The Balanced Scorecard and its Practical Application to Small and Medium Hotels’ Growth in Eswatini

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Abstract

Big hotels located in Eswatini like Royal Eswatini Sun and Hilton Garden Court have a clear performance measurement tool to assess their performance. However, the small and medium hotels (SMHs) have challenges to use such tools to measure their performances. This article assesses the usage of the balanced scorecard (BSC) as a tool for Eswatini small and medium hotels sector for performance measurement and growth. The research method adopted was an explanatory mixed sequential method where the initial data collection and analysis conducted was quantitative, and the second phase was qualitative research. The overall quantitative results revealed that SMHs used BSC. The emphases were on non-financial performance measures (internal business process, customer, and learning growth). The financial measures were the lowest used, and this motivated and guided the follow-up interviews with managers and directors. The findings from the interview data revealed the association between financial and non-financial performance measures. The implication of these findings resulted in the development of SMHs BSC performance measurement model. The framework for this model could be used to align with the sector and organization strategy as well as develop and implement the hotel plans based on the sector’s needs analysis.

Keywords: BSC, performance measurement, financial, non-financial, framework

Introduction

The hotels and tourism industry has been a fast-growing industry in many countries before Covid-19, and research shows that tourism drives the economic growth through job creation and income taxes to the government (Malagueño, Lopez-Valeiras & Gomez-Conde, 2018). According to Fadda (2018), the World Travel and Tourism Council (WTTC) 2018 report revealed that travel and tourism had a high impact on the economic and social growth of several countries globally. Christie, Fernandes, Messerli and Twining-Ward (2013), state that the travel and tourism sector global performance growth were projected to increase by 3.9% each year. But such a projection is never stable as other factors may affect it as it has been the case with any economic projection made for 2020 has been destabilized by the COVID 19 pandemic.
Even before the pandemic, the Eswatini Tourism Report revealed that travel and tourism had declined by 5.1% between the years 2017 and 2018. Therefore, the decline in visitors affected the hotel SMEs sector performance and growth (WTTC, 2018). This then motivated the researchers to conduct a survey to investigate how the SMHs use the BSC to measure their performance growth.

The purpose of this study was to examine the usage of the four BSC perspectives (finance, customers, Internal Business Process and Learning Growth) as a performance measurement tool for SMHs in Eswatini, and assess association between financial and non-financial measures for SMHs performance and growth. The balanced scorecard is a measurement and management tool which small and large organizations use to evaluate their performance (Kala & Bagri 2014). The Balanced scorecard, as a performance measurement tool, is useful when organizations implement and evaluate their strategy since it gives managers a full understanding of the company’s operations and directions when they translate the organization mission and strategy into a comprehensive set of performance measures (Kaplan & Norton, 2007; Quintano, 2016). Several studies have used some guiding questions to investigate the use of the BSC in their performance measures. Such questions were also adopted in the study. These are: (1) which of the four BSC performance measures are used and implemented in hotel SMEs' sector of Eswatini?, (2) Why SMHs sector least applied the financial scorecard for performance measurement and growth?, (3) Is there any significant association between financial with non-financial measures for SMHs performance measurement and growth?, and (4) Why BSC non-financial performance measures are associated with financial performance measures for hotel SMEs’ growth?

**Literature review**

The hotels SMEs sector has contributed immensely to job creation in Eswatini; over 2,000 jobs had been created by the boom in the industry (Joubert, 2004). Such growth is now reversed as a result of the COVID-19 Pandemic which has negatively impacted the business and employment growth in general. For the SMHs sector, the impact would be felt even more because the study reveals that it had no performance measurement system for evaluating their growth. A performance measurement system describes the mission, strategy, and objectives of an organization aimed at monitoring and evaluating its routine performance and growth. The balanced scorecard is a widely used performance measurement and management model by small and large organizations (Kaplan & Norton, 2007). The fundamental popularity of BSC as performance measurement system was its use of the four perspectives which are its pillars that establish the objectives and strategies an organization could develop and implement to guide its monitoring and evaluation of the performance of its internal systems.

