

KEY PERFORMANCE INDICATORS FOR HOSPITALITY INDUSTRY: A STUDY FROM THE TOURIST STATE OF UTTARAKHAND, INDIA

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Hotel in developing economies must create effective competitive strategies for survival, since they exist in an environment where stakeholders are demanding more from every organization. Consequently, they should focus on reliable and critical performance indicators, absolutely important for the success of hotels and adopt a comprehensive performance measurement framework that meets the requirements of the dynamic environment. This research is undertaken to identify the key performance indicators in hospitality industry of Uttarakhand and to find out the influence of managerial characteristics on the choice of performance indicators. Data was collected from a sample of 143 hotel managers of two major tourist locations using questionnaire over a six weeks period. Results indicate that financial indicators are still prevalent and most preferred key performance indicators in the elite managerial segment of almost all hospitality organizations. The study suggests that hospitality managers need to rethink about the choice of their performance indicators.

Keywords: *Hospitality Industry, Key Performance Indicators.*

JEL Classification: *L83, M1, O1*

INTRODUCTION

India is known worldwide for its unprecedented natural and man-made attractions since time immemorial. Its language, culture, cast and creed, value, tradition, folklore, dances and music attract tourists from all continents year round. Its 28 states are filled with various attractions

which quenches the thirst of all kinds of tourists (Bagri et al., 2010). The tourism industry in India is ample and vibrant, and the country is fast becoming a major global destination. Tourism is one economic sector in India that has the potential to grow at a high rate and has the capacity to capitalize on the country's success in the services sector (Ministry of Tourism, Government of India, 2011). As per statistics updated by the Indian Ministry of Tourism, the foreign tourist arrivals in India continued to grow from 2.54 million in 2001 to 6.58 million in 2012. World Travel and Tourism Council (WTTC) forecasted that the demand for travel and tourism in India is expected to grow significantly between 2013 and 2023, which will place India at the third position out of 184 countries of the world (WTTC, 2013). Further, the travel and Tourism Competitiveness Report 2011 of the World Economic Forum ranked India 12th in the region and 68th overall in its Travel and Tourism Competitiveness Index. India is well assessed for its natural resources (ranked 8th) and cultural resources (24th), with many World Heritage sites, both natural and cultural, rich fauna, many fairs and exhibitions and strong creative industries.

Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. The enormous increase in tourism has caused the hotel business to outgrow national boundaries and become global in character. The thriving economy, increased business opportunities and Common Wealth Games in India have acted as a boon for Indian hotel industry. The constant transformation has made hotel industry more functional and practical and has gained a level of acceptance world over (Annual Report, Indian Ministry of Tourism, 2011). However, these hotels operate in a highly competitive environment as a consequence of a number of factors, namely, the emergence of new tourism destinations, the rise in customer expectations, increase in hotel capacity, worldwide recession and a sharp rise in operational costs thus declining profitability for hotels. These trends require hotels in India to be more efficient and competitive in meeting the needs of their customers. The ability of Indian hotel operators to adequately respond to these challenges will determine their long-term success.

Uttarakhand: Tourism and Hospitality Industry

Uttarakhand State, known as *Devbhoomi* (the land known for its association of Hindu Gods and Goddesses) is located in the northern part of the country sharing international boundary with Nepal and Tibet (China) in the north, Himachal State in the west and north-west, Uttar

Pradesh State in the south and Nepal in the east. Approximately 250 km. north of National capital Delhi, the state of Uttarakhand is easily reachable by road, rail and air transportation from Delhi, the national capital of India. Nature, adventure, wildlife, culture, heritage, pilgrimages, yoga and meditation, a cocktail of opportunities for unlimited experiences, are the strengths of this mountainous state. The state abodes the four important shrines of Hindu religion and has diverse geographical features ranging from mountains, peaks and forests with breathtaking spectacular views of snow-capped Himalayas and its valleys, glaciers, rivers along with the famous world heritage sites the Valley of Flowers, Nanda Devi Biosphere Reserve and the first national park of India, Jim Corbett National Park, which have made Uttarakhand State as an astonishing land in the northern part of India. The basins of the great rivers like the Ganga and Yamuna and others never fail to attract nature based tourists to enjoy the warmth hospitableness of the local community (Negi, 1997; Bagri et al., 2010). This rich culture, tradition, and lifestyle have enticed many pilgrims, mountaineers, trekkers and nature lovers to enjoy the breathtaking beauty of the region. The tranquility of the Himalayas attracts many tourists from America, Europe, Australia and Asia continents year round. The data summarized in table 1 indicates the number of domestic and foreigner tourists visited Uttarakhand and the rank of the state in India.

