "Hotel Suppliers Delivering on Time" and "Hotel Suppliers Delivering Quality Services" were displayed. The bar chart (22) below depicts the result.
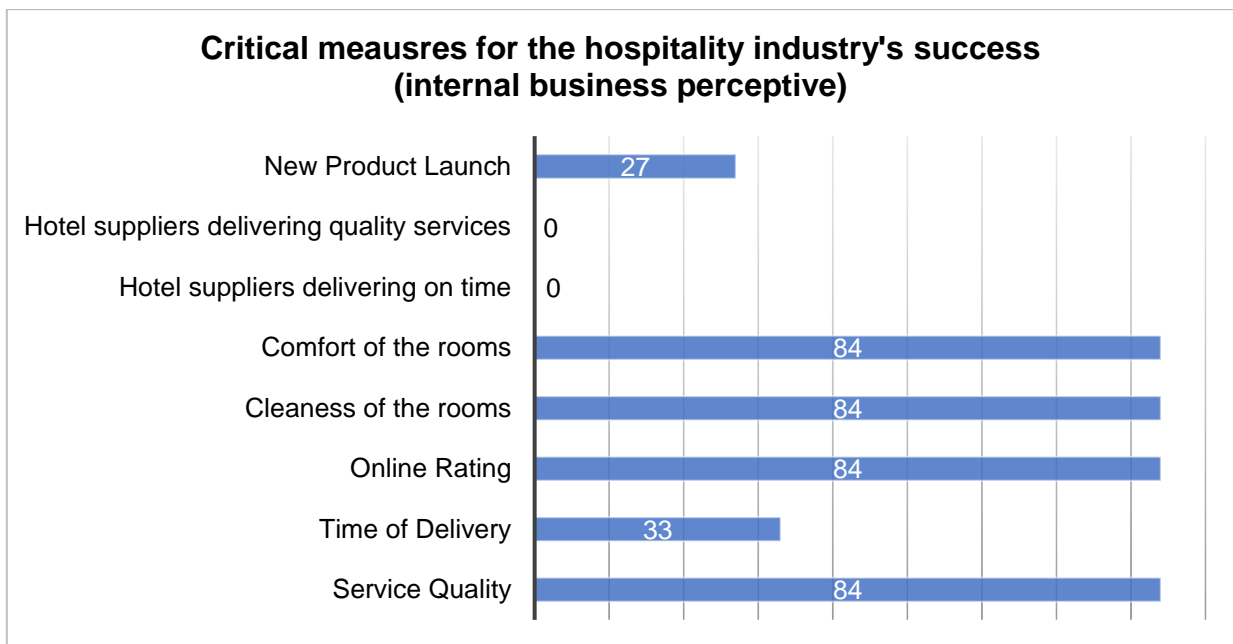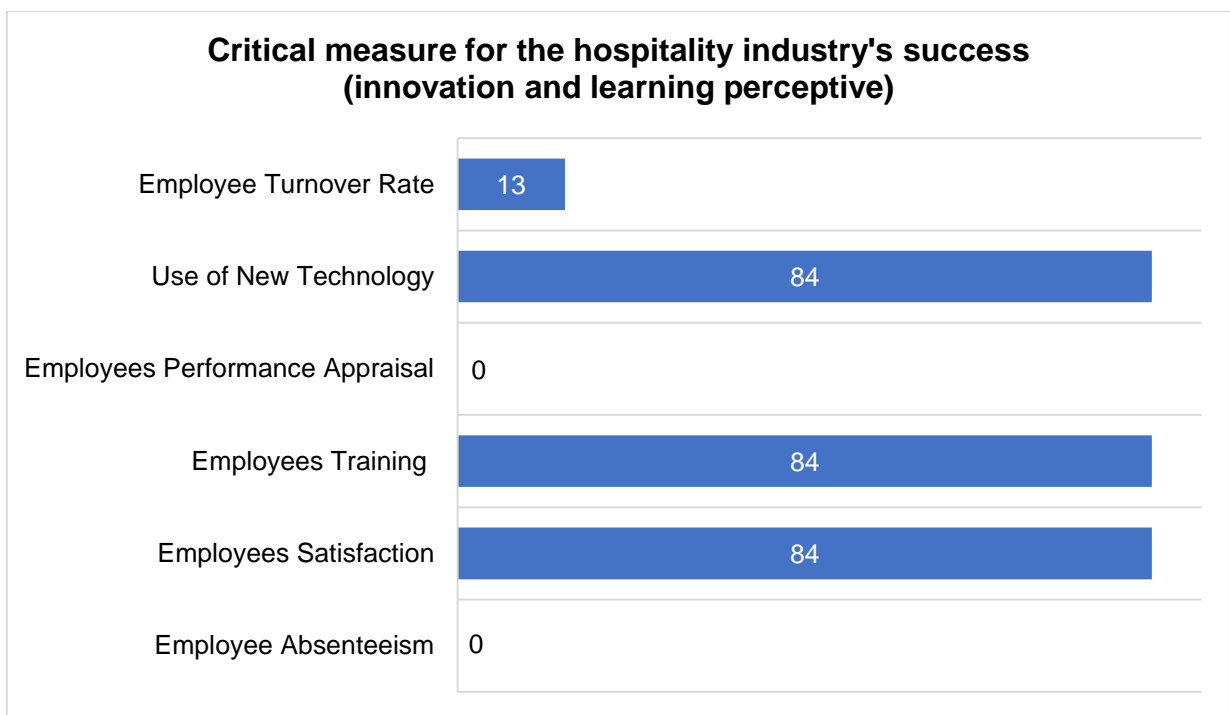
Critical meausres for the hospitality industry's success (internal business perceptive)

- New Product Launch: 27
- Hotel suppliers delivering quality services: 0
- Hotel suppliers delivering on time: 0
- Comfort of the rooms: 84
- Cleaness of the rooms: 84
- Online Rating: 84
- Time of Delivery: 33
- Service Quality: 84

Figure 4.21: Critical measures for the hospitality industry's success (internal business perspective)

4.2.2.15. Performance measures critical for success in the hospitality industry for non-financial measures (innovation and learning perspective)

Figure 4.22 below displays the results from respondents on non-financial measures (innovation and learning perspective) measures that might be critical for the hospitality industry's success. The results from the study show that the overall n=84 (100%) of respondents identified "Use of New Technology", "Employees Training" and "Employees Satisfaction" as the most critical non-financial (innovation and learning perspective) measures that for the hospitality industry's success. The research results also show n=13 (%%%) identified "Employees' Turnover Rate" as critical for the hospitality industry. No results were displayed for "Employee Absenteeism" and "Employees Performance Appraisal".

Critical measure for the hospitality industry's success (innovation and learning perceptive)

Category	Value
Employee Turnover Rate	13
Use of New Technology	84
Employees Performance Appraisal	0
Employees Training	84
Employees Satisfaction	84
Employee Absenteeism	0

Figure 4.22: Critical measures for the hospitality industry's success (innovation and learning perspective)

4.2.2.16. The effect of performance measure tools on SMEs in the hospitality industry

Table 4.8 below illustrates the effect of performance measure tools on the performance of SMEs in the hospitality industry. The research results show that the overall respondents, n=84 (100%), stated that the effect of performance measure tools on the performance of the SMEs in the hospitality industry is positive.

Table 4.8: Effect of performance on SMEs in the hospitality industry

		Frequency	Percentage	Accumulated percentage
Valid	Negatively	0	0	0
	Positively	84	10	100
	No idea	0	0	100
	Total	84	100	

4.2.2.17. Business performance against its initial expectations on occupancy rate

Respondents were asked to describe the degree of their business performance against its initial expectations on occupancy rate. Of the respondents, the research results show that the majority of respondents, n=59 (70%), believed their performance has remained about the same against its initial expectations on occupancy rate. The minority of n=25 (30%) believed their performance against its initial expectations on occupancy rate has slightly improved (See Table 4.9 below).

