A STRATEGIC PERFORMANCE MANAGEMENT FRAMEWORK: A HYPOTHETICAL HOTEL CASE
Research Article

Yıldırım YILMAZ*

ABSTRACT
Tourism industry with its unique and different characteristics requires new or adopted performance management models and frameworks for better managed hospitality businesses. Thus, this paper offers a framework that can be used by hospitality businesses when they configure out performance management system for their businesses. This paper reviews the articles on strategic management, operation management, and performance management from tourism and hospitality and mainstream literature and proposes a framework developed with the notions of system approach. A conceptual framework is provided which shows the relationships of three systems, namely strategic management system (SMS), operation management system (OMS), and performance measurement system (PMS). Being a conceptual framework, it needs to be applied in different type of hospitality businesses to display the usefulness of it. Suggested framework may help managers of tourism and hospitality businesses in their efforts of building strategic, operation, and performance management systems that work in congruence. Although there are studies related to each three main systems separately, no attempt seen in the literature to study the relationships of three systems either holistically or partially with their sub-systems. Researchers could use this framework as a template for further studies.

Keywords: Strategic management system, performance measurement system, operation management system, efficiency, effectiveness

JEL Classifications: M10, Z31, C12

* Assoc. Prof., Akdeniz University, Faculty of Tourism, Department of Tourism Management, yyilmaz@akdeniz.edu.tr, orcid.org/0000-0002-6557-7111

Submission Date: 29.11.2018 Acceptance Date: 14.12.2018
INTRODUCTION

Degree of success for any businesses is substantially depends on having well designed systems which work together in harmony. Three systems, in this term, could be regarded as crucial for any organization – namely, strategic management system (SMS), operation management system (OMS), and performance measurement system (PMS). However, performance of businesses relies heavily on whether these systems are configured with a holistic and integrated view. In doing so, it must be kept in mind that weak ties between them could affect the overall performance negatively. If one fails, overall performance of the organization affected adversely.

The characteristics of tourism and hospitality industry - i.e. seasonality, vulnerability, perishability - mostly depending on high scale investments require developing such holistic models and frameworks. Nevertheless, there are few such models seen in the tourism and hospitality management literature. It can be observed that researchers are reluctant to develop models or frameworks which can be used by hospitality businesses in this regard. There are studies only investigate strategic management, e.g., strategic orientation (Avci, Madanoğlu and Okumuş, 2011); or operation management, e.g., human resource management (Essawy, 2016). Performance measurement, on the other hand, attracts less attention compared to these two areas of study (Huang et al., 2007; Phillips, 1999; Phillips and Louvieris, 2005; Yılmaz and Bititci, 2006). Limited number of studies deals with the relationships between any of two areas (Huang, 2008) many of which search for the effects on performance, i.e. impact of environmental strategy on hotel performance (Cortés et al., 2007). However, no study seen in the tourism and hospitality literature that attempts to combine three general management topics empirically or conceptually.

The aim of this paper is hence to develop a framework, called strategic performance management framework for tourism and hospitality, to be able to demonstrate the relationships and dynamics between these three systems. It is supposed to help professionals of tourism and hospitality while forming the relations between such systems more properly. The framework suggested in this paper is also expected to fill a gap in the literature which could be one starting point for the next research.

THEORETICAL FRAMEWORK

Strategic Management in Tourism and Hospitality Studies

Hospitality businesses are operated in very dynamic and competitive conditions and deciding how to engage this changing environment strategically becomes increasingly difficult (Köseoğlu et al., 2013). Thus, to survive in rapidly changing business environment, organizations should have a clear strategy (Pechlaner and Sauerwein, 2002; Avci et al., 2011). There are different views on the level of contribution that hospitality and tourism industry makes to the mainstream of strategic management.

Miscellaneous systematic reviews on strategic management in tourism and hospitality revealed different characteristics of such studies. Olsen (2003), in his review that covers the papers published in 2002 and 2003, concluded that it is progressing significantly and many complex relationships have been reported. Harrington et al. (2014) stress that hospitality and tourism literature was following the mainstream trend of combining theoretical perspectives to some degree while applying more process-based concepts to hospitality and tourism strategy research between 1980 and 2013. In another review, it is found that 27% of papers published between 2005 and 2009 are related to strategic management (Harrington and Ottenbacher, 2011). In the same study, the authors indicate the differences of strategy studies done in hospitality and general strategic management of which are mostly due to the differences of views of researchers, namely hospitality researchers tend to focus on more tactical issues where researchers of general strategic management focus on more theoretical notions. Most popular topics are competitive strategy, strategy process, corporate strategy, structure and governance according to the review of Phillips and Moutinho (2014) which scans the studies published between 1995 and 2013. Strategic orientation (Avci et al., 2011; Okumuş, 2001), strategy implementation (Hwang and Lockwood, 2006) and its impact on performance (Segev, 1987; Xiao et al., 2012) are other major topics in hospitality and tourism literature.