**Balanced scorecard as a tool**

Gesage, Kuira and Mbaeh (2015), research on measuring the performance of five-star hotels using a balanced scorecard approach h versus the traditional model of determining performance revealed that 36% of the participants use a balanced scorecard as a performance measurement tool. The report further indicated that 73% of managers in five-star hotels who use a balanced scorecard as a performance tool had improved the quality of the guest profile. Moreover, 67% of the managers who adopted the balanced scorecard experienced an increase in training hours per employee. This limitation motivated the present study, which focused on the hotel SMHs sector in the Kingdom of Eswatini. CIMA (2009), a professional body for management accounting global in the United Kingdom, in their survey found that only 25% of the small companies use the model of BSC as a performance management tool while 60% of the larger companies surveyed, 40% use the balanced scorecard as a performance management tool.
Although the percentage of small-scale business usage is deficient, the initial design was for medium and large businesses. Managers in SMEs used the balanced scorecard performance management system unconsciously. Therefore, Malagueño et al. (2018), argue that it is fundamental to study its use rather than its mere presence or availability. To use the BSC, organizations need to have a clear understanding of its four perspectives of the performance measures: financial, customers, internal business process and learning and growth.

Financial perspective

The BSC model proposes that for any organization to succeed financially, it should establish what kind of financial performance should be provided to shareholders (Kaplan & Norton, 2007). Therefore, management should create value for shareholders in terms of making profits and increasing the balance sheet. The company’s financial performance measures contribute to the bottom line of the company’s balance sheet after the adoption of the financial scorecard (Kaplan and Norton, 1996). Kala and Bagri (2014) state that hospitality managers tend to use room occupancy, return on investment (ROI), total operating revenue and profit, net profit, revenue per available room (RevPAR), sales growth, room and food, and beverage (F&B) sales, return on capital employed (ROCE), cost efficiency and profitability as a financial performance measure for hospitality. Ngwenya (2013), in the study of leveraging-Financial-and-Non-financial-Strategies-for-Shareholder-Value-Growth- finds that hotels in Zimbabwe use both financial and non-financial strategies in achieving shareholders value shareholder value growth and Earning Per Share (EPS) is the superior performance measure. Jovanović and Jovanović (2016) explain that an increase in both revenue and expenditure results in a decrease in operating income which influence the economic performance and profitability growth of the hotel and tourism sector (Camisón, Forés & Puig-Denia 2016). In the study of evaluating the performance measurement by small and medium enterprises Maduekwe and Kamala (2016), find that most SMEs sampled measured their performance using the balanced scorecard perspectives. However, financial performance measures usage was the most used than non-financial performance measures. Most financial performance measures used were sales growth, cash flows, operating income, and net profit margin. Mosbah and Khuja (2014) argue that there was a large gap in literature review on financial ratios and the application of the balanced scorecard as a performance measurement tool.

When assessing previous studies between 1996 - 2015 on hotel performance and research stream a network cluster, Sainaghi, Baggio, Phillips and Mauri (2018) report that there was a small group focus on accounting performance indicators, and only six articles published between 2001 and 2009 focusing on management accounting systems, budget participation, information technology, and budget participation as a performance measurement tool. Accounting was based on financial measures such as operating margins and commercial rations, while the base of competitive results was on the average daily rate, occupancy, and REVPAR. There was evidence that previous research studies centred on accounting and financial performance measurement systems while there was a little focus on competitive strategies(Sainaghi et al., 2018). Previous research studies also acknowledge that SMEs Accountants were knowledgeable and skilful in calculating financial performance. However, the lack of knowledge and understanding of BSC cause accountants not to align financial measures to the balanced scorecard measures, yet such information is useful for monitoring and evaluating small and medium enterprises such as hotels (Kirsten, Vermaak & Wolmarans, 2015).

When using financial performance measures, management could predict the number of bookings for revenue generation in hotels (Neely, 2004; Antonio, Almeida & Nunes 2017). Antonio et al. (2017), state that booking cancellations have a substantial impact on customer
demand for the service. Therefore, cancellations limit accurate revenue forecasts as a financial performance measure. To circumvent the problems caused by booking removals, hotels implement rigid cancellation policies and overbooking strategies, which can also have a negative influence on revenue and reputation. Using data sets from four resort hotels and addressing booking cancellation prediction as a classification problem in the scope of data science, some authors demonstrate that it is possible to build models for predicting booking cancellations with accuracy results above 90% (Antonio et al., 2017; Neely, 2004). Torres and Singh (2015), examined the impact on a specific financial outcome: average value of booking transaction. Their findings indicate that a higher value per transaction generates more revenue per customer, which all things being equal could result in better profitability.