Table 4.9: Business performance against its initial expectations on occupancy rate

		Frequency	Percentage	Accumulated percentage
Valid	Not at all Satisfactory	0	0	0
	Poor	0	0	0
	About the Same	59	70	70
	Somewhat Better	25	30	100
	More than Expected	0	0	100
	Total	84	100	

4.2.2.18. Business performance against its initial expectations on Return on Investment

The question was asked to respondents to describe the degree of their business performance against its initial expectations on Return on Investment. The research results show that most respondents, n=57 r (68%), believed their business performance against its initial expectations on Return on Investment has remained about the same. n=16 (19%) believed their performance against its initial expectations on Return on Investment is now "Somewhat Better" and n=11 (13%) said it is "Not at all Satisfactory".
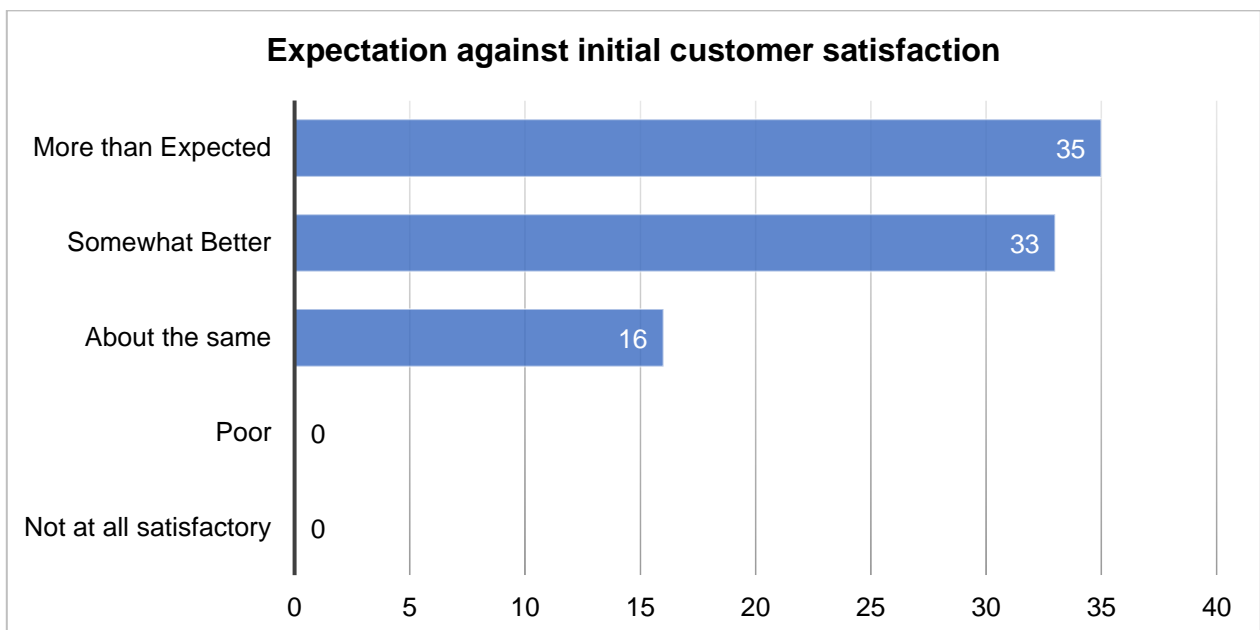
Table 4.10: Business performance against its initial expectations on Return on Investment

		Frequency	Percentage	Accumulated percentage
Valid	Not at all Satisfactory	11	13	13
	Poor	0	0	13
	About the Same	57	68	81
	Somewhat Better	16	19	100
	More than Expected	0	0	100
	Total	84	100	

4.2.2.19. Business performance against its initial expectations on customer satisfaction

Figure 4.23 below displays the results from respondents on the degree of business performance against its initial expectations on customer satisfaction. The results from the study show that the majority of n=35 (42%) responded that their expectation on customer satisfaction were "More than Expected". n=33 (39%) believed their performance against its initial expectations on customer satisfaction has slightly improved. The results show n=16 (19%) responded that it has been "About the Same".
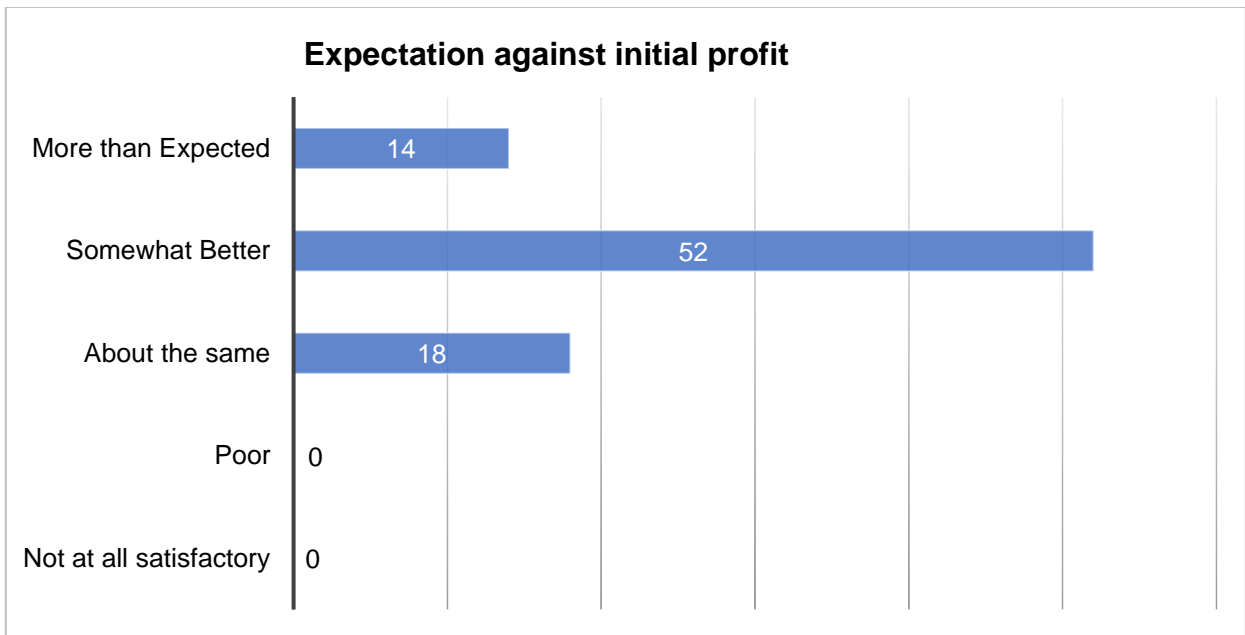

Figure 4.23: Business performance against its initial expectations on customer satisfaction

4.2.2.20. Business performance against its initial expectations on profit

A question was asked, to display the results on business performance against its initial expectations on profit. The research results display that the majority of n=52 (62%) responded that their expectation on profit was somewhat better. n=18 (21%) believed their performance against its initial expectations on profit has stayed about the same. The result also shows n=14 (17%) responded it has been more than expected (See Figure 4.24 below).

Figure 4.24: Business performance against its initial expectations on profit

4.2.2.21. Business performance against its initial expectations on meeting budget target

Figure 4.25 below displays the results from selected hospitality industry businesses on their performance against initial expectations on meeting budget targets. Of the respondents, the results show that the majority of n=68 (81%) believed that their expectations on meeting the budget target have remained about the same. The minority of n=16 (19%) believed it is now somewhat better.
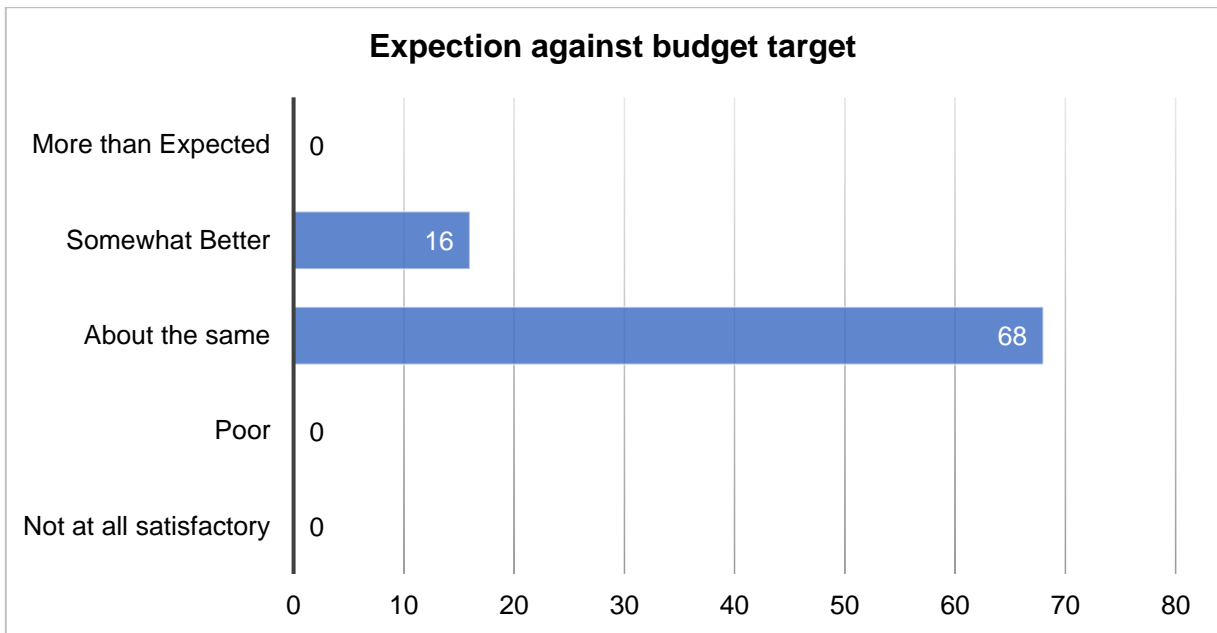
Figure 4.25: Business performance against its initial expectations on meeting budget target

