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PERFORMANCE MANAGEMENT IN THE LEISURE INDUSTRY

Review
Article

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Abstract

The current paper aims to present the topic of performance management in the leisure industry, focusing mainly on human resources performance. Considering the particularities that differentiate the leisure industry from any other, it is of great importance to understand how and when does performance appear, what are its preconditions and consequences, and in addition how can performance be managed given the environment. All of these are essential for a good management of the leisure business overall, but also for a good people management, acknowledging the strong correlation between motivated employees, higher individual performance and consequently higher organizational performance. Considering the above mentioned scope, the article is structured as a theoretical study, providing a literature analysis and introducing certain hypotheses that could afterwards be developed into a further qualitative and quantitative research, in order to deepen the research.

PERFORMANCE MANAGEMENT

Given the very dynamic market environment that impacts the organizations, companies can only focus on increasing their performance to ensure, or at least maximize their advantage on the market. Therefore, the performance becomes significantly important in order to survive on the market.

In this context, the specialized literature has underlined the evolution of performance, in terms of how was initially the term defined, its importance, instruments, metrics etc. The evolution shows (Pintea, 2011, p. 5) that in the '50s performance was mainly related to financial results, performance evaluation being analyzed through benefit/cost ratio, proving the overall value for the investments. Later on, until the '90s, the concept has evolved incorporating the consideration of product/service quality delivered as part of the performance, in addition to the financial component. Nowadays, the term implies a much wider scope, being referred to as *global performance of an organization*. In this view, performance has three main components: economic performance, social performance and environmental performance, focusing equally on financial and non-financial performance.

In order to sustain such a complex performance system, Armstrong (2006, p. 1) defines performance management, as being a "systematic process for improving organizational performance by developing the performance of individuals and teams". Interpreting this from a personal perspective, we consider performance management can be perceived as being the instrument, and at the same time the process, through which the resources of the organization are aligned with the business goals, while every resource accomplishes its own reason of existence as well. In the specialized literature, however (Cappelli & Tavis, 2016), performance management is often identified with human resources annual performance appraisal, whereas we consider performance management does not only refer to assessing the performance of the employees, but starts from the organization's capacity of aligning all its resources and capabilities (human, technological, material, knowledge etc.) to the organizational strategy, while allowing every component, or resource, to accomplish its own objectives, or reason of existence (personal or professional goals of the employees, full and optimum utility of the technologies and raw materials used).

Considering the managerial approach to performance, it is nevertheless important to underline the management components that are involved in the performance management overall.

(1) Management of strategy – refers to the need of aligning all the performance efforts in order to accomplish a certain organizational strategy. (2) Management of planning – according to a certain strategy that was previously created, all the activities and specific steps need now to be cautiously planned in order to ensure the achievement of the objectives. (3) Management of change – performance evaluation refers to comparing actual performance to predicted or desired performance, being followed by a certain of action plans that need to be undertaken in order to implement certain changes. Management of change can prove hard to be controlled, especially because of certain reluctance to the unknown, but it is essential in order to effectively manage performance. (4) Management of people – it is well known that people are the most valuable assets of an organization, and therefore they need to be carefully managed, motivated and empowered in order to value their capabilities in the efforts of implementing a well-defined organizational strategy. Nevertheless, it is of great importance to understand also the need of self-fulfillment of the employees, so that organizations can support the employees in their own effort of achieving their own individual goals, while contributing to the organizational strategy achievement. (5) Management of execution – refers to the efforts of tracking the progress and coordinating the needed actions in order to make sure the strategy will be achieved by following a certain sequence of steps. Considering the fact that the implementation/execution of the strategic activities is the most precise and explicit way of achieving the desired results, this becomes also the activity that has the potential of bringing the most added value, due to its proximity to the hands-on activities that will have a direct impact on the outcome. (6) Management of time – is the managerial process that ensures the activities are being implemented in a timely manner, and the correct prioritization is considered anytime needed to do so. (7) Management of risk – during the implementation of the strategy, there can appear various risks that could jeopardize the success of the changes and of the performance improvement measures. This is why it is of great importance to carefully handle the risks and any residual risks, to consider the criticality, urgency, proximity and consequences of the risks, in order to take well documented decisions and to have mitigation plans prepared. (8) Management of evaluation – evaluation of performance is done both during the implementation time, as a monitoring activity, and as a follow-up, at the end of the execution. No matter the time when this is being developed, evaluation is done in order to compare the progress obtained to the progress desired, and to be able to interfere and implement corrective actions where