Generic starting point of strategic management is the evaluation of external and internal environment. External environment has great impacts on
managerial decision taking and to understand the key trends affecting demand and supply is crucial in reducing the uncertainty (Dwyer and Edwards, 2009). Thus, to be competitive, it is required to have a clear strategy which is adapted to the changing business environment (Pechlaner and Sauerwein, 2002).

In spite of the inconveniences seen at strategic management approach for small sized and individually managed hospitality businesses (Pikkemaat and Zehrer, 2016; Hwang and Lockwood, 2006), professionally managed chain hotels and flagship airlines can be regarded examples in tourism industry that strategic management issues seem practiced well. However, it seems that there is a lack of studies relating the strategic decisions to the operational level with adequate performance measurement systems which aim to illustrate how the strategic objectives and strategies are produced and deployed to operational level and performance feedback system is used to monitor operational efficiency and organizational effectiveness.

Operation Management System

Operation Management is a complex field and in a continuous and dynamic evolution. Differences between strategic management and operational management have been analyzed by many researchers (Teare et al., 1998; Johnson and Scholes, 1999) from the view of complexity/routine, organization wide/operation specific, significant change/small-scale change. To make operation management system more integrated and responsive and to develop a strategic fit between operations strategy and production planning systems (Olhager and Selldin, 2007); organizations take new initiatives in their systems and processes (Chen, 2005; Lima et al., 2009).

Skills and capabilities are needed to apply strategies (Agut et al., 2003; Brown and Fai, 2006; Hwang and Lockwood, 2006) which makes human resources an important element for putting managerial strategy into effect and getting sustainable advantage (Wang and Shyu, 2008). However, organization’s ability of using such capabilities effectively is the key to create value (O’Cass and Sok, 2015) and sustain competitive advantage (Fraj et al., 2015; Grant, 1991). In the light of the fact that vast majority of businesses in tourism- especially in hotel sector- are small sized enterprises (Pikkemaat and Zehrer, 2016), as Hwang and Lockwood (2006) indicate they may suffer from some barriers while operating their businesses, e.g., changing demand, lack of skilled labor, limited resources, lack of competitive benchmarking. Thus, new operation management system designs are required to pay closer attention to the changing nature of operations systems performance (Lima et al., 2009; Font, 2002).

Planning is one of the main functions of operation managers in hospitality businesses. Because the decisions made by managers affect profit (Harris, 1992), high quality planning is the key for success. It is imperative to know the level of demand for the goods and services offered by the company in advance. Problems of over- and under-production usually result from incorrect operational decisions during ineffective planning (Hu et al., 2004). Therefore, managers need to have right tools and skills for good forecasting which plays crucial role in resource planning and scheduling. Such systems like Enterprise Resource Planning (ERP) have become de facto standard for any sized organizations to run all their major functional and process operations (Preslak, 2006). Common modules of ERPs include accounting, sales and marketing, logistics, purchasing, manufacturing, human resources, and inventory. Production planning in terms of both service and non-service based products are required to prepare the organization for its customers.

Production and delivery of goods and services in tourism and hospitality businesses is related mainly to three issues: processes, technology and distribution. There are many processes in these businesses, e.g. customer relationship management processes (Reinartz et al., 2004), and reservation system processes (Sigala et al., 2001) to ensure that whole system act in harmony to reach the desired goals and objectives. On the other hand, various
technologies are used in the organizations to make the processes successful.

Technology can be referred in different meanings, mainly as product, process and management technologies. Groose (1996) defines these technologies as follows; “Product technology is the knowledge used to produce any product - information that specifies the product’s characteristics and uses. Process technology is the knowledge used in production to organize the inputs and operate the machinery - it relates to the process by which a given product or service is produced. Management technology is the knowledge used in operating a business - the managerial skills that enable a firm to compete by using its resources effectively” (p.782). Kirk and Pine (1998) states that systems (e.g., operating systems, communication systems, management systems) can also be considered as technology.

Distribution of goods and services is one of the main tasks of any operation management system. Tourism industry has been analyzed in a holistic manner through distribution channel perspective by many authors (Pearce and Schott, 2005; Middleton and Clark, 2001; Mill and Morrison, 2002; Halloway, 1998; Laws, 1997). It is mainly related to the delivery of products to customers. Nature of tourism product is almost completely different than manufactured one and fairly different than the products of other service sector (e.g. banking, insurance). Being a highly perishable product, for instance, makes timely distribution a vital subject for better performed business. Hospitality businesses are required to develop integrated and comprehensive distribution networks (Thyagaraju and Venkateswarlu, 2014).