4.2.2.22. Business performance rate against competitors for the past 12 months

Figure 4.26 below displays the results from respondents on the degree of business performance against its competitors for the past 12 months. Of the respondents, the research results show that the majority of n=40 (48%) stated that their expectation against competitors for the past 12 months were about the same. n=23 (27%) believed their performance against competitors for the past 12 months has been somewhat better. The results also show that n=11 (13%) responded that it has been not at all satisfactory, and n=10 (12%) said it has been better.
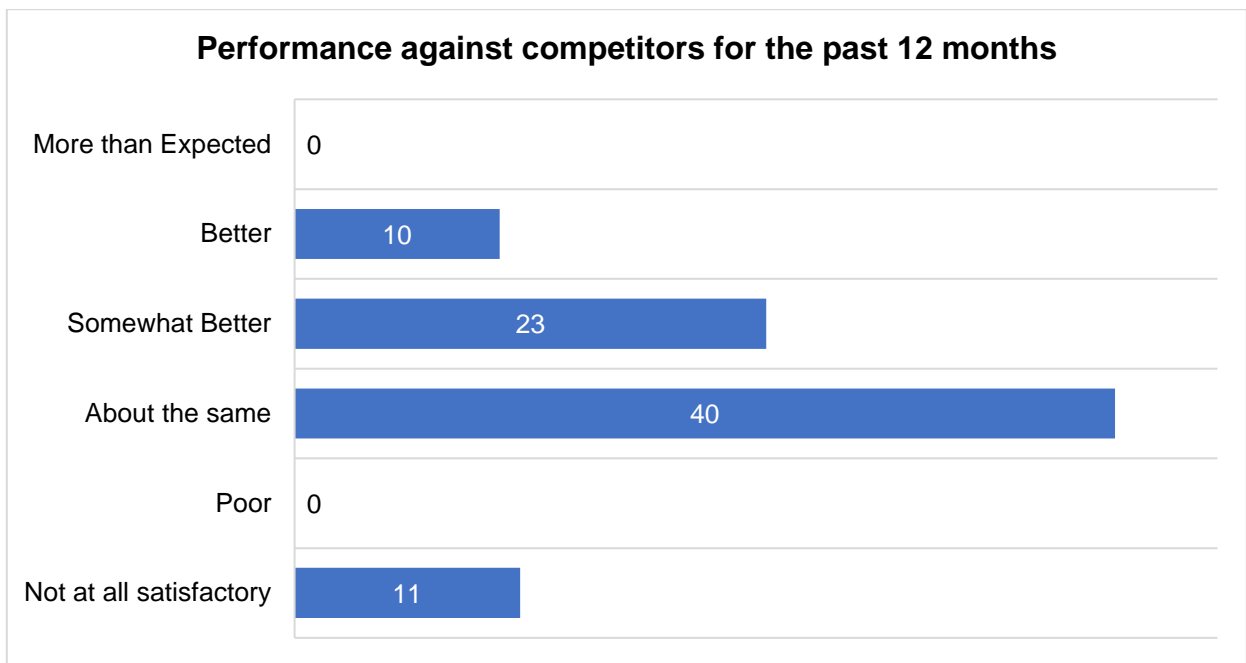
Performance against competitors for the past 12 months

Category	Value
More than Expected	0
Better	10
Somewhat Better	23
About the same	40
Poor	0
Not at all satisfactory	11

Figure 4.26: Business performance against competitors in the past 12 months

4.3. Findings and Discussion

4.3.1. Findings

4.3.1.1. Section A: Background to the organisation

The research was designed to focus on the effects of performance measurement on SMEs' performance in the hospitality industry around Cape Town. The research finds that most of the selected hospitality industry businesses around Cape Town were managed by a dominating population of males. From the collected results, it was found that the majority of the selected organisations in the hospitality industry were managed by managers rather than owners or accountants. It was revealed that the duration of working periods among the managers of the selected organisations was ten (10) years.

It was evident from the research results that the industry sector in which the selected organisations in the hospitality industry operated in was the "tertiary sector industry". This sector is principally directed to focus on the "service industry". Because the research was designed to focus on the hospitality industry, it was therefore found that "Hospitality industry" was the industry area under which the selected organisations were retrenched. The research finds that, under the hospitality industry sector chosen, most of these

organisations operated under "Lodging sector"; the sector encompasses hotels and other types of accommodation. The research revealed that, under their choice of the hospitality industry sector, most of the selected organisations offered their services by establishing a "Guest House" and "B&B" accommodation businesses to accommodate their customers. The research also finds a concentration on tourism industry sector; however, their focus was also directed on a combination of accommodation, hotels and resorts. On the transportation sector attribute, for example, it was found that these organisations focused on providing air transport services.

Identified as SMEs, the selected organisations were found providing most of their services within the Cape Town District area. It was also found that some of these selected organisations managed to expand their services around the Western Province area. Research finds that, as SMEs, these selected organisations were having up to only twenty (20) rooms per organisation and employed up to twenty (20) employees. The research finds that, regarding their size and area of activities, the selected organisations were managing up to three hundred and fifty (350) customers yearly.

4.3.1.2. Section B: Effect of performance measurement

From the research results, it was found that participants of the selected organisations in the hospitality industry were aware of PMSs. It is evident that the term "performance measurement" was well-perceived and well-known by the management teams of these organisations. It was evident that, due to the direction of their services, most of the selected organisations make use of performance measurement. Among the participants of these selected organisations, the research finds that, despite them using the system, somehow, they perceived performance measurement as a system that is too "time consuming" and is "expensive" to use.

Despite these negative perceptions cited, it was believed that performance measurement is also useful for any organisation regarding its performance improvement. Besides the negative perception cited above, it was also found that, "Lack of resources", "Lack of quality personnel" and "Lack of time" are the most critical factors influencing SMEs in the hospitality industry to not make use of performance measurement. Other factors were also

found, such as, misconception of performance measurement and the focus of short-term rather than long-term strategies by SMEs.

It was evident that, by making use of PMSs, the selected organisations were making use of either a financial or non-financial measure to improve the organisations' performance. Therefore, it was found that from the current research results, the selected organisations in the hospitality industry used a combination of both financial and non-financial measures. By aiming to use both financial and non-financial measures to successfully improve the performance of their organisations, it was evident that BSC was the performance measurement tool widely used by the selected organisations.

From a financial perspective, it was found that the selected organisations focused on using more "Cash flow" and "Profit margin" than other measure, such as "Return on Investment" and "Sale Growth". These organisations were found completely neglecting other financial measures, such as: "Occupancy Rate", "Sales Growth", "Return on Asset", "Average Daily Rate", "Revenue per Available Room", "Revenue per Available Customer", "Debt Ratio" and "Quick Ratio". Regarding non-financial measures indication on customer perspectives, the research finds that the selected organisations were more focused on using "Customer satisfaction" and "Pricing", and giving less attention to "Customer Complaints Survey". It was evident that the organisations completely ignored other measures, such as "Customer retention", "Market Share", "Return Customers" and "Maintenance Costs".

Other findings were that, non-financial measures indicators on the internal business perspective, such as "Service quality", "Cleanness of the Rooms", "New Product Launch", and "Comfort of the Rooms" were given more attention than other measures, such as "Online Rating", Time of Delivery", "Hotel Suppliers Delivering on Time", "Hotel Suppliers Delivering Quality Services". Regarding non-financial measures indicators on the innovation and learning perspective, the research revealed that the selected organisations placed great attention on using "Employee Training" and "New Technology". The research found less concern over using "Employee Turnover Rate", "Employee Satisfaction",

Employee Absenteeism", and "Employees' Performance Appraisal", which were completely ignored.

The research finds that participants of the selected organisations believe that financial measures, such as "Cash Flow", "Profit Margin", "Sales Growth" and "Return on Investment" are the most critical measures that are imperative for the hospitality industry's success. Other measures, such as "Revenue per Available Customer", "Revenue per Available Room", "Debt Ratio", "Quick Ratio", "Return on Asset", "Average Daily Rate" and "Occupancy Rate" were found abandoned in the process.

On Non-Financial Measures of the customer perspective, the research finds that measures that are critical for the success of the hospitality industry were "Customer Satisfactions", "Customer Complaints Survey", "Market Share", "Pricing" and "Customer Retention". The research finds that, under non-financial measures on internal business perspectives, "Comfort of the Rooms", Cleanness of the Rooms", "Online Rating", "Time of Delivery", "New Product Launch" and "Service Quality" were the most critical measures for the success of the hospitality industry. Furthermore, the research finds that, "Use of New Technology", "Employee Training" and "Employee Satisfaction" were those critical measures that are imperative for success in the hospitality industry from an innovation and learning perspective.