and when this is needed. (9) Management of development – the development itself can be part of the strategy of the organization, but this needs specific attention to the levels at which development is needed. Whether it is expected to achieve an overall development, this will always imply also a development of its capabilities: people and resources overall. In order to make sure this will happen, development needs to be tracked and managed, so that people are trained enough, machines are productive enough, resources are in the optimum quantity and quality etc. (10) Financial management – is one of the most common associations with performance management, considering the fact that any non-financial performance would anyhow have a financial impact in the end. Therefore, performance management tries to financially quantify the value for money, considering the balance between costs and benefits obtained. (11) Management of quality – in assessing the performance of an individual or of an organization, one of the most important components of the analysis would be the quality of the work delivered and of the results obtained. Therefore, performance management needs to focus on the quality management of the work, resources, results, efforts, investments etc. (12) Stakeholders management – any strategy will need to ensure that every stakeholder is correctly involved in the strategic activities, according to their interest and level of participation. The stakeholders will need to be analyzed from the beginning, to understand how are they positioning themselves towards the organization and its recently created strategy, so that the management can at any time know how every stakeholder needs or expects to be approached. (13) Management of communication – in the end, effectively managing the communication concerning the scope of the overall performance management process will actually connect all the previous types of managerial activities, making sure the strategy is clearly defined and shared accordingly with the organization's community. Also, the progress and the results obtained will also need to be communicated further, communication being used as an instrument of keeping the organization engaged from the beginning until the end of the strategic activities.

Considering all of the above, performance management proves its complexity and demonstrates the importance of being carefully handled from a variety of managerial perspectives, being the only method to ensure the correct implementation and the achievement of the desired results. The model of this performance management structure is presented in Figure 1.

PARTICULARITIES OF THE LEISURE INDUSTRY

Introduction to leisure industry

Leisure time is “often referred to as discretionary time” (Mikalauskas & Kaspariene, 2016, p. 2), considering the fact that one can have various responsibilities and roles he/she needs to fulfill, whereas the spare time is when no role needs to be played and no activities need to be performed, becoming the time when the individual can decide how he/she prefers to spend it.

Simply being said, “leisure time is time available after obligations”, after-work, after-school, a time of personal choices (Mikalauskas & Kaspariene, 2016), its meaning depending on the culture, personal beliefs, age, gender, interests etc.

Apart from the leisure time, leisure industry also depends on the existence of leisure facilities (Leisure and Tourism (L&T), n.d.), being the environment, the specific place where leisure activities happen. It is considered the leisure facilities can be grouped in three main categories (Leisure and Tourism (L&T), n.d.):

- Purpose-built – these facilities were built with the specific intention of hosting one specific type of leisure activities (e.g. cinemas)
- Multi-purpose – facilities having the scope of hosting more than one type of leisure activity, or even hosting leisure activities as a secondary scope, complementary to their initial purpose (e.g. hotels – hosting various leisure activities for tourists – sports, games, recreation, but representing as well the “office” of the hotel's employees)
- Natural landscapes – are natural facilities that have been valued by the leisure industry as a “facility”, nature being one the most important environments where leisure activities are hosted

Yardy (2015), created a mind map of the five key components of the Leisure Industry, being:

- Countryside recreation – outside the city, nature related activities
- Home-based leisure – leisure activities happening in the comfort of one's home
- Arts & entertainments – refers to socio-cultural activities, happening outside home
- Play & activity-based leisure – include entertaining activities based on playing, gamification, could involve children
- Sport & physical recreation – leisure activities that involve physical, active activities, like sports

The specialized literature also talks about “The serious leisure perspective - SLP” (Stebbins & Hartel, n.d.), being a framework that differentiates between three main forms of leisure: serious leisure, casual leisure and project-based leisure. The serious leisure distinguishes from the casual

leisure through the perseverance and effort needed, considering that serious leisure can even evolve into a leisure career, requesting hard work and concentration on the final outcome desired. The casual leisure, on the other hand, is immediately rewarding, leisure and entertainment being obtained without specific training or effort needed, having the only purpose of enjoyment. The project-based literature can be considered as being situated in the middle, between serious and casual leisure, being “short-term, moderately complicated”, requiring a limited amount of effort, or even occasional effort, not aiming to develop into a serious leisure. The diagram showing the serious leisure framework will be presented in Figure 2.