**Customer perspective**

In the BSC model, the objective of a customer perspective is to accomplish the organization’s vision and mission (Kaplan & Norton, 1996). The customer perspective focuses on the customers’ attitudes toward the company, and how the company wants to be viewed by its customers (Kaplan & Norton, 2007). Al-Azzam (2016), argues that more influential customer-oriented institutions have positive results towards the overall organizational performance; therefore, management should develop customer-oriented strategies. One of the drivers of the customer measures was a marketing concept that presumes that customer-oriented implementation and improvement of customer satisfaction and business profitability (Al-Azzam, 2016). To support the performance of this strategy, Berezina, Bilgihan, Cobanoglu and Okumus (2015) argue that hotel employees should provide excellent service to customers because hotel frontline workers are critical in customer satisfaction. Therefore, customer satisfaction dramatically depends on the performance of hotel employees’ performance (Berezina et al., 2015). Other factors include furnishing and the tangibles, (e.g., bed, carpet, towels, chairs, tables, etc.), may lead to dissatisfied customers and trigger negative automated word of mouth (WOM) responses. Financial issues (e.g., money, charge, credit, and cost) appeared only in harmful recommendations in the measurement of this perspective (Berezina et al., 2015).

**Internal business process perspective**

The internal business perspective focuses on the activities an organization undertakes to satisfy its customers (Kaplan & Norton, 2001). The main objective relates to business processes the business must excel at to achieve financial and customer objectives. The focus is to improve supplier relations, improve the quality of the service process and improve the delivery service to customers (Wadong, Odhuno, Kambona & Othoun, 2010). Ngwenya (2013), asserts that the internal business process strategy has the most stable relationship with the financial plan. Another internal business process performance measure essential for the organization is a central reservation system. Elliot and Joppe (2016), state that central reservation systems (CRSSs) do not only provide Destination Management Organizations (DMOs) with new sources of revenue, but they also provide an on-going attraction to accommodation booking process which creates rich databases.

**Learning and growth performance measures**

Kaplan and Norton's (2001), conceptual theory suggests that the improvement in social and environmental practices through the provision of training on social/environmental issues which bring better employee skills results in higher learning and performance growth (Sitawati, 2015). Sitawati (2015) asserts that the differentiator companies need highly skilled, competent and motivated staff to support the hotel’s provision of quality service and utilization of
innovative products. He further argues that hotels need to invest comprehensively in selection, training, performance appraisal and compensation. Therefore, because of staff recruitment or training, a hotel should expect highly skilled, professionally competent confident and motivated staff who would be performing their tasks appropriately, and consequently, end up receiving rewards for achieving predetermined targets. These tend to lead to higher employees’ satisfaction (Sitawati, 2015).

**Association between non–financial and financial performance measures**
This criterion includes the association between financial performance measures and non-financial measures (customers’ performance measures, internal business processes measures and learning and performance measures). On financial performance measures, Ngwenya (2013) claims that there was a negative correlation between the perceived growth of Price Earnings ratio and earnings per share. The assessment of the competitive strategy and financial performance shows that differentiation of food processing where the hotel and restaurant had high skilled chef would improve financial performance sustainability (Sitawati, 2015). Therefore, there is a positive relationship between competitive strategy and financial performance, and this implies that the more the company applies the competitive approach, the higher its financial performance. With regards to customer performance measures, Gesage et al. (2015), finds out that there is no significant difference in the mean achieved targets of performance based on the customer perspective. The findings imply that the more the hotel gives attention to comfort and offer best services customer, these would lead to better customer satisfaction and in turn, leads to more significant market share and understanding the guest preferences. Ngwenya 2013, claims that customer relations have primarily influenced dividends yields, followed by an internal business process, financial strategies, while innovation and learning strategies are the last.

The adoption of the internal business process has a strong association with the decision-making style used by managers in that the managers are able to use innovation and flexibility to make decisions whenever certain situations arise (Elbannaa, Eidb & Kamel, 2015). Thus Dibrell, Craig and Neubaum (2014), argue that flexible planning could improve hotels’ performance, particularly those operating in turbulent environments, by enabling the hotels to seize the opportunities emerging as a result of changes in the external environment. It should be noted however that technocratic decision-making styles are positively associated with planning effectiveness.

