Performance Management Of A Service Unit In Hotel Theoretical Review

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This paper aims to review the existing literature on performance management in the F&B department of hotels, its processes, and its effective management system framework. This paper discusses food and beverage systems and explains a system model framework of performance management in the area of F&B and its application to the hotel industry. The conceptual paper suggests an application of the system model in the F&B department and encourages hotels to improve its management to better serve their guests.

Key words: hotels, performance management, food and beverage, service unit

Introduction

In recent years, scholars and practitioners have dedicated more attention to managing performance. Many empirical studies have revealed that the concept of performance management is profoundly related to the survival and the success of an organization (Razalli, 2008; Richard *et al.*, 2009). On this basis, former researchers such as Harris and Mongiello,(2011) have studied the performance systems of hotels and have found out the main reason behind hotel management performance improvement. According to Langhorn,(2004); (Spears, 1995), the performance management system can be implemented in the managing process of food and beverage departments as it aids in management decision making. Managers are assisted in solving related issues for improving the overall performance of the services. Effecting both the internal and external operational environments can ease the overall managing process.

Researchers have repeatedly mentioned the importance of food systems for managers (Brodner, 1960; Kirk, 1962). A large part of this management is in the food service department in order to increase the responsiveness, quality, profitability, and the value of employees in the F&B department. This tends to attrac more customers acting as key pulling factors to fulfill guest satisfaction and loyalty. The purpose of the study is to identify the organizational performance management systems in the food and beverage departments and, in turn, improve its performance. First, this paper presents a literature review regarding hotel management performance, and managing performance management of a service unit. Second, the research conceptual

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framework prepared for the food and beverage departments are outlined. Third, the conclusion will then be presented.

Methodology

This study attempts to review the existing literature on food service unit, and managements. Using extracted sources from existing theories and concepts, a model of a food and beverage and its management service is proposed.

The Development Of Performance Management System In Organization

The System Concept

The system may be viewed as a closed or open type based on the amount of communication within their environments. The food service operations are viewed as open systems (Gregoire & Spears, 2006; Spears, 1995). The application of this system concept has been used to facilitate problem solving and decision making for managers. These systems focus on the totality of the organization rather than its process or parts and take into consideration the impacts of both the internal and external environments. Many food service models have been discussed in trade and professional literature which had helped to enable managers suppliers to evaluate their current practices. A impact of the proposed changes in food service operations as presented by researchers has also been shown (Daivd, 1972; Freshwater, 1969; Martin, 1999).

Prior to 1960, the analytical act to find a reasonable approach was used to examine each organization. The era of this system began in the 1960s focusing on the syntheses to act on combining separate parts into a conceptual whole. Consequently, effectived managers must have been capable of coordinating the complexity of the organizations by focusing on the interactions and interrelationships of their components and subsystems. This would ensure every individual person working together towards a common goal for the organization (Gregoire & Spears, 2006). To explain the system further is to define it as a collection of interrelated parts or subsystems consolidated by a design to obtain one or more objectives. Lunchsinger and Dock,(1976) cited in Gregoire and Spears,(2006) where they added a list of fundamental applications of a term system:- (i) a system designed to accomplish an objective, (ii) a subsystem of a system which has an established arrangement, (iii) interrelationships exist among the elements, (iv) the flow of resources through a system is more important than those of the subsystems, (v) organization objectives are more significant than those of the subsystems. The systems approach to management is simply keeping the organization objectives in mind throughout the performance of all activities. It requires a communication network and coordination among all parts of the organization and the decisions or actions by the manager in one area of the operation that may affect the others.

The Food and Beverage Organization as A System

The basic system model of an organization is shown in Figure 1 with the three main parts of a system; the input, transformation, the output of a system. The input of a system is defined as any human, physical, or operational resource required to accomplish the objectives of that system. The transformation involves the action or

activity used in changing the input into a desirable output, for example activities involved in the production of food. Will result from transforming the input that represents the achievement of the system`s goal.