It was evident that, the effect of performance measures positively affects the performance of SMEs in the hospitality industry. From the participants' perception, it was found that their aligned business performance against its initial expectations on "Occupancy Rate", "Return on Investment", "Meeting Budget Target" and "Competitor" were mostly unchanged (remained about the same). When it comes to business performance aligned against its initial expectations on customer satisfaction, the research finds that the expectation was more than expected. It was also found that the business performance aligned against its initial expectations on profit was somewhat better and the organisation continued to manage more customers on a yearly basis.

4.3.2. Discussion

4.3.2.1. Section A: Background to the organisation

In Cape Town, most of the visited organisations in the hospitality industry were managed by managers; one can argue that, generally once a business is established, it is usually handed over to an experienced person with similar past experience to manage the business. When an individual is in charge, they somehow identify themselves as managers, whether they are qualified or not. From the collected data, it was clear that most of the employees (managers, accountants and owners) in this this case have been holding their position for about ten (10) years. It is evident that the working duration was ten (10) years. It can be argued that, since SA hosted the 2010 FIFA World Cup about ten (10) years ago, the development of the hospitality industry has taken the country by storm, and the industry has been seeking more employees to join them. As stated by the DTSA (2010) report, "since 2010 FIFA World Cup, the industry has grown prominently and became one of the most important sectors in terms of employment and economic development".

The hospitality industry operates in the service business. It was evident for the selected organisations to fall under "tertiary sector industry", which is basically a focus of "service industry". Because of the direction of this study which focuses on SMEs in the hospitality industry, it was obvious that the hospitality industry been taken as the main industry to the selected organisations. The hospitality industry has several domains; however, for this research the focus was in the lodging area. One can argue that, these organisations embraced this area of business because of its flexibility; the area offers a combination of different types of accommodation. In this research for example, the selected organisations enjoyed that level of flexibility by establishing either "Guest House" and "B&B" accommodation businesses for their services. Lodging is considered to be the most important aspect of the industry because it plays a major role on travellers' experience. It can be argued that, with the trend of the development of the hospitality industry, lodging will remain the point of focus.

The research targeted SMEs in the hospitality industry; this was a clear justification of the limited range of their services around the Cape Town District area. Even though some of

the selected organisations tried to expand their services around the Western Cape Province, nonetheless their size obliged them to remain focused on the Cape Town District area. It can be argued from this point that, as small as the organisations are, their resources are limited, which obviously makes it difficult for them to expand to a bigger stage. For example, with twenty (20) employees as found in this research, it would be difficult for them to expand the area of their services. These organisations were too small and most of them counted up to twenty (20) rooms only. Nonetheless, it can be argued that the high level of customers comes from the fever left by the 2010 FIFA World Cup; customers are not only seeking big hotels but also small types of accommodation.

4.3.2.2. Section B: Effect of performance measurement

The organisations in this research admitted to making use of performance measurement. For certain, one can argue that these organisations operate in a turmoil environment; it is then evident that they regard performance measurement as the best tool to remain sustainable and competitive. Due to the interaction of the industry with its demanding clientele and the environment itself, performance measurement should be a tool to be aware of and should be implemented to allow organisations to control its input, output, activities and impact.

It can be argued that, using performance measurement to drive continuous improvement might be challenging. As was the case in this study, organisations in the hospitality industry found it time-consuming and expensive to implement. There is no doubt that implementing performance measurement requires more financial attention as well as time management. As SMEs, these aspects might be critical for them. However, the benefit of such systems is so wide when appropriately used. As revealed in this research, participants perceived the use of performance measurement as useful for the organisation's performance. It can be clarified that, behind that useful discovery, performance measurement provides a consistent basis to organisations for comparison during internal and external changes, such as management development, employee training, and Return on Investment.

The perspective of performance measurement is valuable for any organisation in any sector and participants of the selected organisation in this study knew about it. One can argue that this efficacy has to meet a certain level of balance among its performance measurement aspects. Balancing performance measurement requires certain knowledge and resources, which is a little bit of a challenge in SMEs as they struggle with, "Lack of resources", "Lack of quality personnel", Misconception of Performance Measurement", the focus of short-term than long-term strategies by SMEs, and lack of time. It can be argued that these factors have been negatively influencing SMEs in the hospitality industry not using or apparently making use of performance measurement.

It can be argued that most of SMEs are usually managed by limited resources as their expectation is limited around what they have planned as an idea, plus SMEs typically hand over the management of its activities to whoever the owner finds confidence in even though they might not be experienced enough to manage the activities. When undertaking performance measurement, the organisation makes use of either financial or non-financial measures. Some for example, in the case of this study, made use of a combination of both financial and non-financial measures known as the BSC to improve organisational performance; however, limited resources identified in SMEs might cause problems to attain the objectives.

As several researchers point out, BSC is putting financial and non-financial measures together. Therefore, the success of the organisation comes by balancing and using appropriately the two parts. It can be argued that the balance of the BSC aspects in the selected SMEs in the hospitality industry were considered poor and not well-balanced as the organisation focuses more on limited well-known financial aspects, such as "Cash Flow" and "Profit Margin". It can be argued that SMEs in the hospitality industry in Cape Town have a tendency of paying more attention only on the traditional aspects they consider as essential. From a financial perspective, it was clear that other important aspects, such as "Return on Investment", "Sale Growth", "Occupancy Rate", "Return on Asset", "Average Daily Rate", "Revenue per Available Room", "Revenue per Available Customer, "Debt Ratio", and "Quick Ratio, were totally ignored. What is unknown for these organisations is that, for example, Return on Investment and return on asset and other

ratios are measures that should be used in order to assess the organisation's complete use of its capital and capability to reinvest. One might also argue that the strength of any business rests its attention on assessing its debt; ignoring these aspects is considered as a major error by the selected organisations.

Regarding non-financial measures indicators on the customer perspective, the selected organisations approach did not change as they also focused on using more traditional well-known measures, such as "Customer Satisfaction" and "Pricing". It can be argued that the focus of SMEs in the hospitality industry over customer perspectives is motivated by basic traditional management aspects; organisations do not go behind the basics. In this research for example, the organisations did not try to go behind "Customer Complaints Survey", "Customer Retention", "Market Share", "Return Customers" and "Maintenance Costs". SMEs are recognised by their short-term planned strategies. It is evident that the use of customer retention, for example, is important in increasing the organisation's long-term revenue strategy. On the other hand, customers complaints would increase for an organisation's operation over time.

Other non-financial aspects, such as the internal business perspective, the focus was purely as basic routine activities and services dedicated to the accommodation business, such as "Cleanness of the Rooms", "Comfort of the Rooms", not knowing that measures such as "Online Rating, "Time of Delivery", "Hotel Suppliers Delivering on Time", and "Hotel Suppliers Delivering Quality Services", are imperative for the success of the organisation too. It is evident that the hospitality industry organisations have to be innovative. This can be argued as being capital to their success. However, from the data collected, the innovation and learning perspective was limited to "Employees' Training" and "New Technology". The organisations ignored the important aspects that were capital for their innovation.

It can be argued that, this approach of inappropriately using the BSC aspects is the first point of SMEs in the hospitality industry's failure around Cape Town. In fact, a multitude of these aspects were mentioned when respondents were asked to list the BSC aspects that might be critical for the success of the hospitality industry in Cape Town. Some but

not all, selected "Sales Growth", "Return on Investment", "Customer Satisfaction", "Customer Complaints Survey", "Market Share", "Pricing", "Customer Retention", "Comfort of the Rooms", Cleanness of the Rooms", "Online Rating", "Time of Delivery", "New Product Launch", "Service Quality", "Use of New Technology", "Employee Training" and "Employee Satisfaction" were cited. However, the appropriate utilisation remains problematic and questionable as they keep acknowledging only well-known basic traditional aspects.

It can be argued that, poor performance of these SMEs in the hospitality industry regarding their performance against its initial expectation on "Occupancy Rate", "Return on Investment", "Meeting Budget Target" and "Competitor" comes from the fact that they are not appropriately balancing the BSC aspects.

4.4. Comparison of the Research

As a reminder, the aim of this research was to specifically explore different performance measurement practices used by SMEs in the hospitality industry to improve their performance; also encourage SMEs of making use of adequate performance measurement tools in the hospitality industry. The research chooses to focus on Cape Town due the city's reputation concerning the tourism industry's development. To meet the research objective, the quantitative approach was selected as a means to collect raw information and this was analysed by using Microsoft Excel software.