Malagueño et al. (2018), argue that a positive association between the feed-forward use of BSC and the development of new capabilities and exploratory initiatives contribute to the learning and growth performance measure. According to Han, Seok & Kim (2017), personality factors contribute to behavioural characteristic. In their study, the causal relationships were examined among these include the six HEXACO personality factors (honesty–humility, extroversion, conscientiousness, agreeableness, openness to experience, and emotionality), the learning and growth of organizations, and performance in business management. Han et al. (2017), further reveal that there is a positive relationship between conscientiousness, openness and learning and growth when determining the organization's performance and innovation. Muzenda (2014), found that there are significant associations between entrepreneurs’ attributes, firm characteristics, external environment and performance of the SMEs for sustainable growth in the tourism sector. The application of a balanced scorecard for competitive strategy and durable performance found that the five perspectives of a sustainable, balanced scorecard indicate the positive and significant relationship between differentiation strategy and each of the five views of BSC, and that as the hotels adopt and the differentiation strategy, there will be greater performance sustainability (Sitawati, 2015).
Methodology
The research design follows the explanatory sequential mixed methodology (Creswell & Cresswell, 2018). The study focused on the SMHs sector of Eswatini. The researcher collected the data in two phases. In phase one quantitative data was collected through a survey instrument. These questions constituted the base for phase two of the data collection process, where I interviewed the managers of the SMHs that had participated in phase one. Thus the methods used were mixed allowing the use of both quantitative and qualitative research designs and methods to get an in-depth understanding of the matter under investigation. The target population for the research were owners or directors, middle management, supervisory management and staff participating in the operation planning of a hotel in the 115 SMHs in Eswatini within Manzini–Mbabane corridor. But only 35 SMEs SMHs allowed the researcher to conduct the study. The average estimate of managers and staff involved in planning is 10 people, and this translated to 350 respondents. Hence, 350 questionnaires, comprising closed-ended questions that focused on the two main objectives, which include assessing the balanced scorecard used and implemented in SMHs sector and examining the association between the financial and non-financial measures for SMHs growth were distributed in phase one.

The collected data were analysed using the Statistical Package for Social Sciences (SPSS) version 25. The descriptive statistical analysis in this study used the frequency table. The frequency was categorically analysed based on the research objectives and questions for the quantitative method. The non-parametric statistical analysis is the distribution-free test of hypotheses, and it is useful when samples were drawn from an unknown distribution, or data measured at a nominal or ordinal scale (Chavan & Kulkarni, 2017). The parametric test was not used mainly for three reasons. Firstly, the measurement scale used was ordinal, not the Interval Scale or Ratio Scale. Secondly, the samples were not obtained from the population that follows the normal distribution. Lastly, the hypothesis test was not a product of correlation analysis, regression, ANOVA test because the mean is affected by the neutral variable in the Likert Type Scale. Quantitative results were integrated with qualitative results to explain in-depth the quantitative results (Creswell & Cresswell, 2018). The quantitative results did not only inform the sampling procedure, but they also guided the follow-up interview in selecting the types of qualitative questions asked in the second phase.

Phase two was a follow-up interview which only targeted senior management or owners of SMHs sector where the phase one survey had been conducted. For the qualitative research interview, out of the 35 representatives of SMHs, 14 participated comprising a 40% response rate. Interview data was collected face to face and through telephone interviews. The participants were to explain why quantitative results reflect the least used and implemented balanced scorecard among the four perspectives. Secondly, participants were to explain why there was significance association between financial measures and non-financial measures (customers, internal business processes and learning and growth) for SMEs hotel performance measurement and growth. Qualitative data collection was then organized and analysed according to themes and categories using NVivo version 12. According to Creswell et al. (2003), the findings of qualitative research are interconnected into the narrative or developed into a theoretical model.