Based on all the above presented information, we can understand the complexity of the leisure domain, the industry being one governed by high demand, and a need of adaptive availability, flexibility and capacity.

In 2016, a Deloitte report (Parrett, 2016) showed how the leisure sector grew significantly in the United Kingdom (with 5% annually since 2010), due to the consumers’ preference to spend more on pleasure (part of leisure industry) than on shopping (part of retail industry). Identifying the most popular leisure industry, eating out is considered to be the most popular, followed by in-home leisure. Among the most common leisure activities UK consumers are spending more, the Deloitte press release mentions holidays, theatre, bowling, as well as frequent, habitual activities like gym memberships, music and video streaming. As stated by Simon Oaten (Parrett, 2016), such increase in spending on leisure activities, which are non-essential activities, “consumers need sufficient disposable income”, the consumer behavior in the leisure industry becoming an important indicator of the country’s overall economy. This can be explained through a “confluence of factors, including low inflation and high employment levels”.

Due to the preference of the UK consumers to spend more on leisure than on retail, the Deloitte analysis seems to be a proof that there is an “evolution in the mind-set of the leisure consumer: a behavioral shift from product-consumption to experience-consumption” (Parrett, 2016).

The service marketing triangle in the leisure industry

In the leisure industry, there are some particularities that define the triangle consisting of the relationship established between the company (leisure provider), its employees (leisure enablers, as we may call them) and the customers (users of the leisure services). As the company-employees-customers triangle is recognized in the marketing specialized literature as being the service marketing triangle (Figure 3), we consider it is important to

understand the relationships that fundament the leisure sector. According to the model created by Grönroos (Guzzoni, 2005, p. 20), between the company and the customers the external marketing is being practiced in order to “set the promise”. The “delivery of the promise” is being handled by the employees in their direct interaction with the customers (managed in marketing through interactive marketing). But from setting the promise, to delivering it, companies are using internal marketing in their relationship with the employees, in order to “enable the promise”, creating the context for the good delivery of services. In this model, internal marketing is a prerequisite for the external marketing, while interactive marketing is the solid process that underlies the whole structure.

The leisure industry is the instrument for creating the “optimum environment for the successful moral, psychological and physical development of an individual” (Mikalaukas & Kaspariene, 2016). Of course, in this context the scope is to offer enjoyment, pleasure, relaxation to the end user of the leisure services. As long as the consumer is pleased with the experience delivered, the leisure activities provider will have performed at the expected quality levels.

But the customer’s perception will be highly influenced by his/her expectations, as that will be the starting point and the reference upon which the actual performance will be compared. Customer expectations are influenced by several major factors (Howat et al., 1995, p.4), like: “word of mouth communications from other customers”, reviews, personal needs or wishes, past experiences, external communications from the service provider or from its competition, the price-quality relationship etc.

Performance management in the leisure industry is therefore highly dependent on the perception of the consumer, on the quality and the value this perceives.

As Howat et al. mention (1995, pg. 4-5), by analyzing the dimensions that drive customer service quality, developed initially by Berry and Parasuraman (1991), we can also understand how leisure industry can ensure the customer positive perception of the service. The dimensions are: (1) reliability – the trust in the service during and after it is being delivered, being delivered right from the beginning, without any concern, worry, or unpleasant surprises, (2) empathy – “understanding and consideration shown towards the customer”, (3) responsiveness – refers to the service provider as being willing to support the customer, to promptly respond to his demands or needs, (4) assurance – the confidence and credibility in the expertise and knowledge of the service provider, (5) tangibles – quality of the tangible products,

equipment, materials the customer is interacting with.

It is easy to conclude how much impact all the above dimensions have in the leisure sector, considering the high expectations of the customers towards the results that are to be obtained.