Table 1: Number of Tourists Visited Uttarakhand, India

Year	Tourist Arrivals		Rank in India	
	Domestic	Foreigner	Domestic	Foreigner
2006	16666525	85284	7	15
2007	19803280	95975	6	15
2008	20546323	99910	7	15
2009	21934567	106470	8	15
2010	30206030	127258	7	16
2011	25946254	124653	8	17
2012	26827329	136350	NA	NA

Source: India Tourism Statistics, Ministry of Tourism, Govt. of India, (2006-2012).

Significant advantages and opportunities in terms of developing tourism and tourism related activities in an integrated manner are largely available in almost the areas of Uttarakhand State. With the creation of a separate state of Uttarakhand in 2000, tourism is viewed as one of the

key sectors of economic growth and development in the state, both from the point of view income and employment generation as well as a source of revenue for the state. According to the statistics of Ministry of Tourism, Government of India, the percentage share of Uttarakhand in domestic and foreign tourist visits during 2012 was 2.6 % and 0.7 % respectively (Indian Tourism Statistics, Ministry of Tourism, 2012). In view of this tourism has placed a higher demand for the quality hotels in the state as more affluent travellers travel to the tourist places of this area. The present study is based upon Dehradun and Mussoorie - two important tourist towns of Uttarakhand which attract significant percentage of recreationist for summer vacations and for fun and visiting scenic attractions (table 2).

Table 2: Number of Tourists visited the study area during 2010-2012

Location	Number of Tourists Visited (2010)			Number of Tourists Visited (2011)			Number of Tourists Visited (2012)		
	Dom.	For.	Total	Dom.	For.	Total	Dom.	For.	Total
Dehradun	1401942	20699	1422641	1496137	19864	1516001	1686745	21884	1708629
Mussoorie	1098870	5926	1104796	1114305	5982	1120287	1199306	5985	1205291

Source: Tourist Statistics, Uttarakhand Tourism Development Board, 2010-2012.

Uttarakhand is a preferred destination for the nature lovers, but hotel industry has not sufficiently developed at the same rate as the attraction sector (Bagri et al., 2010; Mehta, 1999; Pande, 1997). Hospitality industry of Uttarakhand is facing numerous new challenges which affect the performance of hotel organizations. These challenges related to hotel management such as managerial attitude, average infrastructure and interior, unskilled employees, non-availability of customized services, lack of innovation in offerings, services and processes etc. These factors may contribute to their poor performance in terms of low level of service quality, low level of customer satisfaction and moderate level of average occupancy rates. These challenges compel hospitality managers to rethink about current performance measurement practices. Choosing performance indicators is a challenging and dynamic process. Performance indicators may be appropriate today, but the system needs to be continually re-assessed as strategies and competitive environments evolve. The management is responsible for making a strategic decision on adoption and use of various performance indicators.

Hence, this study attempts to examine the link between hotel performance measurement and managerial characteristics. By examining this link, the key performance indicators and managerial attitude towards effective and efficient organization performance would be identified so that improvement in hotel performance could be achieved.

Objectives of the study

The paper sets out to outline the key performance indicators (KPIs) in hospitality industry in Uttarakhand. Specifically, the objectives of this study are:

- To identify the key performance indicators for hospitality industry used by managers for performance measurement.
- To find out the influence of managerial educational qualification on choice of key performance indicator.

HYPOTHESIS:

- H1** = Usage of performance measurement dimensions does not differ significantly across the education level of hospitality managers.
- H2** = Performance measurement dimensions practiced by hospitality managers in different hotel category does not differ significantly.

LITERATURE REVIEW

Several studies have been carried in terms of tourist destination analysis in the Uttarakhand state of India and some of the significant work include Singh & Kaur (1985), Bagri (1993), Pande (1997), Negi (1997), Mehta (1999), Bagri & Gupta (2001), Joshi (2001), Bainjwal (2002), Bharadwaj (2002), Bagri (2003), Bagri & Mishra (2005), Thapliyal (2006). These studies deeply studied the rich potential reservoir of tourist places and mainly focused on pilgrimage, natural attractions and ethnic and cultural treasures of the state providing a broad overview of mountain tourism attraction on the basis of available information. However, these studies lack any findings on key performance indicators for measuring the performance of hotels units of Uttarakhand. No published research is available regarding the different indicators adopted by hospitality managers in this region regarding performance measurement.