As indicated in previous chapters, there were several major reasons for carrying out this present study. First, was the absence of studies on SMEs' performance in the hospitality industry in Cape Town after carefully consulting four (4) Cape Peninsula University of Technology and national databases, and secondly, scarce evidence on the use of performance measurement by SMEs in the hospitality industry.

Performance measurement is important for any organisation whether small and big. Previous research, such as the research conducted by Naude (2007) in the ICT industry revealed that the personnel of this sector of activities had a limited knowledge of what performance measurement was. These findings are different from the current study. The

hospitality industry is a dynamic sector and most of the personnel involved in this sector had a clear understanding of performance management. This made them confident in mentioning that they know and do use it in their organisations.
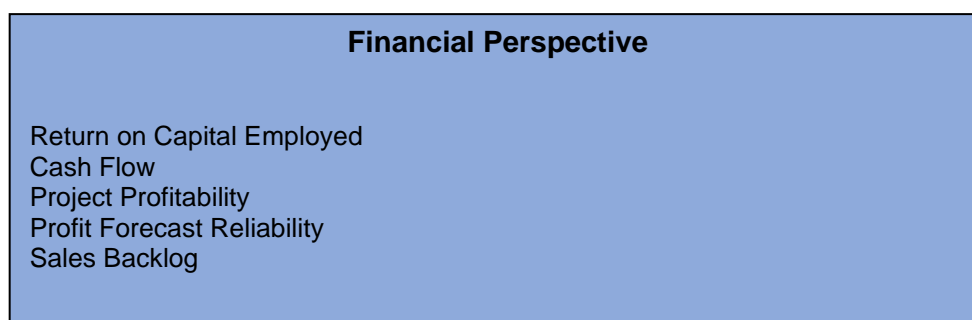
The current research found that the utilisation of performance measurement is recognised to be imperative for the organisations' performance. The current research findings are parallel Matsoso (2014) who found the same importance of the system in supply chain management. The extent to which the SMEs are not using performance measurement matched Maduekwe and Kamala's (2016) findings. the authors discovered that SMEs' lack of use of performance measures (or appropriate use) was due to the lack of awareness, qualified personnel, resources and management support. The current finding also pointed almost the same, such as "Lack of Resources", "Lack of Quality Personnel" and "Lack of Time" as factors that are critical to negatively influencing the use of PMSs in the hospitality industry.

To improve an organisation performance, research by Mabesele (2009) in the fast-food franchise industry and Naude (2007) in the ICT industry, revealed that participants in these industries relied more on financial aspects of performance measurement. These findings are different from the current study because of its environment; participants in the hospitality industry focus on both financial and non-financial aspects.

A study by Maduekwe and Kamala (2016) revealed the failure of SMEs in the Cape Metropolis of SA is partially orchestrated by the misapplication of appropriate performance measures. The authors pointed out that SMEs focus on popular measures, such as cash flows, operating income and net profit margins on financial measures. Naude (2007) revealed non-financial aspects, such as quality, time, flexibility, customer satisfaction, human resources and client services. These findings are the same as those of the current research. In the hospitality industry, participants tend to ignore several other important aspects; for example, in this study, they ignored the existence of "Return on Investment" and "Sales Growth" on the financial perspective. Regarding non-financial measures indicators on the customer perspective, ("Customer Complaints Survey", "Customer Retention", "Market Share", "Return Customers" and "Maintenance Costs" were ignored.

Furthermore, from the internal business and innovation and learning perspective, the ignored indicators were "Online Rating, "Time of Delivery", "Hotel Suppliers Delivering on Time", "Hotel Suppliers Delivering Quality Services", "Employees' Turnover Rate", "Employees' Satisfaction", "Employee Absenteeism" and "Employees' Performance Appraisal".

It is true that the misapplication of the BSC engender failure in SMEs in the hospitality industry. Other important areas of comparison were on CSFs. As Melia (2010) mentioned in her study, enumerated quality of product and service, employees, customer satisfaction, location and the infrastructure are the common CSFs for SMEs in the hotel industry. Similarly, the current research findings partially revealed the same factors as critical factors that are imperative for the success of the hospitality industry. Others cited were "Cash Flow", "Profit Margin", "Sales Growth", "Return on Investment", "Customer Satisfaction", "Customer Complaints Survey", "Market Share", "Online Rating", "Time of Delivery", "Use of New Technology" and "Employee Training".

Financial Perspective

Return on Capital Employed
Cash Flow
Project Profitability
Profit Forecast Reliability
Sales Backlog

Kaplan & Norton's (1993) BSC's financial perspective described "Return on Capital Employed", "Cash Flow", "Project Profitability", "Profit Forecast Reliability" and "Sales Backlog" as measures the organisation have to use on the financial side when it comes to improving its performance. Marie et al. (2014) pointed out that the mentioned financial aspects are imperative to controlling costs and increasing revenue to help the organisation increase its profit. From the current research, the findings point out that the selected organisations in the hospitality industry failed to appropriately make the use of these
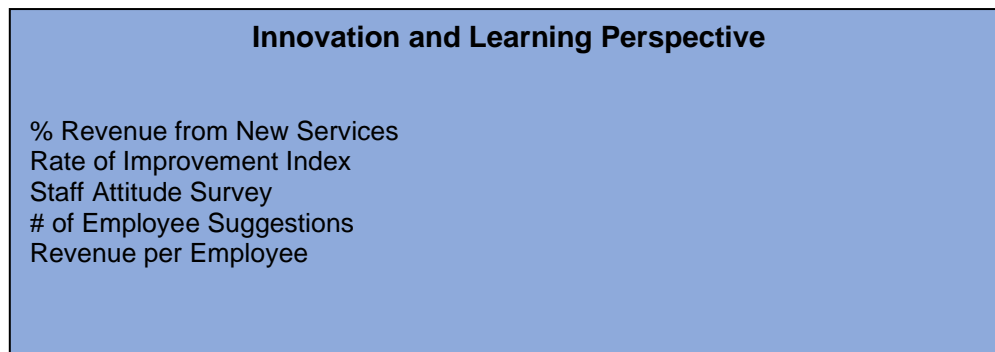
aspects. As mentioned in the research results, the participants only make use of certain aspects that were cited above.

Customer Perspective

Pricing Index Tier II Customers
Customer Ranking Survey
Customer Satisfaction Index
Market Share
Business Segment Tier I Customers
Key Accounts

The BSC's customer perspective elaborated by Kaplan & Norton (1993) described "Pricing Index Tier II Customers", "Customer Ranking Survey", "Customer Satisfaction Index", "Market Share", "Business Segment Tier I Customers" and "Key Accounts" as aspects in supporting organisation performance. As pointed out by Selim (2007) in previous chapter, an organisation has several elements to concentrate on under the customer perspective to be able to compete in today's highly competitive environment. Krister (2014), in the literature section, illustrated that "customers are behind the organisation survival, generate profit and the organisation must pay attention on what customers believe." From the selected organisations, elements to concentrate on under customer perspectives in order to be able to compete in today's highly competitive environment were very limited. Participants in these organisations did not pay attention on all aspects as indicated previously. Under the customer perspective, the participants focused only on customer satisfaction and pricing.

Internal Business Perspective

Hours with Customers on New Work
Tender Success Rate
Rework
Safety Incident Index
Project Performance Index
Project Closeout Cycle
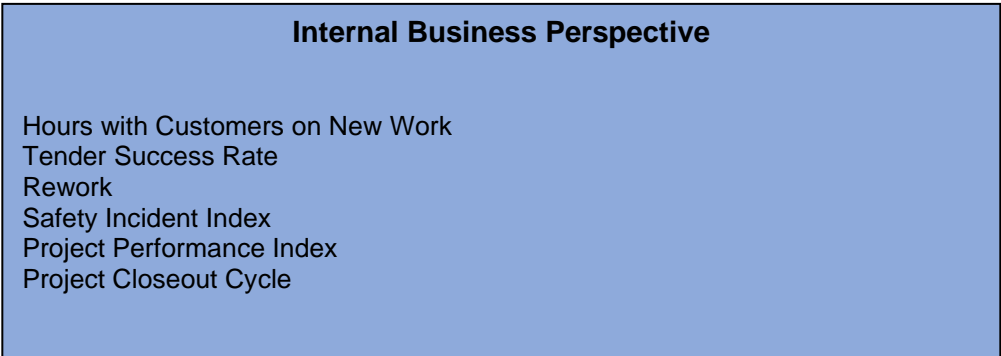
Kaplan & Norton's (1993) BSC's internal business perspective described "Hours with Customers on New Work", "Tender Success Rate", "Rework", "Safety Incident Index", "Project Performance Index" and "Project Closeout Cycle" as aspects in supporting organisation performance. According to the authors, these aspects are important for customers' satisfaction, therefore, the organisations have to pay attention to these aspects to maintain a continued market leadership. The findings of this research show an important gap regarding the internal business perspective. The aspects to be considered by organisations in order to maintain a continued market leadership were not appropriately followed. The selected organisations chose only basic aspects to focus on, such as "Service Quality", "Cleanness of the Rooms" and "Comfort of the Rooms."