As for each system, operation management systems in organizations produce outputs and defining the outputs of operation management systems is important to evaluate the operation properly. Outputs of this system are mostly defined in financial term, i.e. occupancy rates and revenue, but social and environmental outcomes also need to be reflected in the output scheme in addition to the economic ones (Dwyer and Edwards, 2009).

Environmental management issues in the hospitality industry has gained great attention by researchers (Myung et al.,2012) and the factors that influence the adoption of environmental measures in these businesses have been searched in different studies (Tzschentke et al., 2008; Font, 2002). On the other hand, hospitality businesses among others serve to community as well and they feel also responsibility for social concerns.

The operation management system in tourism and hospitality establishments, from the above discussion, should be designed according to the unique characteristics of this industry. For instance, in planning phase demand analysis and forecasting, resource planning and scheduling with a production plan are to be handled more carefully due to the perishability nature of product and also seasonality of the business. Producing the product, which is mainly service, needs highly interconnected processes using the right technology- i.e. that cares environmental concerns or customer oriented. Besides, the distribution channels should be optimized in order to create more value for the customers and the business as well.

Performance Measurement System

Performance Measurement System (PMS) functions as a disseminator of strategic objectives and goals throughout the organization that gathers related data from operation management system and produces performance evaluation reports. Although literature of PMS witnessed an inconsiderable development from 1920’s to 1980’s, plentiful of studies have been conducted from the late of 80’s and early 90’s that changed the way of measurement of performance in organizations. Performance measurement models and frameworks developed in this period are mainly advising to be multi-dimensional (Cross and Lynch, 1988; Kaplan and Norton, 1996: EFQM, 1998), stakeholder oriented (Neely and Adams, 2001) and strategy focused (Kaplan and Norton, 2001). Characteristics of PMS are discussed in the literature widely which are summarized in Table 1. In 1980’s and 1990’s, researchers mostly focused on the need of using financial and non-financial performance measures together, whereas 2000’s witnessed the cause and effect relationships of performance measures.

According to Gomes and Yasin (2007), performance of hospitality businesses can be evaluated by two approaches; specific measurement approach and organization wide approach. Specific measurement approach deals with a specific area, e.g. service quality (Stank et al., 1999) or human resource (Tsaur and Lin, 2004, Cho, et al.,2006) whereas organization wide approach to measurement can
include models like Balanced Scorecard (Harris and Mongiello, 2001). The authors also indicate that organization wide performance measurement should be viewed as a complete organization system and they should incorporate the relationship among efficiency-specific and effectiveness-oriented organization measures. Same authors underline the necessity of having both specific and organization wide performance system. Similar distinction was made by Venkatraman and Ramanjam (1986) who define performance areas as financial performance, business performance and organization effectiveness.

Table 1. Characteristics of Performance Measurement Systems (PMS)- Literature Review

<table>
<thead>
<tr>
<th>Characteristics of PMS</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance measures should be derived from organization’s goals</td>
<td>Globerson (1985)</td>
</tr>
<tr>
<td>Performance criteria should ensure the comparability of organizations that are in the same sector</td>
<td>Globerson (1985)</td>
</tr>
<tr>
<td>Measures should be reviewed occasionally as external and internal environmental conditions change</td>
<td>Bhimani (1993), Mascal (1989), McMann and Nanni (1994), Wisner and Fawcett (1991), Ghalayani and Noble (1996)</td>
</tr>
<tr>
<td>Performance criteria should be under control of the unit which is evaluated</td>
<td>Globerson (1985)</td>
</tr>
<tr>
<td>PMS should include a mechanism that reviews and revises targets and standards</td>
<td>Ghalayani and Noble (1996), Bititci et al. (1997)</td>
</tr>
<tr>
<td>It should aim to test the strategic assumptions</td>
<td>Bourne et al. (2000)</td>
</tr>
<tr>
<td>It should relate to the reward system</td>
<td>Tsang et al. (1999), Kaplan and Norton (2001), Ittner and Larcker (1998)</td>
</tr>
<tr>
<td>It should be designed not only for monitoring but also for encouraging continuous improvement</td>
<td>Mascal (1989), Ghalayani and Noble (1996)</td>
</tr>
<tr>
<td>It should include all processes of organization</td>
<td>Huff and Jenkins (2003)</td>
</tr>
<tr>
<td>Each of performance criteria and metric should be clearly defined</td>
<td>Ghalayani and Noble (1996), Globerson (1985)</td>
</tr>
<tr>
<td>Measures should be simple and easy to use</td>
<td>Mascal (1989), Ghalayani and Noble (1996), Santori and Anderson (1987)</td>
</tr>
<tr>
<td>Objective performance measures should be preferred to subjective ones</td>
<td>Libby et al. (2004), Globerson (1985)</td>
</tr>
<tr>
<td>Measures should give feedback quickly</td>
<td>Mascal (1989)</td>
</tr>
<tr>
<td>Performance measures should reflect the needs and wants of all stakeholders</td>
<td>Globerson (1985)</td>
</tr>
<tr>
<td>PMS should measure implementation success of strategies</td>
<td>Kaplan and Norton (1996), Bourne et al. (2000)</td>
</tr>
</tbody>
</table>

Source: Author
To make a proper evaluation one should take the unique characteristics of tourism industry into consideration, for instance, it cannot be stored for future sale (Yilmaz and Bititci, 2006) and production and consumption are inseparable (Baker and Crompton, 2000) which require interacting with customer through different channels (Foggia and Lazzarotti, 2014) and having a carefully designed marketing structure that affect strategic management, operation management and performance measurement systems.