It is acknowledged that improving business performance has been one of the central tenets of management and remains fundamental to organizational success (Neely, 1999). Measuring performance plays an

important role in planning and decision-making and makes the link between strategy intent, competitive environment, revenue generation, service delivery process, and strategic evaluation (Fitzgerald et al, 1991; Kaplan and Norton, 1992; Doran et al., 2002; Folen et al., 2005; Haktanir & Harris, 2005). The increasing importance and value of people in the hotel industry make the traditional practices no longer appropriate for measuring performance and gain competitive advantage. Therefore, organizations need to set clear goals and objectives, develop criteria for measurement and measure performance, evaluate that performance and compare the performance against the goals and objectives of the organization.

Financial Performance Indicators

Despite the development of performance measurement systems for the hospitality industry, researchers including Brander-Brown & McDonnell (1995), Atkinson & Brander-Brown (2001), Harris & Mongiello (2001), Beatham et al. (2004), Haktanir & Harris (2005) and Wadongo et. al. (2010) have pointed to the reluctance of hotels to use balanced measures and rely solely on financial measures. Traditional measures of performance were excessively profit based (Brander-Brown & McDonnell, 1995), short-term oriented (Denton & White, 2000), unbalanced (Harris & Mongiello, 2001), unsatisfactory for competitive advantages (Evans, 2005; Phillips, 1999), past based (Atkinson & Brander Brown, 2001), little market oriented (Phillips & Louvieris, 2005) and non-holistic (Phillips, 1999). Therefore, over reliance on them is no longer relevant for today's managers. Due to limitations of financial measures and the impact of global and increasing competition in the hotel industry, hotels should rethink their current performance measurement based on financial to a more balanced measurement which has both financial and non-financial dimensions (Atkinson & Brander-Brown, 2001; Harris & Mongiello, 2001; Evans, 2005)..

Non-financial Performance Indicators

Although, financial performance measurement is important, the use of a more comprehensive set of indicators may offer greater opportunities for measuring the strategy and organizational effectiveness in the longer terms. Therefore, to remain competitive, organizations now need to consider non-financial or operational results. Several research findings (Harris and Mongiello, 2001; Atkinson and Brander-Brown, 2001) in performance management are advocating an emphasis on both financial and non-financial dimensions such as competitiveness, service quality,

customer satisfaction, organizational flexibility, resource utilization, and technology. It is important for performance measures to direct attention to such non-financial factors as service quality and customer satisfaction (Fitzgerald et al., 1991). Moreover, there has been an increasing recognition within the hotel industry of the importance and value of people; employees as well as guests in the service delivery process, which has led to suggestions that hotels need to develop better performance information relating to such key areas as employee morale and employee satisfaction (Fitzgerald et al., 1991). Chan (2004) reported on the use of non-financial measures in the balanced scorecard as a performance management system to support reporting on various management activities.

Wadongo, et al. (2010) identifies the financial and non-financial key performance indicators of hotels such as total revenue achieved, food and beverage sales, total operating costs, total sales, customer satisfaction surveys, relative market share, room occupancy, and delivery speed flexibility. Huang et al, (2007) study reveals that non-financial performance measures (i.e., the learning and growth perspective, internal process perspective, and customer perspective) not only directly influence the financial performance measures, but also indirectly affect performance through the cause-and-effect relationships among different perspectives. The study of Evans (2005) concludes many hoteliers were using both financial and non-financial measures to measure the performance of their hotels in northern England. While investigating the application of balanced scorecard in White Lodging Services, Denton and White (2000) justifies the relevance of both financial and non-financial measures for balanced performance of hotel.

NON-FINANCIAL PERFORMANCE INDICATORS

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financial and non-financial measures for balanced performance of hotel and revealed that non-financial performance measures not only directly influence the financial performance measures, but also indirectly affect performance through the cause-and-effect relationship.