Results and discussions
Balanced scorecard used and implemented in SMHs sector for performance measurement and growth:
The financial and non-financial performance measures used as a tool for SMHs growth included the following financial performance measures: customer measures, internal business
processes, and Learning and growth performance measures, (see Table 1). The information presented in this table depicts that overall 317 of the respondents alluded that SMHs used and implemented balanced scorecard performance measures for organization's growth (n=182, 57.6%), neutral respondents (n=83, 26.2%) and different view respondents (n=52, 16.4%).

Table 1: Ranking of four balanced scorecard perspectives usage

<table>
<thead>
<tr>
<th>Balanced scorecard performance measure</th>
<th>N</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial performance measure</td>
<td>320</td>
<td>54</td>
<td>16.7</td>
<td>119</td>
<td>148</td>
</tr>
<tr>
<td>Customer performance measure</td>
<td>322</td>
<td>45</td>
<td>14.0</td>
<td>71</td>
<td>206</td>
</tr>
<tr>
<td>Internal business processes performance measure</td>
<td>310</td>
<td>40</td>
<td>12.9</td>
<td>60</td>
<td>210</td>
</tr>
<tr>
<td>Learning and growth performance measure</td>
<td>315</td>
<td>70</td>
<td>22.4</td>
<td>80</td>
<td>165</td>
</tr>
<tr>
<td>OVERALL AGGREGATE</td>
<td>317</td>
<td>52</td>
<td>16.4</td>
<td>83</td>
<td>182</td>
</tr>
</tbody>
</table>

Source: Data based on fieldwork

In summary, the findings revealed that SMHs used and implemented the balanced scorecard perspectives unconsciously. The results of the study concurred with Kala and Bagri (2014), findings India that small and medium uses the balanced scorecard unknowingly. The results imply that hotel management and staff has been using this model for performance measurement but unknowingly. It could be one of the reasons that SMHs had been growing fast in Eswatini in the past few years, despite the decline of tourists visiting the country. The study revealed that SMHs of Eswatini pay more attention to the internal business process (1), followed by Customer perspectives (2) and learning and growth (3) and last financial perspectives. The ranking aligned with cause and effect relations which implies that financial performance is the outcome of the non-financial performance (Kaplan & Norton, 2007). The results imply that financial growth of SMHs sector solemnly depends on the customer satisfaction, effective and efficient internal business processes and how fast the business adapt to environmental changes in term of people’s skills and technology advancement. The results also imply that Eswatini SMHs focused more on effective and efficient delivery of service or products to customers and thus customer perspective is the second focus area. However, the results reflect that SMHs management put less emphasis on financial outcome. This then led to conduct a follow-up interview with selected directors and senior managers among 35 participated in the quantitative research. In the follow-up interview, the participants were asked to “Explain why the financial perspective of the balanced scorecard was the least used and implemented in Eswatini SMHs sector?” The participants gave several reasons:

**Lack of basic financial skills**

Six of them stated that the financial measure was the least used and implemented among the four perspectives of balanced scorecards because other staff members lack the necessary financial understanding and skills. This statement supports Sitawati (2015), claim that better employee skills result in higher learning and performance growth of individual employees. Participants, further explained that financial employees require basic accounting to understand financial and accounting information. Another participant suggested that their knowledge and experience was also wanting because they had “no financial background and no experience on financial measures”. This result means that SMHs management should have a budget allocation for employees continuously training in basic financial skills so that staff could understand clearly the financial results management expect in the end.
Financial confidentiality

Five participants attributed the deficiency in the use and implementation of financial measures to the confidentiality of the issues. They stated that financial information is confidential and accessed by top management and the Board. This view of the financials implied that the managers could not disclose financial performance measures such as profitability and development of budgets. Other reasons included the privacy of family businesses in disclosing financial position. Other participants claimed that staff members might feel that financial issues are less critical than operations. The statements of participants support the opinion that financial disclosure and confidentiality of sensitive information that could damage the reputation of the institution (IFRS, 2019). However, the IFRS revealed that sometimes the disclosure of non-sensitive information to the entity would strengthen accountability and stewardship among the players. This standard implies that some financial information like financial planning could motivate the staff members. The result suggests that SMHs management should also consider staff who participate in financial planning but exclude financial performance such as profitability as this remains sensitive.

Association between financial and non-financial performance measures for SMHs growth

The Pearson Chi-Square, which was used to investigate the significance of the association between non-financial performance (customers, internal business process and learning and growth), and financial performance measures show that there was a significant association or relationship between the two variables. The explanatory mixed sequential method provided further explanation why the association was significant in each case. The results are presented on Table 2.