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Innovation and Learning Perspective

% Revenue from New Services
Rate of Improvement Index
Staff Attitude Survey
# of Employee Suggestions
Revenue per Employee

</div>

Kaplan & Norton's (1993) BSC's innovation and learning perspective described "Revenue from New Services", "Rate of Improvement Index", "Staff Attitude Survey", "Employee Suggestions" and "Revenue per Employee". As pointed out in earlier chapters, Isoraite (2008) believed that achieving these aspects provides an organisation with the ability to adapt to change and improvements of its employees and the organisation itself. Form the current research, the findings show how the organisations only focused on basic aspects. From the findings, the organisations focused only on "Employees' Training" and "New Technology". It was evident for organisations that they are not searching for the ability to adapt to change and improve their employees' performance.

CHAPTER FIVE
CONCLUSION AND RECOMMENDATIONS

5.1.   Addressing the Research Question

Do SMEs in the hospitality industry in Cape Town utilise both financial and non-financial measures to improve performance?

The hospitality industry is a type of business that operates in a turmoil environment and performance measurement is regarded as the best tool for them to remain competitive. In Cape Town, most of the hospitality industry businesses are aware of performance measurement and are making use of it in order to sustain their operations. To do so, these organisations have to make use of both financial and non-financial measures. Therefore, SMEs in the hospitality industry in Cape Town do make use of both financial and non-financial measures to improve their business performance. Despite the fact that SMEs in the hospitality industry in Cape Town are making the use of both financial and non-financial measures, the use of the combined aspects remain poorly executed as the organisation focuses more on limited well-known measures.

What are the performance measurement tools used by SMES in the hospitality industry in Cape Town?

SMEs in the hospitality industry in Cape Town do use the combination of both financial and non-financial measures to ameliorate and boost the organisational objectives and to remain a competitive contender. The tool used under this practice is known as the BSC. Therefore, SMEs in the hospitality industry in Cape Town use the BSC as a performance measurement tool to guarantee the success of the organisation. This tool is recognised as being capable of redirecting an organisation's strategy to properly achieve the demands of appropriate stakeholders.

What are the factors influencing the use of performance measurement by SMEs in the hospitality industry in Cape Town?

There are several factors that might influence, in a negative way, the use of performance measurement. Due to their size, capability, expectation, limited resources and managed usually by unexperienced personnel, factors that might influence SMEs in the hospitality industry in Cape Town on not using PMS are identified as "Lack of Resources", "Lack of Quality Personnel", "Misconception of Performance Measurement", "The Focus of Short-term than Long-term Strategies by SMEs" and "Lack of Time".

What are the perceptions of the owners/managers and accountants of SMEs in the hospitality industry in Cape Town regarding the use of performance measurement?
Performance measurement is important for any organisation whether big or small. However, implementing performance measurement also requires more attention on different aspects in order to benefit the organisation on its utilisation. These efforts on implementing performance measurement are perceived by owners/managers and accountants of SMEs in the hospitality industry in Cape Town as expensive to implement; also, they perceive that the system requires more time as it is a time-consuming process. Despite these negative aspects, it is perceived by owners/managers and accountants of SMEs in the hospitality industry in Cape Town that implementing performance measurement also results in positive effects to the organisation.

What performance measures are critical for success in the hospitality industry in Cape Town?
The BSC seems to be valuable as it focuses on its ability to determine CSFs. The BSC aspects are important for an organisation's current success, potential growth and long-term success. For success in the hospitality industry in Cape Town, the CSFs identified for their success are aligned as follows: For the financial perspective these are, "Cash Flow", "Profit Margin", Sales Growth" and "Return on Investment", while on customer perspective these are, "Customer Satisfaction", "Customer Complaints Survey", "Market Share", "Pricing" and "Customer Retentions". On the internal business perspective these are "Comfort of the Rooms", "Cleanness of the Rooms", "Online Rating", "Time of Delivery", "New Product Launch" and "Service Quality". Finally, on the innovation and learning perspective these are, "Use of New Technology", "Employee Training" and "Employee Satisfaction".

5.2. Recommendations

The research recommendations are as follows:

- It is important for SMEs in the hospitality industry to appropriately consider matching all aspects of both financial and non-financial measures in order to improve their performance.

- Concentrate on employing knowledgeable and experienced personnel capable of fully understanding the use of the BSC.

- For more conclusive research, it is recommended to pursue the effects of performance measurement on SMEs' performance in the hospitality industry on a provincial and national circumscription.

5.3. Limitations of the Research

The research presented some boundaries. First, the research was limited to lodging and concentrated on guest house and B&B businesses around the Cape Town city centre. The research was limited on conclusive raw data as some of the respondents were unexperienced on management tasks. Due to the methods used in collecting data, the research is limited in the fact that respondents might select aspects that are familiar to them without consideration that other aspects are used.

5.4. Summary

Around the world, it is clear that companies, whether public or private, big or small, are still struggling to maintain their performance. Performance measurement is designed to maintain the organisation on track considering their objectives and ability to survive and compete in today's fierce environment. Nevertheless, organisations have to adhere to well utilisation of the system. For SMEs' performance in the hospitality industry around Cape Town regarding those who operate under lodging services, specifically guest house and B&B accommodation, this practice of using performance measurement to adjust organisational performance must be well-balanced on the BSC aspects.

Performance measurement requires attention that is way more than SMEs' expectation. As they are limited in resources and have poor quality personnel, it might be difficult to

implement performance measurement in SMEs in the hospitality industry; however, due to the sector of their services, the use of performance measurement is inevitable. Caught in an unpredictable environment, the use of performance measurement in SMEs in the hospitality industry is still not well-balanced on the BSC aspects; they are progressively continuing to use certain measures inappropriately. It can be concluded that their dream of gaining the advantages of performance measurement is sometimes shut down by "Lack of Resources," Lack of Quality Personnel" and "Lack of Time".

The utilisation of the BSC remains poorly used within SMEs in the hospitality industry around Cape Town. The aspects of the BSC are usually not balanced to appropriately redirect the organisations' potential growth. Organisations are still focusing on basic and well-known limited financial and non-financial aspects. Organisations should know that their success comes by balancing and appropriately using the aspects of the BSC. Despite the cognisance of more critical factors capable of boosting organisational success, SMEs in the hospitality industry around Cape Town still leave too many important aspects unused; or when used, they are poorly executed.

Performance measures are positively viewed for their effect on organisational performance. However, with inappropriate use of the system by SMEs in the hospitality industry in Cape Town, this lack of adequate PMSs will always negatively affect the evolution of the organisational performance against their initial expectation whether in "Occupancy Rate", "Return on Investment", "Meeting Budget Target" and even "Competitor".

SMEs today are aware of their competitive environment and it is clear that they have to do the necessary to define what they want as goals and how to achieve them. To do so, a PMS is identified as the most important tool in adjusting an organisation the way they want their objectives to be met. However, SMEs mostly in the hospitality industry presented several disadvantages compared to large business. From this point, possible research might be conducted on finding out the ability to adapt the use of performance measurement with the limited resources of SMEs.

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APPENDIX A: RESEARCH QUESTIONNAIRE

<div align="center">

INVESTIGATION QUESTIONNAIRE

</div>

Research title:
The effect of performance measurement on Small and Medium Enterprises performance in the Hospitality industry in Cape Town

<div style="border:1px solid">

The research:
Name of the researcher: **AGBOTON JESSICA AYO ADJOKE**
Course**: Master of Technology: Cost and Management Accounting**
Department**: Business and Management Science**
Name of University: **Cape Peninsula University of technology (CAPE TOWN CAMPUS)**
University address: **Keizersgracht Street P.O Box 652 CAPE TOWN Postal code: 8000**
University contact details: +27 (0)21 460 3068

</div>

<div style="border:1px solid">

The respondent
I **AGBOTON JESSICA AYO ADJOKE**, I'm conducting this research for the fulfilment of Master of Technology in Cost and Management Accounting at CPUT. The research is supervised by Prof Obokoh. This questionnaire aims to investigate the effect of performance measurement on Small and Medium Enterprises performance in the Hospitality industry in Cape Town.

The information will be treated as confidential and will only be used for the purpose of the research. Your participation in this investigation is entirely voluntary. As a respondent, you have to respond personally to all questions in the paper. For non-English speaker you might solicit a support from an English speaker. The respondent is free to decline or exit from the investigation process. No risks of participating in this investigation are anticipated. The Small and Medium Enterprises in the Hospitality industry will broadly benefit from the study.