KEY PERFORMANCE INDICATORS (KPIs) FOR HOSPITALITY INDUSTRY

Key Performance Indicators are the selected indicators considered significant for monitoring the performance of strategic objectives, outcomes, or key result areas absolutely critical and important to the success and growth of the organization. The purpose of KPI is to provide to decision makers in the organization measurable indicators for judging the hotel performance and for measuring the achievements of organizational objectives. These KPIs can help hospitality managers in their efforts to ensure efficient and effective management of resources and to achieve the main objective of profit maximization through stakeholders' satisfaction. The development and use of the KPIs should form the basis for the analysis of an organization's current performance, its future requirements and the improving strategies required for ongoing success. As key indicators are uniform for all organizations, they assure managers a tool for benchmarking with other in order to improve their own performance.

For the present study, critical and measurable KPIs for hotel performance measurement are identified through reviewing research papers published in management Journals. The research of Atkinson & Brander-Brown (2001), Phillips & Louvieris (2005) and Bergin-Seers & Jago (2006) have shown that dimensions of employees, customers and finance were the key performance indicators to performance measurement in small and medium-sized hotels. The work of Neely et al., (2005) highlighted the competitive environment dimension, quality of service and external environment as others main KPIs for hotels. Additional performance dimensions of organizational learning, innovation and creativity are included, based on the research of Lynch & Cross (1990); Kaplan & Norton (1992; 2001); Neely et al., (2005) and Folen et al., (2005) who suggest that these performance dimensions are important to any organization regardless of their operating context and industry sector. By reviewing the existing literature on performance measurement in hospitality industry, researchers have identified KPIs in six major performance dimensions for the study. These dimensions are financial performance, competitiveness, employees performance, operational efficiency, innovativeness and service quality.

RESEARCH METHODOLOGY

The present study was based on Dehradun and Mussoorie as these two selected tourist towns enjoy maximum tourist visits for leisure and recreational purposes and saturated with the number of hotel properties including the hotels units of internationally recognized branded hotel chains. Dehradun has town hotels, which serve both tourists and business clients, while Mussoorie hosts mainly vacation hotels that are influenced by the seasonality of tourism. The population of the study was composed of managers, owners and other professionals of classified and unclassified hospitality organizations in selected tourist towns of Uttarakhand. The researchers used a cross-sectional research design to gather primary data. By using this research design, data can be collected within a short period of time and less expensively. Based on the above criteria, a sample size of 143 managers and owners was chosen. The sample work was conducted between January and March 2012.

A questionnaire as a survey instrument was developed to measure the managerial demographic characteristics and key performance indicators of hotels. In order to obtain detailed information concerning the performance measurement practices, semi-structured interviews were also carried out. The first section of the questionnaire included questions on managerial demographics (age, education, current position and work experience). The second section included 25 performance indicators identified in the review of literature. The managers were asked to respond to them indicating their perception on importance each of the 25 performance indicators measured on a five-point Likert scale (1 – no importance to 5 – essential). The questionnaire was pilot tested using managers of three hotels in Dehradun who were considered representative of the study population. Data thus received was systematically arranged, tabulated and analyzed. Mean, Standard Deviation, ANOVA were used to analyze the data. Analysis was performed using SPSS version 15. The value of Cronbach's alpha for the key performance indicators of hotel performance was 0.792 which implies that these 25 performance indicators were reliable and consistent measures of performance dimensions of hotels.

DATA ANALYSIS

DEMOGRAPHIC PROFILE OF MANAGERS

From Table 3, shows the demographical characteristics of respondents. 74 (51.75%) of respondents were from age group of 31-40 years and 48 (33.57%) were from 41-50 years. 13 (9.1%) were from age

group of 51–60 years. This shows that there is a balance of young and aged workforce (at managerial level) in the hotel industry of Uttarakhand. The percentage of the females employed in the hotel industry was 6.29% in Uttarakhand region. This low percentage of the employed females may be due to the traditional mindset of the society which prefers that the women work in specific professions like education. The highest number of the managers (43) (30.1%) indicated they had a professional degree in hotel management; 38 (26.6%) had a diploma in hotel management. Only 19 (13.3%) of all respondents had graduation degree. 69 (48.3%) respondents had working experience in the hospitality field for 5-10 years; 35 (24.5%) respondents had 10-15 years working experience in this field. Only 14 (9.8%) respondents had working experience less than five years in the hospitality industry. This indicated that the managers used in the sample are relatively experienced in hospitality operations in Uttarakhand. Respondent managers were selected from different categories of hotels i.e. Classified and unclassified.