When assessing the performance of a service, and even of a leisure provider overall, a very important factor is the individual performance of the employees delivering the leisure services. Their performance, attitude and behavior is crucial to the value that will be perceived by the consumers. The role of the frontline employees in ensuring customer engagement has been deeply analyzed and discussed in the specialized literature. Employees are presented, from this perspective, as the “spokespeople of the company and take an active role in delivering the service, providing information”, supporting customers in correctly using the service acquired, “process complaints or claims, apologize, propose solutions [...] generate feedback” (Cambra-Fierro et al., 2014, p.68).

The importance of frontline employees has increased significantly, fact also proven by the attention of the companies when hiring them. Being of such a great importance for the service, the satisfaction of the client, and even customer engagement and organizational performance on the long term, companies are paying specific attention to the recruitment of the frontline employees.

On the other hand, in the leisure industry, not only that many of the employees are participating in the direct delivery of the leisure service, but they could also be seen as collateral beneficiaries of the leisure sector.

One category of benefits they are receiving would actually be coming from their intrinsic motivation due to actually working in the leisure industry, liking their job bringing higher motivation. In the tourism sector in Canada, for example, there are considered to be various aspects that make tourism employees like their jobs (Discover tourism, n.d.): (1) the variety of activities they are performing, tourism work not having the routine of any other predictable job, (2) dealing with people – the enjoyment of meeting new people every day, creating a network, feeling they are helping others and making them enjoy their holidays, (3) working with other tourism employees – the specific of the tourism employees is different, they are highly dynamic with very interesting personalities and stories to share, being a motivation itself to be part of such a team, (4) opportunities – the sector is defined by the large opportunities of development, and various career paths that can be followed, (5) advancement potential – the possibilities to grow and go higher are bringing extra motivation to the tourism employees, (6) developing global skills – all the skills developed in tourism are universal, are applicable to any other country, which makes the

employees very flexible and adaptive, (7) easy to get started – the entry-level positions in tourism are easy to find, and once being there anything is possible, without requiring initial training or experience as a prerequisite, (8) training opportunities – the tourism industry is very well developed and needs constant trainings to make sure the employees are according to the standards of the industry, (9) creativity – the variety of the tourism jobs allows the employees to develop their creativity, to find solutions, to switch places, to be always ready for changes, to be creative.

All of the above are of course applicable to tourism, but could as well be considered as characteristics of leisure industry overall. It aims to offer enjoyment to the consumers, while it can also motivate the employees.

In addition to that, the leisure providers usually make use of the services they provide to external customers, in order to offer special discounts or specific leisure benefits to their own employees as well. This way, the employees could again be perceived as beneficiaries of their employer services.

PERFORMANCE MANAGEMENT IN THE LEISURE INDUSTRY

Considering all of the above mentioned aspects, we consider performance management in the leisure industry as being a structure where every component influences all the others. The suggested structure (Figure 4) is created on three layers, out of which the first two are input layers (external and internal layers), and the third one is the output layer.

In the first two layers, we are considering the two levels which feed the organization with specific given contexts, upon which the organization can afterwards create a strategy (seen also as an input for the whole performance management process), in order to reach a final outcome in the end. The results of the process will be found in the third layer, where the organization can evaluate and assess its progress in comparison to what has been initially desired.

Therefore, the first layer presents the external input, the factors that come from the outside world of the organization and can influence its performance: (1) dynamic environment & workforce. This sets the ground, the context for any development of the leisure provider. Any organization depends on its context and it is highly influenced by the workforce, as well as it influences the workforce. Depending on the social and economic context in which the organization exists, the leisure provider can perform different, while the skill level, engagement, involvement,

motivation and performance of its workforce is as well influenced.

The second layer refers to the internal input, what the organization has to bring in the performance management process: (2) business & individual opportunities (enabling opportunities for both the organization overall and its employees, creating the needed internal environment in order to further grow and develop), and (3) business strategy (considering that the right business strategy would coordinate all the efforts of the organization and its employees into a clear, well defined direction, that supports the opportunities from the external environment based on the internal capabilities).

At the third level, the output layer underlies, including: (4) increased motivation, (5) individual performance and (6) organizational performance – a direct result of an environment where employees feel they have opportunities, and individual and organizational performances are enabled through the implementation of a previously well created business strategy.

The structure will be further analyzed and validated in future research.