**Relationships between SMS, OMS and PMS**

Need for strategic performance management frameworks for tourism and hospitality businesses arises that links strategic management, operation management and performance measurement to each other. The links between operation management system, strategic management and performance measurement system has been in agenda of strategic manufacturing literature especially for two decades (Neely et al., 2005; Lima et al., 2009).

In Table 2, main features of the three systems take place. Here it is seen that performance measurement system acts as a facilitator between Strategic Management and Operation management systems through cascading long term objectives and goals into short term operational level targets.

### Table 2. Main features of the three systems

<table>
<thead>
<tr>
<th>Strategic Management System</th>
<th>Operation Management System</th>
<th>Performance Measurement System</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Future oriented; scenarios on how future look like</td>
<td>• Short term oriented; planning &amp; scheduling</td>
<td>• Short and long term performance criteria/measure development</td>
</tr>
<tr>
<td>• Big picture evaluation; detailed analysis of external and internal environment</td>
<td>• Focused area evaluation; process, job &amp; task based</td>
<td>• Strategic and operational performance evaluation</td>
</tr>
<tr>
<td>• Strategic goals and objectives to be accomplished</td>
<td>• Operational targets and results</td>
<td>• Performance reports and feedback</td>
</tr>
</tbody>
</table>

Source: Author

**Strategic Management System:** Strategy is future-oriented and may involve looking ‘beyond’ in a visionary sense (Stokes, 2008) requiring a detailed analysis of external and internal environment (Poister, 2010). A tourism and hospitality business should evaluate its external environment and internal environment properly to provide the basis for its strategic objectives, goals and the strategies as well.

External environment analysis consists of both macro and micro environment, where macro environment contains a range of influences on whole industry and micro environment comprises the industry in which the organization competes (Evans et al., 2003). External environment affects directly or indirectly to hospitality businesses. On the other hand, hospitality businesses can have more control on internal environment elements which are basically human, financial, physical, and skills & capabilities related. These operant resources have direct impacts on core competences which are treated as the main drivers in acquiring sustainable competitive advantage (FitzPatrick et al., 2013). After analyzing the external and internal environment corporate, business and functional strategies are defined together with its strategic objectives and goals (Ülgen and Mirze, 2007).

**Operation management system:** Operational planning addresses how to efficiently schedule material and labor. Issues that OM concentrates are like: How many workers do we need? When do we need them? When should we have material delivered? Management decisions with respect to operational management are narrow and short-term by comparison (Chase and Aquilano, 1995). Operation management system is mainly responsible for planning demand analysis and forecasting (Efendigil et al., 2009), resource planning and scheduling, and production plan. Demand analysis is
one of the main tasks of planning which will affect resource planning, e.g. human resource and equipment & material planning for hotels, aircraft planning for an airline company. These are also affected by external environment elements, e.g., market trends, and affect the formation of internal elements.

There are processes, technology and distribution systems at the production and delivery function of operation management system. Operation management system deals with both planning and execution of the plans which is highly dependent upon human resources. Outputs of an operation management system consist of customer, financial, social and environmental related results. The inputs of operation management system are strategies and performance measures and targets alongside the related external environment data.

Success of whole system is highly relevant to how the hospitality company deploys its strategies determined at the top management level into the operational level. To ensure this, some initiatives could be taken, such as making strategy known by everyone in the organization (Kaplan and Norton, 2001) and building an attentive communication system.

Performance Measurement System: Performance evaluation should include efficiency and effectiveness measures which are regarded as main determinants of performance of any organization. Efficiency is mainly related to the operational system, i.e. resource utilization, whereas effectiveness is mainly about doing the right things, i.e. increase in market share. Inputs of PMS come from the strategic objectives and goals of Strategic Management System (SMS) and performance data from Operation Management System (OMS). Outputs of PMS are; performance measures & targets to be used by operation management system, operational efficiency report for the OMS and organizational effectiveness report for SMS. Performance feedbacks to SMS and OMS behave as check up for these systems for evaluating and taking corrective actions. These three systems can be analyzed with the aim of system approach notions as in Table 3.