Table 3: Demographic Characteristics of Respondents

Demographic Characteristics		No of Respondents	%
Age	21-30 Years	8	5.59
	31-40 Years	74	51.75
	41-50 Years	48	33.57
	51 and above	13	9.09
Gender	Male	134	93.71
	Female	9	6.29
Education Level	Graduation	19	13.3
	Post -Graduation	35	24.5
	Diploma in HM	38	26.6
	Degree in HM	43	30.1
	Others	8	5.6
Length of Service	< 5 Years	14	9.8
	5-10 Years	69	48.3
	10-15 Years	35	24.5
	15-20 Years	20	14.0
	> 20 Years	5	3.5

Hotel Category	One Star	20	14.0
	Two Star	22	15.4
	Three Star	30	21.0
	Four Star	26	18.2
	Five Star	9	6.3
	Unclassified	36	25.2
Total Number of Respondents		143	100

KEY PERFORMANCE INDICATORS IN HOSPITALITY INDUSTRY

The composite mean scores of the key performance indicators are presented in Table 4. The managers' composite mean scores for performance ranged from 4.83 down to 2.88. These results indicate that the managers in this study demonstrate reasonable use and value of a wide range of performance indicators. The study reveals that financial performance was regarded much more highly than non-financial performance measures, both in level of use and level of importance for decision making. The key performance indicators in descending order are total revenue achieved, total room sales, customer satisfaction, room occupancy, staff appearance and friendliness, sales growth, food and beverages sales, monitoring employee innovativeness, customers' complaints and number of product and services innovated per year.

On a Likert scale of 1 to 5, the managers' lowest mean score was 2.88 for staff turnover and the highest mean score was 4.83 for total revenue achieved. The empirical research results clearly indicated that the majority of the respondent managers almost exclusively monitor financial dimensions of performance. Modest attention is being paid to non-financial dimensions such as customer satisfaction, degree of competitiveness, innovativeness, and resource utilization indicators. Results of the study are consistent with the findings of previous studies (Atkinson & Brander-Brown, 2001; Gosselin, 2005; Ismail, 2007; Jusoh et al., 2008). These results are also consistent with that of Joshi (2001) who surveyed Indian companies and found a high rate usage for financial indicators.

KPIs ACROSS EDUCATION LEVEL OF HOTEL MANAGERS

The mean of different dimensions of performance measurement across the different level of education presented in Table 5 reveals that financial performance scored highest mean across the respondents of

different educational categories. At the same time this factor has scored highest among all education category respondents.

Table 4: Key Performance Indicators in Hospitality Industry of Uttarakhand

Key Performance Indicators	Mean	Std. Dev.	Rank
Financial Performance			
Total Revenue achieved	4.83	0.428	1
F& B sales	3.95	0.850	7
Total Room sales	4.61	0.557	2
Room Occupancy	4.22	0.826	4
Sales Growth	4.00	0.712	6
Competitiveness			
Total Operating cost	3.80	0.744	
Relative Market share	3.40	0.733	
Number of new customers acquired	3.27	0.822	
Degree of Competitiveness	3.70	0.628	
Employee Performance			
Staff skill & competence	3.32	0.745	
Staff appearance & friendliness	4.00	0.605	5
Staff speed & Responsiveness	3.79	0.830	
Staff Turnover	2.88	0.868	
Operational Efficiency			
Customer Retention	3.69	0.628	
Flexibility and ability to adjust customers needs and want	3.46	0.648	
Ability to meet customer requirements on time	3.29	0.589	
Resource utilization	3.79	0.730	
Level of ICT usage	3.28	0.716	
Hotel suppliers delivering on time	3.49	0.502	
Innovativeness			
Monitoring employee performance in terms of Innovation	3.89	0.689	8
Number of product and services innovated per year	3.85	0.639	10
Service Quality			
Customer Satisfaction	4.42	0.686	3
Customer Complaints	3.90	0.794	9
Maintaining star hotel classification rating	3.31	0.560	
Attitude, behavior, and expertise of employees	3.71	0.756	

One-way ANOVA analysis was carried out with the assumption that men of different performance dimensions does not differ significantly across the educational level of representative hotel managers. From the table 6, it is clear that calculated value of $F(4,138)$ is greater than the tabulated value of $F(2.37, \alpha = .05)$ for all dimensions. Correspondingly, the observed p-value of 0.000 for all dimensions is well below the chosen alpha of 0.05 ($0.000 < 0.05$). Hence the null hypothesis is rejected, indicating that there is a significant difference in the mean of different performance measurement dimensions across the different educational

category of sample hotel managers of selected tourist towns of Uttarakhand.