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FIGURES

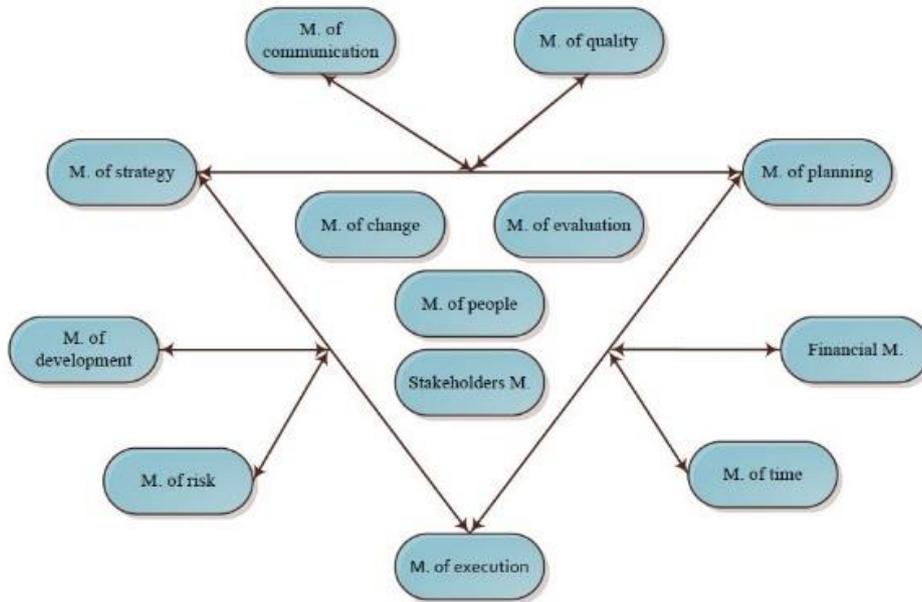


Figure 1. The performance management model
 Source: author's view

The Serious Leisure Perspective
 (version February 2013)