Table 2: financial and non-financial performance measures for hotel and tourism SMEs growth

<table>
<thead>
<tr>
<th>Non-financial performance measures</th>
<th>Chi-square</th>
<th>Df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Customers measures</td>
<td>629.487</td>
<td>16</td>
<td>.000</td>
</tr>
<tr>
<td>Internal business process measures</td>
<td>513.999</td>
<td>11</td>
<td>.000</td>
</tr>
<tr>
<td>Learning and growth measures</td>
<td>724.278</td>
<td>16</td>
<td>.000</td>
</tr>
</tbody>
</table>

NB: df - degree of freedom   p≤ .01
Source: Data based on fieldwork

Table 2 shows that there was an association between usage of non-financial performance measures (customers, internal business process, and learning and growth) and financial performance measure: customers (Chi-square = 629.487, p=.000), internal business process (Chi-square = 513.999, p=.000), and learning and growth (Chi-square = 724.278, p=.000). The results mean that the financial performance of the hotel and tourism sector in Eswatini was associated with the organizational customer, internal business process, and learning and growth measures. These research findings confirm that most SMHs relate their financial performance growth based on customer performance measure such as number of bookings, number of complaints, etc. for the business and financial growth (Gesage, 2015). This study further confirmed that hotel and tourism SMEs revenue generation was associated with customers care (Ngwenya, 2013).

The analysis demonstrates that the SMHs sector has a flexible and innovative internal business process that adapts to internal and external environmental factors for financial growth. This statistical analysis illustrated that hotel, and financial performance growth was associated with how flexible the internal business process system to conform to customer growth demand (Elbannaa et al., 2015). The statistical test results demonstrate that the financial performance of SMHs relies on learning and growth in particularly human resources skills and technology advancement. The results analyses also confirmed that high skilled employees such as Chefs
had a significant association towards financial growth (Sitawati, 2015). Furthermore, the study indicated that the feed-forward used of the balanced scorecard was associated with the development of new capabilities and exploratory initiatives for financial growth (Malagueño et al., 2018). In the final analysis, hotel management should measure the non-financial measure to have higher financial growth. In the follow-up interview on the overall association between financial and non-financial performance measures, the participants were asked to “explain why there was a significant association between financial measures and non-financial performance measures (customer, internal business process and learning and growth). They gave several reasons presented below.

**Customers’ satisfaction is associated with profit maximization**

Firstly, the participants concurred with quantitative results that there was an association between financial and non-financial performance measures. Participants stated that financial performance measures such as profitability are significantly associated with non-financial performance measures because the profitability of the business depends solely to customer services. For instance, one executive manager said, “without customer service, you cannot make sales which in return record-high profit after deducting expenses”. They explained that the significance of the association between profitability and non-financial performance measures helps the SMHs increase sales of rooms, which results in high profits. Another participant suggested that the higher the SMHs improve the customer services, the more sales they make, and the better profit they yield. They also stated that the reason there is an association between profitability and non-financial performance measures is because of the type of product or service hotel and tourism intended to sell to customers. Two participants stated that costing accounting of the product or service is significant for profit maximization because, without accurate accounting, the service or product will be sold below the cost of production or rendering the services. The cited reasons could be categorized to profitability is associated with customer services, product or service offered, staff competency and efficiency and effectiveness in service delivery.

**Budgets associated with non-financial performance measures**

Secondly, participants were asked to explain why there was an association between budgets and non-financial measures (customers, internal business process and learning growth). They gave many reasons. They explained that budgets help to buy or offer services which are in demand. Three participants stated that budgets help to buy or offer services within SMHs capability. For example, one director stated that “using a budget as a planning tool helps to be efficient and effective in rendering customer services. Most participants explained that to manage the budget, one must first identify the capital expenditure and operating expenses that the customers could demand. This view of managers implies that a budget could help SMEs to identify financing strategies for short- and long-term expenditures. The long-term expenditure such capital expenditure could be financed through loans whereas operating expenses could be financed through working capital and short-term loans.

