

Intangible Resources in Performance Measurement Systems of the Hotel Industry

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Abstract

The purpose of this paper is to demonstrate the value of intangible resources (e.g. knowledge, motivation, social capital) for organisational performance and consequently; the importance of their integration in performance measurement systems (PMS) applied in the hotel industry. To this end, this research highlights the importance of intangible resources for organisational performance, analyses the current integration of intangible resources within existing performance measurement systems and finally demonstrates the need for more comprehensive performance measurement approaches that include indicators for measuring intangible resources. To do so, this paper has discussed the relevant theories in performance measurement in the hotel industry and the concept of intangible resources. Following the approach of Cooper (1998), a systematic and comprehensive literature review was undertaken. This enabled the researchers to identify main theories and synthesise empirical studies. By doing so, the phenomenon under research could be thoroughly explored and overall conclusions for the hotel industry drawn.

The literature review has shown that traditional financial data are no longer leading indicators of the performance of an organisation, and that some progress has been made in terms of using integrated systems to measure also non-financial performance drivers in the hotel industry. In this regard, many integrated performance measurement systems such as the performance pyramid system (Cross and Lynch, 1989) and the balanced scorecard system (Kaplan and Norton, 1992) measure the non-financial aspects of performance. Yet, this paper found that applying non-financial performance measures does not necessarily mean that intangible resources are fully covered. Dumay (2009), however, states that a diverse set of tools have been developed for the measurement of intangible resources, some of which discussed in this paper with reference to the hotel industry. The findings of this research imply that academics and practitioners have to be aware of the impact of intangible resources on performance and should redefine traditional measurement models since including intangible resources in PMS would allow managers and stakeholders to better evaluate the performance of the entire organisation.

Keywords: Performance measurement, Intangible resources, Hotel industry, Financial measures, Non-financial measures.

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