Table 3. The inputs, processes, outputs and key success factors of SMS, OMS and PMS

<table>
<thead>
<tr>
<th>Systems</th>
<th>Inputs</th>
<th>Processes</th>
<th>Outputs</th>
<th>Key Success Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Management System (SMS)</td>
<td>• External &amp; internal environment data</td>
<td>• Analyzing external and internal environment</td>
<td>• Strategies</td>
<td>• Having timely and accurate external and internal data</td>
</tr>
<tr>
<td></td>
<td>• Performance feedback</td>
<td>• Developing strategies</td>
<td>• Strategic objectives and goals</td>
<td>• Ability to deploy strategies to operation level</td>
</tr>
<tr>
<td>Operation Management System (OMS)</td>
<td>• Strategies</td>
<td>• Planning services according to forecasts</td>
<td>• Goods and services</td>
<td>• Resources (human, financial, material etc.) in needed quality and quantity</td>
</tr>
<tr>
<td></td>
<td>• Performance measures &amp; targets</td>
<td>• Production and delivery to customers</td>
<td>• Economic, social, and environmental outcomes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Performance feedback</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Measurement System (PMS)</td>
<td>• Strategic objectives &amp; goals</td>
<td>• Business, unit and individual performance evaluation</td>
<td>• Performance measures and targets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Operational performance data</td>
<td></td>
<td>• Performance reports for OMS and SMS</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

Operation management decisions at the strategic level impact the company’s long term effectiveness in terms of how it can address its customers’ needs. Thus, for the firm to succeed, the decisions must be in alignment with the corporate strategy (Chase and Aquilano, 1995). On the other hand performance measurement systems translate strategy into a coherent set of performance measures (Chenhall,
2005) and responsible for maintaining the alignment and coordination (Melnyk et al., 2004). Three systems work closely that each one producing outputs to be used as inputs for another making the relationships as a double loop cycle. For instance, strategies and strategic objectives and goals which are outputs of SMS regarded as inputs for OMS and PMS respectively (Table 3). There are also key success factors (KSF) for each system to be successful. Timely and accurate external and internal data (Karim, 2011) and ability to deploy strategies to operation level (Kaplan and Norton, 2001) are KSFs for SMS. Having the right amount of resources with desired quality can be an important KSF for OMS whereas designing the performance measurement framework according to needs of business could be key success factor for PMS.

3. A Strategic Performance Management Framework for Tourism and Hospitality Businesses

It is seen in Table 3 that there is a coherent relationship between three systems in terms of input–output exchange which can be recognized easier in Figure 1.

Figure 1 shows how to integrate three systems into one strategic performance management framework especially for the establishments in tourism and hospitality industry.

The framework could be built through following eight steps:

**Step 1.** Configuring Strategic Management System (SMS); doing strategic analysis and producing strategic outputs – strategies, objectives and goals

**Step 2.** Configuring Operation Management System (OMS); planning, production & delivery, and operational outputs – customer, financial, social, and environmental

**Step 3.** Establishing Performance Measurement System (PMS); measurement framework, performance evaluation, and performance measurement outputs- performance measures and target, feedback reports

**Step 4.** Deploying the strategies from SMS to OMS

**Step 5.** Submitting the objectives and goals from SMS to PMS

**Step 6.** Submitting the performance measures and targets from PMS to OMS

**Step 7.** Transmitting the performance results from OMS to PMS

**Step 8.** Giving performance feedback from PMS to SMS and OMS

To better understand the framework it may be helpful to apply these steps to a hypothetical case.
Figure 1. A Strategic Performance Management Framework
METHOD
To illustrate how the framework could be used properly, a hypothetical case study is developed. Hypothetical cases (HC) and scenarios are used in various studies. Karadeniz, Kandır and Önal (2009) used this technique to appraise real estate and calculate total value in lodging companies. Tran, Nomura and Yabe (2015) developed hypothetical ecotourism tours in a protected area of Vietnam in their study and asked potential tourists whether they are willing to join these hypothetical tours. Hypothetical case study and scenarios have been used in many other studies like destination branding (Dioko and Siulan, 2012), return to work study (Aas and Alexanderson, 2012). March, Sproull, and Tamuz (1991) states that organizations use small samples of specific historical events to construct theories about events, and then simulate hypothetical histories that can be treated as having interpretive significance comparable to, or even greater than, the history actually experienced. Hypothetical case studies can (Low et.al., 2001, p.13) :
- Allow the exploration of and development of worst-case scenarios;
- Research cases from original sources;
- Assess the impact on a wider range of stakeholders;
- Consider the case in different cultural, political and geographic contexts; and
- Allow exploration and development of alternative courses of action (adaptation options).