Figure 1: Food and beverage organizational system

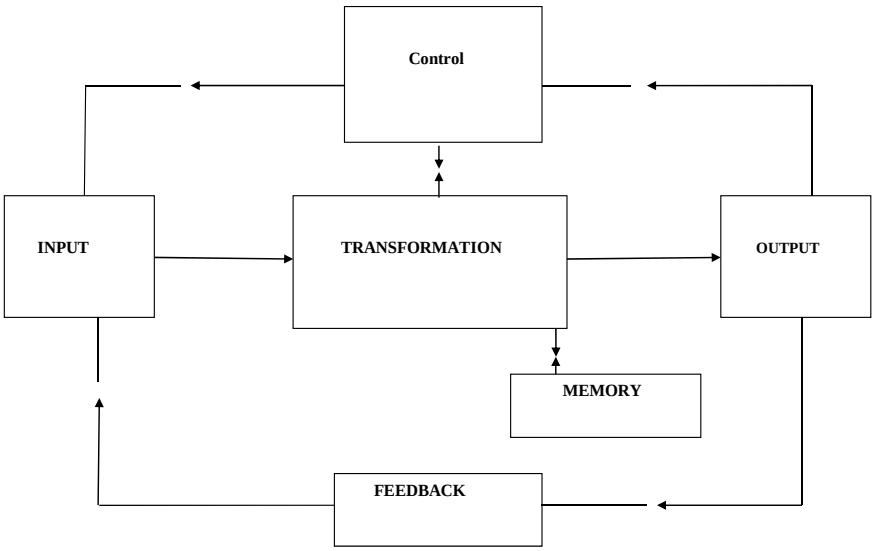

Figure 1: Expanded system model of an organization. Adopted from Gregoire and Spears,(2006).

As an example, the primary output in a food service system is the production of the desired quantity and quality of food to meet customers needs. The expanded system model of an organization includes four supplementary parts: control, memory, environmental factors and feedback. Internal and external controls provide guidance for the system. Internal control consists of plans which include the goals and objectives of the organization, standards, policies, and procedures. External control consists of local, state, and federal regulations and the contracts with outside hotels (Gregoire & Spears, 2006; Van Rensburg, 2004). The control elements play an important role in a system which must ensure its resources are used effectively and efficiently to accomplish the organizational objectives. It executes the functioning of an organization within legal and regulatory constraints and provides standards to be used in the evaluation of operations. The next important element is the memory of the system which includes all stored information and provides historical records of the system`s operations. This helps to analyze past records that assist the manager in making plans to avoid the repetition of previous mistakes used in computer technology (Cole, 1996; Gregoire & Spears, 2006).

Other factors in the system known as environmental factors take place outside the food service system but yet have their impacts on the components of the system. They may also include the technological innovation, globalization, and competition changing demographics as well as and political changes (Davis *et al.*, 1998; Van Rensburg, 2004). The feedback includes those processes by which a system has repeatedly received information from its internal and external environment. Ultimately, this can help the system adjust to the changes required for the organization. The instant feedback from guest comments could be valuable information to the manager. In this way, the food and beverage organization without the existence of these feedback mechanisms becomes comparatively a closed system and may have detrimental effects (Dabbas, 2000).

Conceptual Framework of Food Service System Model

A food service system model, shown in Figure 2 was developed to demonstrate the application of the system theory in a food service organization. Close examination reveals that it is based on the basic systems model of an organization which includes the input, transformation, and output. The additional components of the control, memory, environmental factors and feedback are from the expanded systems model of an organization as seen below and shows the integral parts of the food service system (Bellas & Olsen, 1978; Richard *et al.*, 2009).