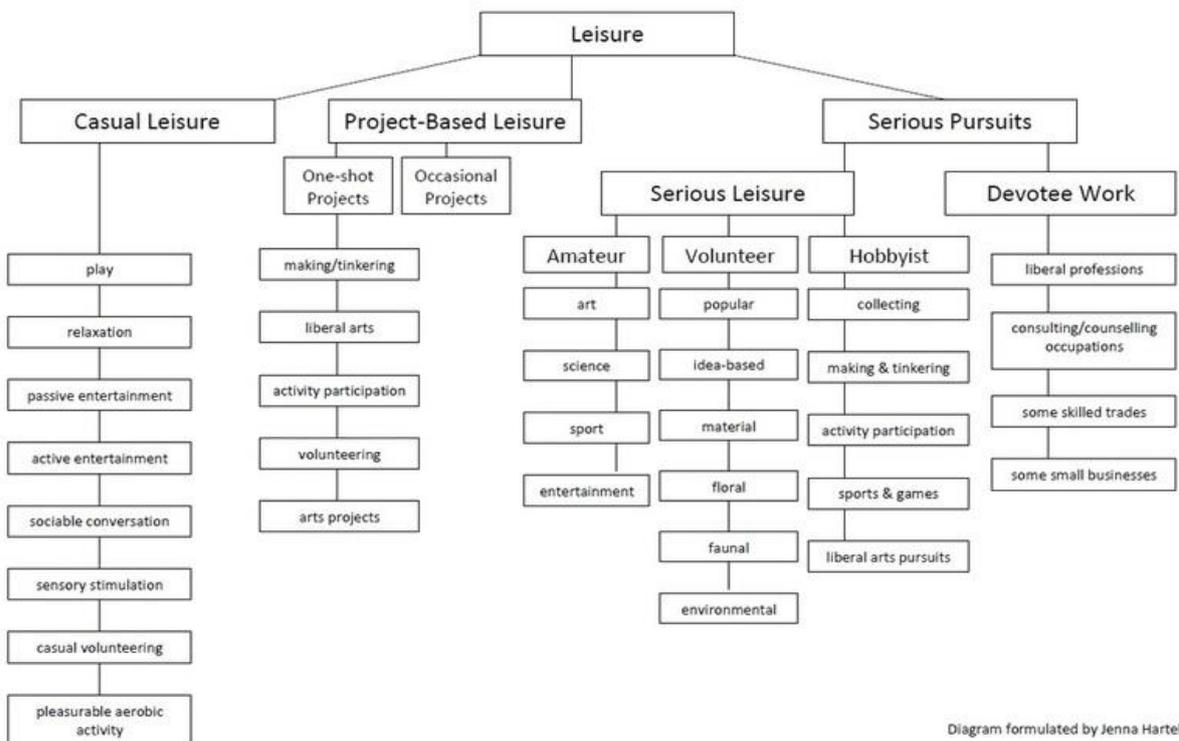


Diagram formulated by Jenna Hartel

Figure 2. The serious leisure perspective
 Source: Hartel & Stebbins, 2013

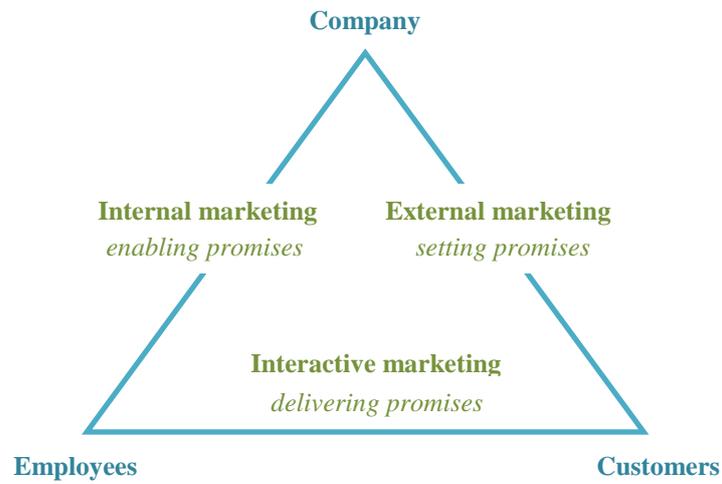


Figure 3. The service marketing triangle
Source: adapted after (Guzzoni, 2005, p. 20)

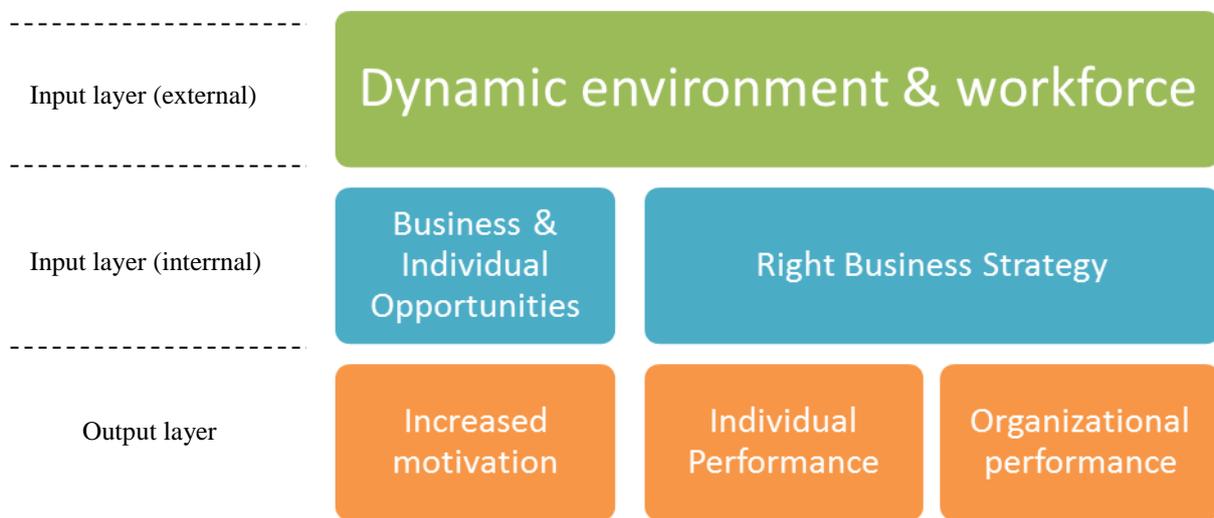


Figure 4. Performance management structure
Source: author's view