Hypothetical Case Study Method (HCSM) could be used when:
- A new conceptual model or framework developed by the researcher which aims to demonstrate the applicability of such model,
- Immediate real life application is no possible due to some reasons, i.e. time or funding constraints, it acts as a preliminary illustration of the model,
- The researcher wants to show the full potential of such model or framework by eliminating the possible barriers of real cases. For example, in real cases, an organization may not give some information because of its confidentiality.

How to apply HCSM
It is crucial to design a HC which is identical to real life situation. For instance, if the author wants to see how the model works in a non-profit organization, he or she should design HC which is having similar characteristics of its counterpart in real life. Hence, it is required for the author to get knowledge about such organizations, e.g. their goals and objectives, structure, strategies. Otherwise, HC could not reflect the real life situation as it is desired to be.

Stages of HCSM:
1. Create the background of HC. The profile of case is given here. To increase the validity of the study, it is suggested to have comments from professionals of related area whether the profile could be regarded as one that reflects the real life situation.
2. Apply the suggested model, framework or any other conceptual structure to HC.
3. Discuss the implications of HC.

The data generated in this hypothetical hotel case is based on general profile of the similar hotels in the area, personal observations and talks with hotel managers in the region.

Hypothetical Case Study: XYZ Hotel - An upscale golf resort hotel
A golf hotel case is developed to show the applicability of the suggested framework in this study but it can be applied in other type of tourism establishments, such as city hotels, travel agencies and airlines as well.

A five star hotel situated along the coast of Belek, Antalya where the most luxury resort hotels of Turkey has 700 hotel rooms and suites, 10 villas, 3 super villas and 1 VIP villa. Hotel provides many opportunities for dining, entertainment, spa & wellness, and meetings to the upscale market. Hotel with a 18 hole and 110 ha golf surface area is one of the best golf hotel of this popular golf region.

Eight steps of suggested framework could be applied to the hypothetical case study as follows.

Step 1. Configuring Strategic Management System (SMS); doing strategic analysis and producing strategic outputs – strategies, objectives and goals
External Environment; Recent political crisis with main market affected demand negatively. On the contrary, demand from gulf countries is on the rise. Competition is getting intense with new opening golf hotels in the area. Environmental concerns of customers are increasing. Customers are also giving high importance to see brand new technologies in the hotel. Destination Management Organization
starts a new campaign to boost the MICE (Meetings, Incentive, Congress and Events) tourism of region.

**Internal Environment;** Key positions (managerial and key staff) are highly qualified and training programs are well established. Relationship with most prestigious tourism faculty of the region is also good. On the other hand, communication between staff and managers is not properly established. Due to the new hotel investment of the company, financial situation is not so good but credibility of the hotel is high. Hotel rooms need refurbishments but general areas are in good condition. Entertainment and golf facilities could be the best in the region. High quality restaurants also attract vast number of local people.

**Strategic Objectives and Goals;** It is aimed to increase the demand from Gulf countries by 20% each year and to maintain the reputation of being best golf hotel in the region. Repeat guest ratio is aimed to increase by 5% annually. Financial performance (i.e., occupancy rate, revenue, profits) is to be above competitors’ average each year. It is intended to position the hotel as being the best environment friendly golf hotel in the region. Exceeding the guests’ expectations is also primary goal of the hotel.

**Strategies;** In order to reach the objectives, new marketing strategy will be prepared to attract high income golf tourists from Gulf countries. A World Series golf tournament will be organized to bring best golfers of the world. When refurbishing the rooms, brand new technology will be equipped concerning environmental friendliness. To increase the revenue from MICE tourism, hotel decided to invest in its meeting facilities including new big meeting room and to build sound relations with the congress and meeting organizers to host big volume meetings.

**Step 2. Configuring Operation Management System (OMS);** planning, production & delivery, and operational outputs – customer, financial, social, and environmental

With the deployment of strategies from SMS and the performance targets received from PMS, OMS configures the operations – i.e. planning, production & delivery- accordingly and deliver the results such as customer, financial, social, environmental etc. to PMS. According to the feedback from the PMS and the new strategies deployed by SMS, corrective actions are taken to ensure that the operations are done efficiently and conformed to the quality standards.

OMS feeds from SMS and PMS. Hotel XYZ is not good at deploying strategies throughout the organization and so the performance measures and targets. Therefore, there seems no integrated and interconnected operation plans. For instance, demand planning and forecasting, resource planning and scheduling, and production plan which all supposed to be handled accordingly with the emphasis that business strategy is reflected. For production plan, for example, menu planning should have been done according to the tastes of new target market (tourists from Gulf countries). Employees should also be recruited and trained according to the needs of this market, i.e. knowledge of Arabic language.

At the production and delivery phase of OM, processes, needed technology, and distribution of goods and services should be linked to the general strategies, strategic objectives and goals. The outputs of this system should serve the necessary performance data to PMS for the accurate evaluation of business performance of the hotel. Timing and accuracy of producing the required data is vital to determine the level of effectiveness and efficiency.