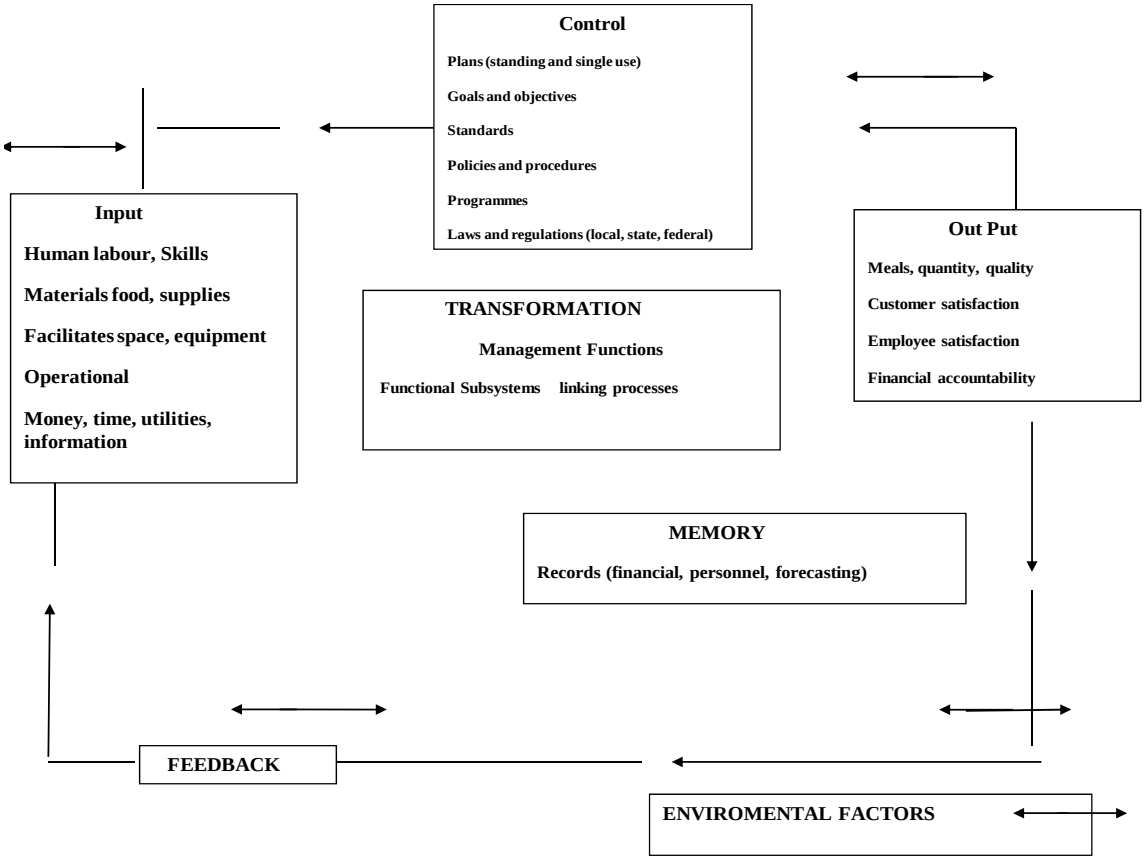

Figure 2: Conceptual framework of a food service system model. Adopted from Gregoire and Spears (2006).

The type of system selected can determine the characteristics and activities of the subsystems much like a full service restaurant serving fine cuisine. This would have a much more sophisticated and elaborate production unit (Gregoire & Spears, 2006; Van Rensburg, 2004; Wood, 1994) than a similar limited menu. It is understood that the distribution and service subsystem are the most important differences between restaurants and outside food service operations. The design of these subsystems should be in such a way as to meet the unique characteristics of these various food service organizations. To do so would show, the existence of a systematic approach required for the overall objectives of an organization and be considered along with the interrelationship amongst the parts of the system.

Management functions are normally the integral components of the transformation elements. These functions are performed to manage the subsystems for accomplishing the system objectives. They include planning, organizing, staffing,

directing, and controlling (Bellas & Olsen, 1978; Gregoire & Spears, 2006), and used to manage the operations of human resources, finances, and the marketing process. The linking process of decision making, communication and balance are needed to coordinate the characteristics of the system in the transformation of inputs to outputs (Doherty *et al.*, 2011; Van Rensburg, 2004).