However, four participants had a contradictory view. They noted that there was no significant association between budgets with customers, internal business process and learning and growth. They explained that budgets could lead to putting items in the plan that are demanded by a few customers which would result in the underutilization of resources. Another reason managers and owners of SMHs felt the budget was not associated with non-financial measures such customers, internal business process and learning and growth because budgets for small business were not opened to staff members and this remains confidential information. Another interviewee said, “Budgets are not influencing non-financing factors for small and
medium enterprises in hotel and tourism because owners of the entities prepare the budget without involving even the general manager if he is not a member of the family”

**Balanced scorecard performance measurement framework for Eswatini SMEHs**

The findings of the study led to the development of BSC performance measurement framework for Eswatini SMHs sector. The model had had four pillars which were BSC perspectives, SMHs Strategic issues, strategic action and performance measures.

**Vision and strategy**

Vision and strategy are the main input of the four balanced scorecard performance measures for SMHs growth strategy are output. The vision is a natural quality that is inspirational and charismatic, which motivates management and employees of the organization. In the current study the vision, mission and strategy were outside the scope because the assumption was that most SMHs in hotel and tourism do not have open vision statement since there were family-owned business and staff were not aware of. Moreover, the SMHs sector has no written vision statement, yet the intension and aspiration of owners of the hotel were in their mind. The non-written of vision was the main cause for most SMHs failure at an earlier stage. The balanced scorecard performance measures linked the vision and strategy of the organization, and it was a useful performance measurement tools that translate the vision, communicate and connect the strategy, integrate the business plans and provide feedback (Kala & Bagri, 2014). A balanced scorecard translates the vision and strategy so that management would have full understanding and confidence on performance measures, objectives and targets/goals they desire to achieve (Kaplan & Norton, 2007). The developed BSC performance suggested that hotel and tourism management should craft intention or aspiration of the business future by setting up a vision. The vision statement leads the hotel and tourism small and medium enterprises to develop a mission statement and strategy and performance measurement and SMHs growth strategy as illustrated by figure 1 below.

![Figure 1: BSC framework for the SMHs sector in Eswatini 2020](image)

The next section discusses how the hotel and tourism SMEs could adopt the balanced scorecard model for SMHs sector in Eswatini. This includes the financial, customers, internal business process and learning and growth perspectives.
Financial perspective
The literature revealed that financial perspectives overall objective focus on the creation of shareholders value through profit maximization and institutional growth. The current study supported the previous results and literature that financial perspectives have a direct relationship or association with non-financial perspectives. The findings of the study also revealed that SMHs sector lacks participatory budgeting, and very few local customers spending in this sector.

The Budgeting process is not open in the hotel and tourism SME sector
The lack of participation of staff in the preparation and implementation of the budget is one factor that contributed to low ranking to financial measures in this study. Hence, the use of the developed BSC model in Fig.1 encouraged SMHs management to involve relevant employees to participate in budget development and implementation, which would result in the organization’s growth strategy.

Customer perspective
The main objective of the customer perspectives performance framework is to focus on how the SMHs should appear to customers to achieve their vision. The results of this study show that the performance measurement framework suggested that SMHs should develop strategies and performance measures with customers’ perceptions in mind. The proposed framework replaces the traditional method for bookings that SMEs still use and enables the staff to handle customers’ different preferences as well as managing customers’ complaints effectively.

Customer’s different needs and preferences
The Eswatini Tourism Authority highlighted that 65% of tourists in Eswatini were from South Africa. About 10% were from European countries and the United States of America. These tourists have different preferences and culture. The proposed model suggests that employees should study and understand fast preference and culture of different customers coming to Eswatini. The BSC model for Eswatini SMHs suggests that when staff understand the culture, speaking the language and knowing the customer’s preferences contribute to the SMHs growth. The BSC model concurred with Sitawati (2015), findings that hotels and lodges could offer the same price with offering attributes such as architecture or interior design to properties or create cultural packages for customers as a competitive strategy to outplay the competition.

Internal business process perspective
The internal business process performance framework focused on how hotel and tourism SMHs should satisfy their stakeholders and customers. They had to identify the business process they must excel at. The earlier discussions and results revealed that SMHs applied effective and efficient business processes that would make the business more successful.