**Step 3. Establishing Performance Measurement System (PMS);** measurement framework, performance evaluation, and performance measurement outputs- performance measures and target, feedback reports

Performance measurement framework should aim to be multi-dimensional, stakeholder oriented and strategy focused. Main inputs of this system are strategic objectives and goals. To achieve the strategic objectives, they are cascaded into operational targets which are to be measured with adequate measures. The organizational and individual (or team) performance is evaluated and feedback is given to SMS and OMS.

PMS plays active role as a catalyst between strategic management and operation management systems. The strategies that the strategic management system deploys to the operation management turn into visible terms with the objectives and goals which are translated as targets for each unit of the hotel identified with the adequate performance measures (Figure 2).
It is almost agreed in the literature that the performance measures should be strategy focused. For our hypothetical Hotel XYZ, PMS is not well designed to ensure to produce the performance measures and targets that reflect the strategic objectives and goals. It is recommended to include such performance measures related to guest satisfaction, number of contacts made with congress organizers, volume of meetings organized, carbon footprint of hotel, % of tourist from gulf countries, marketing effectiveness ratio etc. to be monitored under different but interrelated dimensions like customer, financial, social and environmental which are in parallel to the strategies and the strategic objective & goals.

Only basic performance data is produced i.e., occupancy rate, profit ratio, liquidity ratios, REVPAR etc. which are mainly on financial performance. Hotel XYZ is not using any multi-dimensional performance measurement and management models like Balanced Scorecard (BSC) and Performance Prism. BSC, for example, has four generic dimensions (financial, customer, internal, learning & growth) which could be adapted to the requirements of the hotel. It may be added an environmental effects dimension to make sure that hotel remains environment friendly.

Various stakeholders’ (employees, suppliers, travel organization partners etc.) point of view could also be reflected in the PMS. Performance Prism, for instance, is one model that contains both stakeholder satisfaction and stakeholder contribution.

In performance evaluation, the system collects the required data from each unit and after having analyzed the data, performance reports are produced. These reports serve as feedback mechanisms for SMS and OMS. Measuring the effectiveness of the hotel means that it answers the basic question of “Is the hotel doing the right things?”. On the other hand it also serves to OMS as searching the answer of efficiency performance by the basic question of “Is the hotel doing the things right?”.

**Step 4. Deploying the strategies from SMS to OMS**

Using the appropriate systems to spread the strategies throughout the hotel in order to ensure that everybody knows what to accomplish is vital for success. Deployment of strategies is to be relevant and correct with respect to the impact and influence of individual business areas (i.e. processes, functions and distribution) (Bititci et.al.,1997). Hotel XYZ is suffering to deploy the objectives and strategies to some functions. For example, to increase the demand from gulf countries is not deployed to human resource department and they did not consider this when recruiting staff.

Although the deployment of strategy to stay competitive as a golf hotel is well deployed to almost all levels in the hotel, no evidence is seen for the deployment of strategy to increase meeting and incentive business. Other strategies are partially deployed in some function, i.e. marketing and finance but not deployed to any other functions.

**Step 5. Submitting the objectives and goals from SMS to PMS**

Main inputs of PMS are strategic objectives and goals. To achieve the strategic objectives, they are cascaded into operational targets at PMS which are then expressed with adequate measures. Strategic management system produced strategic objectives and goals. The management team of Hotel X determines strategic objectives and goals after
analyzing external and internal environments and these are submitted to PMS where they are stored manually or, as it is substantially preferred, electronically with suitable software designed to see the strategic objectives, targets and their accomplishments. It is of high importance to submit the objectives and goals accurately and timely because at PMS these will be transformed into measurable targets for operation system otherwise consistency between objectives and targets could not be achieved.

Strategic objectives and targets are; to increase the demand from Gulf countries by 20% each year, to maintain the reputation of being best golf hotel in the region, to increase repeat guest ratio 5% annually, to increase the occupancy rate, revenue and profits 5% which are to be at least more than the main competitors’ averages each year, to become best environment friendly golf hotel in the region, and to exceed the guests’ expectations. These goals and objectives should be converted into the operational targets and measures.

**Step 6. Submitting the performance measures and targets from PMS to OMS**

It is almost agreed in the literature that the performance measures should be strategy focused. For our hypothetical Hotel XYZ, PMS is not well designed to ensure that the performance measures and targets reflect the strategic objectives and goals. Only basic performance data is produced i.e., occupancy rate, profit ratio, liquidity ratios, REVPAR etc. which are mainly on financial performance. Other measures should be developed to reflect strategies and strategic goals & objectives such as measures related to guest satisfaction, number of contacts made with congress organizers, volume of meetings organized, carbon footprint of hotel, % of tourist from gulf countries, marketing effectiveness ratio etc. to be monitored under different but interrelated dimensions like customer, financial, social and environmental which are in parallel to the strategies and the strategic objective & goals. These measures are augmented at various levels of operations. For instance, to become more environment friendly hotel and to decrease the carbon footprint of hotel, housekeeping department can produce measure like detergent use or water consumption while food & beverage department monitors the food waste. The main goals and objectives are to be converted into daily operational targets with adequate measures; otherwise organizational performance of hotel could not be evaluated accurately.