Consequently, the kind of communication in this process is actually a way of transmitting the decisions and other information including verbal and writing. The balance needed can be referred to the management ability to maintain the organizationl stability under a shifting technological, economic, political, and social condition (Gregoire & Spears, 2006; Payne & Theis, 2003). Outputs are the goods and services that result from the transformation of the inputs in the system and how they express the objectives to be achieved. The inputs to the food service systems model includes human (labour, skills), materials (food, supplies), facilities (space, equipment), and operations (money, time, utilities, information). The outputs include the meals (quantity, quality), guest satisfaction, and financial accountability. The transformation process involves changing the inputs to outputs, the functional subsystem (procurement, production, distribution, and service, sanitation and maintenance), management function (planning, organization, staffing, leading and controlling), and the linking processes (decision making, communication and balance) Dabbas,(2000). The primary output of a food service system is the meals at proper standard quality and quantity. In addition, customer and employee satisfaction along with financial accountability is considered as a desired outcome. From this point of view, the objectives of the food service is to produce the highest possible quality of food at the lowest possible cost by the customers. The objective of food production is to satisfy the expectations, desires, and needs of the guests. The financial output is applicable to a profit or nonprofit food service organization where a specific profit objective is generally defined as a percent of income in a nonprofit organization. The financial objective generates a certain percentage of its revenues in excess of expenses to provide funds for renovation, replacement costs, or expansion of its operations (Cronje, 1993).

Control

Control refers to what encompasses the goals and objectives, standards, policies, and procedures, and programs of the food service organization. The menu is considered to be the most important internal control of a food service system which controls the food and its labor costs. The type of equipments needed by customers, employee satisfaction, and of course profit must also be considered. All plans are, however, internal control of the system that maybe either standing or single in use (Casbarian, 1966; Cho & Wong, 1998; Gabriel, 1999; Gregoire & Spears, 2006; Thorner & Manning, 1983; Van Rensburg, 2004).

Memory

Memory stores and updates are to be used in a food service system; hence, the inventory, finance, forecasting, and personal records and copies of menus, are among the records that management should maintain. Reviewing past records will additionally provide information to the manager while analyzing trends and making adjustments in the system (Gregoire & Spears, 2006; Walker, 2006).

Environmental Factors

Factors such as technological innovations, globalization, competition, changing demographics, and government regulations external to the food service operation are considered environmental. They serve on how food service relates and interacts with guests, employees, government officials, vendors, crop growers, food distributors truckers, health inspectors, and several other influences affecting its operation (Freshwater, 1969; Gregoire & Spears, 2006; Wood, 1994). These environmental factors often require organizations to be flexible and willing to make adjustments in quality awareness while remain focused on success. Environmental scanning is a term used to describe searching and the acquisition of information concerning events and trends external to the organization.

Feedback

Feedback often provides the essential information for the continuation of a system's effectiveness. It is needed for evaluating, controlling, assisting and adapting a system to the ever changing external and internal environmental conditions (Gregoire & Spears, 2006; Vanden, 1980). The effective use of feedback is quietly critical to maintain the viability of a system. Therefore, a food service manager must evaluate and use them on a regular basis. All customer comments, plate waste, patronage, profit or loss, and employees performance and morale, are also to be carefully considered.

Conclusion

A method of understanding of the interrelatedness of tasks was conducted in the food service operation. This will aid employees and managers to be more productive in the workplace. The study also suggests an appropriate application of the system`s theory and food service model. The necessity of food and beverage systems for F&B managers is also discussed. With regard to the improvement of hotel management performance through the food and beverage department, several terms have been used to describe the characteristics of the system interdependency. Its reciprocal relationship of a single part of a system with each part mutually affects the performance of the others. The dynamic equilibrium or steady state is a continuous response and its adaptation of the system to its internal and external environment means that the same or similar output can be achieved by using different inputs by varying the transformation process. Therefore, the food service system model includes inputs which are transformed into outputs through controls. Memory also impacts the transformation process and certain environmental factors which can influence the inputs, transformation, and outputs. Feedback provides information concerning the quality of outputs to effect the change of the system while analyzing food service operations use the suggested model (Cheng *et al.*, 2009; Waller, 1996).

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