Quality services
The earlier results discussed indicated that quality service was one of the critical success factors and factors that contributed to a balanced performance measure for SMHs growth strategy. The developed BSC performance measurement tool suggested that the organizations should prioritise valuable services customers’ demands through mini researches. The feedback from customers should be continuously measured using the performance tool. The quality service strategy and performance measurement framework should assess whether they contributed towards small and medium enterprises growth.
Learning and growth perspective
This perspective focused on achieving the vision. Therefore, the developed strategies would sustain their ability to change and improvement required. This perspective demonstrated that there were still issues raised in SMHs despite the usage and implementation of balanced scorecard and theories for business growth.

Employees’ lack of financial skills
The results of the study indicated that employees in hotel and tourism small and medium enterprises lack financial skills. The basic understanding of the financial information such as budgets and procurements were very crucial for SMHs sector because employees deal with customers and suppliers. The staff understanding of the underlying financial information was necessary for the SMHs sector. The developed BSC performance measurement framework suggested that the in-house basic financial training for staff so that they could be useful when budgeting for the activities of the company. The performance measurement framework reflected that when the number of training increased, it would influence organizational growth.

Implications
The results of this study would be beneficial to hotel and tourism owners and management to review, develop and implement plans that could be easily monitored and evaluated to assess the organization growth. The review, development and implementation plans would also assist managers and owners to develop well analysed strategic plans. Again, the research study will contribute to the identification and implementation of the critical success factors, innovations, shared valued and other factors contributing to the growth of the organization. The plans would assist management and directors of SMHs to develop business plans proposal for requesting finances from financial institutions.

The results of the study have the potential to also assist the government in supporting the small and medium enterprises in Eswatini in reviewing, amending and effecting policies as well as relevant regulations that would promote the socio-economic growth of this sector in the country. Based on the implementation plan model discussed above, the hotel and tourism association of Eswatini could identify policies, regulations and Acts that hinder the growth of the sector. The study would contribute to the research study on the usage of balanced scorecard in SMHs sector globally since there have been few similar studies conducted in the hospitality and tourism sector in developing countries.

Conclusions
The article indicated that SMHs use and implement the four balanced scorecard perspectives. The findings depict that SMHs management focuses on internal improvement processes, and these are followed by the customer service more than learning growth and financial performance. According to these findings the hotel management approach of self-introspection contributes to the high level of repeat and new customers visiting the hotels. Despite the decline of the number of international visitors in the 2017-2018 financial year, the local visitors support the SMHs sector because of the quality service hotel offered to the customers. According to the findings, learning and growth are ranked third from the four perspectives which are the main concern because the industry requires continuous improvement and innovations as it deals with local and international customers with diverse cultures. Hence, one would recommend that the SMHs management should consider allocating training and development programmes for employees to keep themselves abreast on new technology and customer behavioural changes as the industry is not only rapidly changing but would need to focus to all strategies to promote growth especially after the negative impact brought by the COVID 19 pandemic.
Hence, the dissemination of financial information to staff involved in planning and event management which remains confidential in SMHS as most of them are family-owned enterprises needs to be improved to inform planning strategies.

The lowest ranking of the financial perspectives as performance measurement and growth strategy tool led to a conclusion that most SMHs owners or senior managers do not trust staff participates in planning. This is due to their belief that financial information should remain confidential, as it is a critical private family matter. Although it is a fact that financial disclosure remains confidential, financial planning (budgets) could be open so that SMHs management could set realistic targets and goals governed by financial parameters. The staff participation in budget preparation, therefore, would drive them to achieve most objectives SMHs management has set.

The findings further indicate that the financial perspective is associated with the three non–financial perspectives (customers, internal and business) for organization growth. The results reveal that there was a significant association between financial performances and financial measures that lead to the conclusion that the traditional approach of focusing on financial growth it’s not sufficient. These results suggest that SMHs management and owners are not focusing toward financial performance only but also on customer satisfaction, an internal business process in terms of efficiency and effective services delivery and learning growth of both business and people working in the business. Hence, it is recommended to consider all variables of the balanced scorecard to enhance the performance and growth of SMHs sector. The follow-up results conclude that hotel management placed more emphasis on customer quality service and internal business. This validates the previous results on quantitative research. The findings also indicate that SMHs sector has been successful because they put customer services first. Thus quality service remains a priority for business success and growth.

References