Table 5: Mean of performance dimensions across Education

Education Level	Financial Performance	Competitive-ness	Employee Performance	Operational efficiency	Innovative-ness	Service Quality
Graduation	4.2526	3.5132	3.1974	3.4298	3.7895	4.0789
Post Graduation	4.0343	3.5286	3.4571	3.4571	3.6857	3.7286
Diploma in HM	4.5737	3.9408	3.9934	3.7281	3.7807	3.9474
Degree in HM	4.3209	3.8140	3.2326	3.4225	3.4496	3.7384
Others	4.1250	3.0625	3.4375	3.2292	4.1250	3.6875
Total	4.2979	3.6958	3.4965	3.5023	3.6783	3.8339

Table 6: ANOVA with Educational level

		Sum of Squares	df	Mean Square	F	Sig.
Financial Performance	Between Groups	5.623	4	1.406	9.639	.000
	Within Groups	20.126	138	.146		
	Total	25.749	142			
Competitiveness	Between Groups	7.702	4	1.926	9.728	.000
	Within Groups	27.315	138	.198		
	Total	35.017	142			
Employee Performance	Between Groups	14.161	4	3.540	17.090	.000
	Within Groups	28.587	138	.207		
	Total	42.748	142			
Operational efficiency	Between Groups	2.979	4	.745	11.464	.000
	Within Groups	8.965	138	.065		
	Total	11.944	142			
Innovativeness	Between Groups	4.480	4	1.120	10.044	.000
	Within Groups	15.389	138	.112		
	Total	19.869	142			
Service Quality	Between Groups	2.582	4	.646	5.045	.001
	Within Groups	17.661	138	.128		
	Total	20.243	142			

KPIS ACROSS HOTEL CATEGORY

The mean of different dimensions of performance measurement across the different category of hotels as summarized in Table 7 indicates that financial performance scored highest mean across the respondents of different categories of hotels. At the same time this factor has scored highest among all respondents of different hotel category.

One-way ANOVA analysis was carried out with the assumption that mean of different dimensions of performance does not differ significant across the hotel category of respondents. From the table 8, it is clear that calculated value of F (5, 137) is greater than the tabulated

value of F (2.37, $\alpha = .05$) except the factor like Innovativeness dimension. Correspondingly, the observed p-value of 0.000 for all dimensions except innovativeness is well below the chosen alpha of 0.05 ($0.000 < 0.05$). Hence the null hypothesis is rejected, indicating that there is a significant difference in the mean of different performance dimensions across the different factors of hotel category except in the case of Innovativeness dimension. This indicates that managers, irrespective of their hotel category, believe innovativeness as a critical and strategic performance measurement dimension and encourage employees to generate innovative ideas about services and delivery process to enhance customer satisfaction and retention.

Table 7: Mean of performance dimensions across hotel category

Hotel Category	Financial performance	Competitiveness	Employee Performance	Operational efficiency	Innovativeness	Service Quality
One Star	4.6000	3.5000	3.0000	3.3333	3.6667	3.2500
Two Star	4.3333	3.8750	3.2083	3.2500	3.4444	3.5000
Three Star	3.9333	3.2500	2.9792	3.2778	3.5833	3.8125
Four Star	4.0650	3.4875	3.4750	3.4042	3.7250	3.7313
Five Star	4.4585	3.8720	3.6250	3.6138	3.6992	3.9390
Unclassified	4.0000	2.2500	2.7500	2.8333	2.6667	2.7500
Total	4.2979	3.6958	3.4965	3.5023	3.6783	3.8339