All information regarding your background will be kept confidential as well as the answers you provide. All the answers will be combined with those provided by other respondents, and analysed by the researcher. The original questionnaires will be held in locked cabinets in the university offices until the end of 2019, and then destroyed. An electronic version of the data will be available only to the research on secure computers.

The final report will be placed on University websites to be used in promotional and educational materials, and policy-related initiatives. The researcher will send an email to all respondent informing them of the release of the thesis. The research will be completed by October 2019. If you have any questions please contact AGBOTON JESSICA AYO ADJOKE at +27 (0)84 7296182 or jessayo@yahoo.fr

This research has been reviewed and approved by the CPUT Office of Research Ethics. All respondents might address any concerns or complaints to Prof Obokoh (Supervisor of the research).

I agree, of my own free will, to participate in this questionnaire survey for the Cape Peninsula University of Technology.

<div align="center">

Yes ☐/ No ☐

</div>

</div>

SECTION A: BACKGROUND

Part 1: This section is reserved for organisation and employees background only. Please tick the boxes that reflect your response.

1. Please indicate your gender

Male ☐
Female ☐

2. Indicate your status

Manager ☐
Owner ☐
Accountant ☐
Other ☐

3. For how long have you been a manger, an accountant or own the business?

1-5 years	5-10 years	10-15 years	Over 15 years
☐	☐	☐	☐

4. Provide the following information about you or your enterprise

Name	
Postal Address	
Email address	
Telephone	

5. Which industry sector does your organisation operate?

Primary sector of industry (raw materials industry) ☐
Secondary sector of industry (manufacturing and construction) ☐
Tertiary sector of industry ("service industry") ☐
Quaternary sector of industry (intellectual services industry) ☐
Quinary sector of industry (Decision based industry) ☐

6. What is your major industry?

Direct Selling industry ☐ Entertainment industry ☐
Food industry ☐ Film industry ☐
Hospitality industry ☐ Music industry ☐
Telecommunications industry ☐ Transport industry ☐

If your answer to question 6 is "Hospitality industry", please indicate the service sector

Lodging	☐	Hotel, hotel, hostel	☐
		Guest house	☐
		B&B, Home Stay	☐
		Vacation rental	☐
		Tent, Caravan/Camper	☐
Event Planning	☐	Festivals	☐
		Conferences	☐
		Ceremonies	☐
		Weddings, formal parties	☐

		Concerts	☐
		Conventions	☐
Tourism Industry	☐	Transportation services (airlines, cruise ships, trains, taxicabs)	☐
		Hospitality services (accommodations, hotels, resorts)	☐
		Entertainment venues (amusement parks, restaurants, casinos, shopping malls, music venues, theatres)	☐
Theme Parks	☐	City parks and playgrounds	☐
		Fairs,	☐
		Pleasure gardens	☐
		Large picnic areas	☐
Transportation	☐	Air	☐
		Land (rail and road),	☐
		Water	☐
		Cable	☐
		Pipeline	☐
		Space	☐
Cruise Line		Cruise ships	☐
		Ships	☐

7. For how long has the organisation been operating?

1-3 years	4-10 years	11-20 years	More than 20 years
☐	☐	☐	☐

8. What is the geographical focus in which you provide services?

District ☐
Provincial ☐
National ☐
International ☐

9. How many rooms to let out do you have?

1-5 rooms	5-10 rooms	10-20 rooms	More than 20 rooms
☐	☐	☐	☐

10. How many people does the organisation employ?

1-0 Peoples	10-20 Peoples	20-50 Peoples	More than 50 Peoples
☐	☐	☐	☐

11. How many customers does the organisation manage yearly?

50-100	100-250	250-350	350 and More
☐	☐	☐	☐

SECTION B: EFFECT OF PERFORMANCE MEASUREMENT

This section focuses on performance measurement in Small and Medium Enterprises, in the Hospitality industry. Please tick the boxes that reflect your response.

12. Do you know what is performance measurement?

Yes ☐
No ☐

13. Does your organisation make use of performance measurement?

Yes ☐
No ☐

14. What are your perceptions on using of performance measurement in SMEs particularly in Hospitality industry?

Normal ☐
Useful to SMEs ☐
Not Useful to SMEs ☐
Time consuming ☐
Expensive ☐
No need ☐

15. What are the critical factors that might influence SMEs makes use of performance measurement?

Misconception of Performance Measurement	☐
Lack of resources	☐
Lack of qualified personnel	☐
Lack of time	☐
Focus more on short-term than long-term strategies	☐
Lack of senior management commitment	☐
Employee resistance to changes	☐
Lack of knowledge on Performance Measurement	☐

Others:
  i. ………………………………..
  ii. ………………………………..
  iii. ………………………………..

16. Financial and Non-financial measures are performance measurement that aimed to improve organisation performance, does your organisation make use of these measures to improve it performance?

Yes ☐

No   ☐

If Yes which system of performance measurement do you use?

Financial measure   ☐
Non-financial measure   ☐
Combination of both financial and non-financial   ☐

17. What are the performance measurement tools used by your organisation?

Balanced Scorecard	☐
Performance Prism	☐
Other tools	☐

18. Please identify the means of financial measures indicators you use when performing financial measurement aimed to improve organisational performance

Occupancy rate	☐
Return on Investment	☐
Profit Margin	☐
Sale Growth	☐
Return on Asset	☐
Average Daily Rate	☐
Cash Flows	☐
Revenue per available rooms	☐
Revenue per available customers	☐
Debt Ratio	☐
Quick Ratio	☐

19. Please identify the means of non-financial measures indicators under customer perspectives you use to improve organisation performance

Customers Measures	
Customers Retentions	☐
Customers Complains Survey	☐
Customers Satisfactions	☐
Pricing	☐
Market Share	☐
Return Customers	☐
Maintenance Costs	☐

Internal business perspective	
Service quality	☐
Time of delivery	☐
Online Rating	☐
Cleanness of the rooms	☐
Comfort of the rooms	☐
Hotel suppliers delivering on time	☐

Hotel suppliers delivering quality services	☐
New Product launch	☐
Innovation and learning perspective	
Employees Absenteeism	☐
Employees satisfaction	☐
Employees training	☐
Employees performance appraisal	☐
Use of technology	☐
Employees turnover rate	☐

20. What performance measures are critical for success in hospitality industry?

	Not critical	Slightly critical	Critical	Very critical	Not sure
Financial Measures					
Occupancy rate	☐	☐	☐	☐	☐
Return on Investment	☐	☐	☐	☐	☐
Profit Margin	☐	☐	☐	☐	☐
Sale Growth	☐	☐	☐	☐	☐
Return on Asset	☐	☐	☐	☐	☐
Average Daily Rate	☐	☐	☐	☐	☐
Cash Flows	☐	☐	☐	☐	☐
Revenue per available rooms	☐	☐	☐	☐	☐
Revenue per available customers	☐	☐	☐	☐	☐
Debt Ratio	☐	☐	☐	☐	☐
Quick Ratio	☐	☐	☐	☐	☐
Non-Financial Measures					
customer perspective					
Customers Retentions	☐	☐	☐	☐	☐
Customers Satisfactions	☐	☐	☐	☐	☐
Customers Complains Survey	☐	☐	☐	☐	☐
Pricing	☐	☐	☐	☐	☐
Market share	☐	☐	☐	☐	☐
Return Customers	☐	☐	☐	☐	☐
Maintenance Cost	☐	☐	☐	☐	☐
internal business perspective					
Service Quality	☐	☐	☐	☐	☐
Time of Delivery	☐	☐	☐	☐	☐
Online rating	☐	☐	☐	☐	☐
Cleanness of the rooms	☐	☐	☐	☐	☐
Comfort of the rooms	☐	☐	☐	☐	☐
Hotel suppliers delivering on time	☐	☐	☐	☐	☐

Hotel suppliers delivering quality services	☐	☐	☐	☐	☐
New Product launch	☐	☐	☐	☐	☐
innovation and learning perspective					
Employees Satisfaction	☐	☐	☐	☐	☐
Employees Training	☐	☐	☐	☐	☐
Employees Absenteeism	☐	☐	☐	☐	☐
Employees Performance Appraisal	☐	☐	☐	☐	☐
Use of New Technology	☐	☐	☐	☐	☐
Employee Turnover Rate	☐	☐	☐	☐	☐

21. How do performance measures affect SMEs performance in attaining industry goal?

Negatively   ☐
Positively   ☐
No idea   ☐

22. Please indicate the performance of your business against your initial expectations on each of the following characteristics over the 12 past months:

	Not at all satisfactory	Poor	About the same	Somewhat Better	More than Expected
Occupancy Rate	☐	☐	☐	☐	☐
Return on Investment	☐	☐	☐	☐	☐
Customer Satisfaction	☐	☐	☐	☐	☐
Profit	☐	☐	☐	☐	☐
Meeting budget Target	☐	☐	☐	☐	☐

23. How would you rate your business performance against your competitor for this past 12 months?

Not at all satisfactory	Poor	About the same	Somewhat Better	Better	More than Expected
☐	☐	☐	☐	☐	☐

AGBOTON JESSICA AYO ADJOKE
Master of Technology: Cost and Management Accounting
Email: jessayo@yahoo.fr
Telephone: +27 (0) 84 7296182
Cape Peninsula University of technology

APPENDIX B: LETTERS OF PERMISSION

GREEN ELEPHANT
BACKPACKERS

Tel 021 448-6359, Fax 021 448-0510 – 57 Milton Road, Observatory, 7925
E-Mail: stay@greenelephant.co.za Skype: greenelephantbackpackers www.greenelephant.co.za
VAT No. 459 0142 354   Reg. No. 1994/006530/23

Consent Letter

I Sikelelwa Ngai as the Manager on duty in Green elephant backpackers confirm that I have been made aware of the purpose of the research and what it entails. I agreed to be a participant in this research.