Objectives and goals are transformed as targets for each part of the operation system and these are delivered to OMS. For instance, the objective of 20% increase from gulf countries and 5% increase of repeat guests will be the main targets for marketing department whereas to maintain the reputation of being best golf hotel in the region, various targets are assigned to each department/function with suitable measures, i.e. golf customers satisfaction rate related to different departments, image score target for public relation department. It is critical to make analysis about the contributions of different functions on the overall success of specific objective. By doing so, the role and contribution of every task, function or process for attaining the strategic objective will be clarified. It is also important for the employees to know what it is expected from them and their role for whole organization.

**Step 7. Transmitting the performance results from OMS to PMS**

The outputs of this system should serve the necessary performance data to PMS for the rigorous evaluation of hotel’s overall performance. Timing and accuracy of producing the required data is vital to determine the level of effectiveness and efficiency. The number of measures is increased through the hierarchy of the hotel. Each and every function of all departments of hotel introduces measures or metrics to serve the strategic goals and objectives. The performance results of each measure are collected and transmitted to PMS. Hence, Hotel XYZ should have a data transmission system to ensure that each data is gathered and transmitted from OMS to PMS in determined way and in time.

**Step 8. Giving performance feedback from PMS to SMS and OMS**

The results of the measures are piled up logically and the final reports are produced at this step. The feedback is given to both SMS and OMS whether the organizational performance, in terms of effectiveness and efficiency, is in line with the strategic and operational objectives and goals. Necessary corrective actions are taken according to the feedbacks given by PMS which makes the framework as a closed loop system.
DISCUSSION

In this paper, a conceptual framework was offered and tested with a hypothetical hotel case to help hospitality businesses become more efficient and effective in their operations. Relationships between strategic management, operation management, and performance management were handled with the aid of system approach. Achieving congruence between these three systems plays significant role in gaining and sustaining competitive advantage. Tourism businesses take place in a rapid changing and dynamic competition environment where the barriers of entry to the industry are relatively low, the proportion of SMEs is high, and the structural characteristics are unique. Thus, it requires managerial tools designed for meeting the special needs of tourism industry in general and its sub sectors in specific.

Strategic Performance Management Framework (SPMF) suggested in this paper is supposed to make a substantial contribution to fill the gap observed in the literature namely, limited number of frameworks developed that will serve to understand complex relationships in simple forms. Although there are studies related to each three main systems separately like strategy implementation (Hwang and Lockwood, 2006), impacts of strategies on performance (Segev, 1987; Xiao et al., 2012), operation management (Essawy, 2016) or performance measurement (Huang et al., 2007; Phillips, 1999) in hospitality and tourism literature, these studies are narrow in their nature and do not give insight how to relate strategic management, operation management and performance measurement to each other as done in this study. Suggested SPMF also makes a contribution to the mainstream literature of general management which said to be a weakness of tourism and hospitality literature by Okumuş (2002). Harrington and Ottenbacher (2011) state that hospitality researchers tend to focus on more tactical issues whereas researchers of general strategic management focus on more theoretical notions. This study, having a theoretical notion, attempts to make a contribution to hospitality literature by this term as well.

Researchers could use this framework as a template for further studies. These studies can test the usefulness of the framework especially with case study methods to be applied in different sectors of tourism, i.e. hotel, travel and transportation sectors which will give more insights about applicability of the framework. Main systems (SMS, OMS, PMS) and their sub-systems (marketing, human resource, performance evaluation etc.) could be studied together or in part. Strategic management characteristics, its effect on operation management, performance measurement system design for hospitality businesses, features of PMS for hospitality businesses and their relation to SMS and OMS are urgent subjects of areas that should be studied on. Besides, studies on sub-systems of these main systems also can add valuable contribution to the literature such as, research on relationships between customer relationship system and competitive strategy, and performance evaluation techniques; efficiency of central reservation system in marketing, its role on business strategy, and its contribution to performance.

Although there are some advantages of using hypothetical case, e.g., making it easy to understand the suggested framework, it could be regarded as one limitation of the study. Real life case studies are needed to answer such questions: How are strategies developed and deployed to operational level? What are the obstacles of hospitality businesses while implementing the strategies? What would be the characteristics of performance measurement systems for different type of establishments in tourism industry? How can an effective strategic performance management system be built and sustained in practice?

REFERENCES


Tribe, J. (2016), Strategy for Tourism, Goodfellow Publisher Limited, UK.