Table 8: ANOVA with Hotel Category

		Sum of Squares	df	Mean Square	F	Sig.
Financial Performance	Between Groups	6.159	5	1.232	8.615	.000
	Within Groups	19.590	137	.143		
	Total	25.749	142			
Competitiveness	Between Groups	9.024	5	1.805	9.513	.000
	Within Groups	25.993	137	.190		
	Total	35.017	142			
Employee Performance	Between Groups	6.133	5	1.227	4.589	.001
	Within Groups	36.616	137	.267		
	Total	42.748	142			
Operational efficiency	Between Groups	2.897	5	.579	8.772	.000
	Within Groups	9.047	137	.066		
	Total	11.944	142			
Innovativeness	Between Groups	1.583	5	.317	2.362	.042
	Within Groups	18.286	137	.133		
	Total	19.869	142			
Service Quality	Between Groups	3.859	5	.772	6.453	.000
	Within Groups	16.384	137	.120		
	Total	20.243	142			

DISCUSSION

The calculated ranking of the key performance indicators in the hospitality industry can be analyzed by both managerial characteristics and stage of the performance measurement practices in Uttarakhand, which still lacks sophistication especially in hospitality firms. The study reveals managers rank financial indicators such as total revenue achieved (4.83), total room sales (4.61), room occupancy (4.22), sales growth (4.00), food and beverage sales (3.95) superior than non-financial indicators such as customer satisfaction (4.42), staff appearance and friendliness (4.00), innovativeness (3.89), customers' complaints (3.89) and number of product and services innovated per year (3.85). It shows that they are still focusing on financial measures of performance while ignoring non-financial measures. These results also suggest that managerial educational qualifications and their hotel category have no effect on the choice of key performance indicators. This indicates that traditional or financial performance measures are still prevalent and more preferred key performance indicators in the elite and educated management segment of almost all the hospitality organization.

It is widely acknowledged that tourist destinations are becoming more competitive and hotels must catch up with effective performance measurement trends in order to remain in existence and be competitive. Hotel industry of Uttarakhand faces many challenges with regard to improving the profitability of operations and exploiting the new opportunities that have arisen due to the growth in the economy and the changing nature of tourism in India. There are doubts that the current performance indicators do not address the critical issues that the modern hospitality manager needs to understand. The only way to underpin these types of development is to establish effective performance indicators to evaluate different aspects of hotel operations and their outcomes. Furthermore, it is also observed that managers in the hospitality industry are still using traditional management style, and are not emphasizing on process advancement, customer orientation, application of scientific methods and techniques, and the role of human capital in service delivery, which can improve business performance. Most hospitality organizations are yet to embrace comprehensive management information systems that can capture the necessary information in all performance dimensions. The hospitality managers need to rethink about the choice of their performance indicators. Therefore, hotels need to invest in comprehensive performance management systems suitable for the hospitality industry that will enable the managers to capture both financial and non-financial data.

CONCLUSION

The study discusses many issues of relevance to the growing literature in the field of performance measurement while providing hotel organizations with a practical tool to help them select an effective performance indicators. The research reported in this paper provides an understanding that hotel managers of two major tourist locations should incorporate both financial and non-financial performance indicators in their performance measurement. From the study, it can be concluded that the perception of hospitality managers towards key performance indicators is overwhelmingly dominated by financial dimensions with inadequate or little attention being paid to non-financial measures. This demonstrates that performance measurement within the hospitality industry is not balanced. They need to incorporate both financial and non-financial performance measures in their performance measurement systems. Demographic characteristics of hotel managers such as educational qualifications and category of hotel do not influence the managers' choice of key performance indicators. The fundamental point is whatever happens in an organization is the effect of a variety of different causes that are prompted by customers (internal and external), employees (whose behavior affects the organization), and other stakeholders (e.g. shareholders, suppliers, and investors). Financial and non-financial key performance indicators provide vital information to the organization for tracking and predicting business performance against strategic objectives in a way that complements financial measures.

LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

Finally, there exists a limitation of the current research that warrants discussion. The industry population surveyed represents hospitality managers in some selected classified and unclassified hotels of Uttarakhand; therefore it is not appropriate for this study to make the claim that the findings are applicable to the hospitality industry outside Uttarakhand. However, it is hoped that the study can be reproduced to test the extent of the applicability of the findings. On the other hand, this limitation may provide an opportunity for future research on the performance measurement practices and changing performance measurement dimensions in emerging and established hospitality industry. Future research could use a larger sample to enable a test for key performance indicators adopted by the hospitality industry and cause-and-effect relationships between managerial characteristics and performance measurement practices. Furthermore, there need for research to explore broader model inclusive of all other factors that

influence performance measurement in the hospitality industry in a single model such as the Balanced Scorecard.

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