I understand the study, I read the information sheet from CPUT I am aware that this is voluntary and I can withdraw at any time. I am aware that the findings of the study will be anonymously processed into a research report, journal publication and or conference proceedings.

Name of participant & surname... SIKELELWA NGAI ....

Signature... S.NGA ....

Date... 26 | MAY | 2018 ....

Researcher's name and Surname... Jessica Agbotan ....

Researcher's signature... ....

Tel: 021 448-6359 Toll Free: 0800 222 722
57 Milton Road, Observatory, Cape Town

41 Trill Road, Observatory, Cape
Town, 7925
+27 21 4476204
www.bohemianlofts.com
info@bohemianlofts.com
www.facebook.com/bohemianlofts

Sole Proprietor: JS Dodd

26 May 2018

CONSENT LETTER:

I, Jenni Dodd, owner of Bohemian Lofts Backpackers, confirm that I have been made aware of the purpose and nature of the research and have agreed to participate in said research.

I have read and understood the study as explained in the information sheet. I understand that participation is voluntary and can withdraw at any time.

I am aware that the findings of this study will be anonymously processed into a research report.

Participant Name: *Jenni Dodd*

Participant Signature: *Dodd*

Date: *26/05/18*

Researcher's Name: *Jessica Agboton*

Researcher's Signature: *I ____*

Date: *26/05/18*

Owner: Jenni Dodd

Signature: _____

Consent Letter

I, Maletuka Fumane Mahalefele as the Manager of 33 South Backpackers, confirm that I have been made aware of the purpose and nature of the research and have agreed to be a participant.

I have read and understood the study as explained in the information sheet. I understand that the participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).
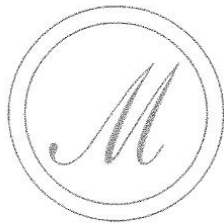
I am aware that the findings of this study will be anonymously processed into a research report, journal publication and/or conference proceedings.

Participant Name and Surname..... Maletuka Mahalefele ....

Participant Signature...

Date.... 7/4/18 ....

Researcher's name and Surname..... Jessica Agboton ....

Researcher's signature...

Date.. 07/04/18 ....

33 South Backpackers
www.33southbackpackers.com
management@33southbackpackers.com
www.facebook.com/33south
Tripadvisor http://goo.gl/cd49Ul

+27 21 447 2423 (t)
+27 73 122 11 25 (m)
48 Trill Road, Observatory, Cape Town, 7925, View Map

Medindi Manor

Consent letter

I, Marengwane Molepo as Assistant General Manager of Medindi Manor, confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read and understood the study as explained in the information sheet.
I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable)

I am aware that the findings of this study will be anonymously processed into a research report, journal publications and/ or conference proceedings.

Participant Name & Surname....Mamelema Molepo....

Participant signature............... Date ...10/03/2018 .

Researcher's name and Surname ..Jessica Ayo Adjoke Agboton

Researcher's signature.................Date ...10/03/2018..

PALM HOUSE

LUXURY GUEST HOUSE

CONSENT LETTER

This letter serves as a confirmation that Jessica Ayo Adjoke Agboton has requested consent from the Palm House Guest House to take a Masters Research in The Effect of Performance Measurement on Small and Medium Enterprises in the Hospitality industry in Cape Town.

I have granted her the permission to carry on the research on the grounds that all information shared should be treated with strictest confidentiality and should seek permission from Palm House Guest House General Manager to publish such information publicly (where Palm House Guest House is mentioned) except for research and educational purposes.

Palm House would also seek that the copy of the final research on the establishment should be shared to the establishment where Palm House information has been allocated in the research report for reference should matters arise when reference is needed to guarantee Jessica's Research.

I am aware that the findings of this study will be anonymously processed into a research Report, journal publication and/or conference proceedings.

Participant Name & Surname... MATT ANTONELLI ....

Participant Signature..... ....Date... 28/05/18 ....

Researcher's Name & Surname..... Jessica Agboton Ayo ...

Researcher's Signature............Date... 28/05/18 ....

APPENDIX C: ETHICAL CERTIFICATE

Cape Peninsula
University of Technology

**P.O. Box 1906 ● Bellville 7535 South Africa ●Tel: +27 21 4603291 ● Email: fbmsethics@cput.ac.za
Symphony Road Bellville 7535**

Office of the Chairperson Research Ethics Committee	Faculty:	**BUSINESS AND MANAGEMENT SCIENCES**

At a meeting of the Faculty's Research Ethics Committee on **19 June 2018**, Ethics **Approval** was granted to **Jessica Agboton (213176971)** for research activities of **Master: Man. Accounting** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	THE EFFECTS OF PERFORMANCE MEASUREMENT ON SMALL AND MEDIUM ENTERPRISES IN THE HOSPITALITY INDUSTRY IN CAPE TOWN Lead Researcher/Supervisor: Prof L Obokoh

Comments:

Decision: APPROVAL

	20 July 2018
Signed: Chairperson: Research Ethics Committee	Date

Clearance Certificate No | 2018FBREC552

APPENDIX D: GRAMMARIAN'S CERTIFICATE

Kingdom Editing

26 Cinnamon Street, Kuils River, 7580
takutau@gmail.com
079 636 8353

Declaration of Professional Editorial Assistance for MTech Thesis

Professional editorial work undertaken in the preparation of this thesis has been done according to the Cape Peninsula University of Technology's (CPUT) guidelines.

Professional editorial intervention was restricted to: proof reading, CPUT formatting, grammar, spelling, punctuation and clarity of meaning.

The professional editor provided advice on grammar and structure; gave examples only and did not undertake a structural re-write themselves.

Material for editing or proofreading was submitted in hard copy, or where an electronic copy was submitted to the editor, their mark-up was done using Track Changes.

Candidate's Name: Agboton Jessica Ayo Adjoke

Thesis Title: The Effects of Performance Measurement on Small and Medium Enterprises Performance in the Hospitality Industry in Cape Town

Editor's Name: Takudzwa Musiyarira

I declare that I have edited/proofread this thesis in compliance with the above conditions, as requested by the candidate.

The documents submitted by the student for proofreading or editing purposes remain the sole and exclusive intellectual property of the student.

Signed: .... Date: 11/06/2019

Professional Editors' Guild

APPENDIX E: PROOF OF REGISTRATION

Cape Peninsula
University of Technology

PROOF OF REGISTRATION
To Whom It May Concern

31-Oct-2019

It is hereby confirmed that the under mentioned person is a registered student at the Cape Peninsula University of Technology.

Student Number: 213176971
Name: JESSICA AYO ADJOKE AGBOTON
Registered for Period: 09-Jan-2019 - 20-Dec-2019
Course: MGCMAR MASTER OF MANAGEMENT
ACCOUNTING FT FULLTIME - DISTRICT 6 CAMPUS

Subject	Description	Qual.	Class Group	Exam Year	Exam Month	Cancel	Offering Type	Amount
CMA690R	0 YEAR (JAN-NOV) RESEARCH PROJECT & DISSERTATION	MGCMAR	A	2019	11	N	FT	9260.00
							Subtotal:	9260.00

YOU HAVE BEEN ENROLLED FOR THE FOLLOWING SUBJECT/S. IT IS IN YOUR INTEREST TO CAREFULLY CHECK THIS INFORMATION AND SHOULD THERE BE ANY ERRORS OR OMISSIONS INFORM THE FACULTY OFFICE IMMEDIATELY! ALL FEES WITH THE VALUE OF R9 990.00 / R99 990.00 MUST BE REPORTED AFTER REGISTRATION TO YOUR FACULTY OFFICE FOR RECTIFICATION