

# Perceived Performance in the French Tour Operating Industry

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## Abstract

How to define firm performance? The question is of importance since no extensional definition in the field of management is identified. The concept of performance thus appears all at the same time complex and multiform, whose measurement is always imperfect. Moreover, far from being comprehended only in a rational way by completely informed actors acting on a market, the performance appreciation by the public is a social one, resulting mainly from mimetic behaviours (Messonnet, 1999). In the field of services, the difficulties related to performance measurement are even more significant. Taking roots on a cognitive approach to strategy and competitive analysis, the objective of our study is thus to describe how top managers working in the tour-operating field perceive performance. Our results show that perceived performance is greatly heterogeneous, top managers using many different criteria to describe tour operators performance.

**Keywords:** Performance, Cognitions, Tour-operators

## 1. Performance: Determining Factors and Measurements

### 1.1 Determining Factors of Organisational Performance

Many authors (e.g. Lenz, 1981, Hansen & Wernerfelt, 1989) identify three types of determining factors of company performance: environmental, organizational and human ones.

#### 1.1.1 Environmental Determining Factors

The characteristics of the industry in which operates a company can explain its performance. The nature of competitive systems thus determines the way in which performance can be achieved, taking into account the models of competition (Hax & Majluf, 1983). Concentrated systems promote a logic of volume and experience effects. Fragmented systems leave room to multiple opportunities for differentiation without size being a decisive argument. Specialized systems, where coexist firms focusing on volume and others exploiting differentiation effects (automobile, clock industry), allow mixings of the two preceding strategies. Systems in competitive dead end are essentially the sectors where, maybe temporarily, performance is impossible to reach due to the absence of experience effects or of differentiation possibilities.

Barabel (1999: 127), analysing the studies of Vernon (1972), Child (1974), Hatten and Schendel (1977), Dess and Beard (1984), Schmalensee (1985), Rumelt (1991), Kotha and Nair (1995) and Powell (1996) identifies seven environmental factors mentioned by the authors as being able to explain part of the companies performance:

- The industry annual growth level (recession, stability, growth).
- The concentration degree of the industry.
- The capital-intensity.
- The advertisement intensity (the amount of advertisement budget compared with the turnover).
- The average profit of the industry, the profitability ratio of the industry (ROA, ROE).
- The technological change, the investment in R and D (compared with the turnover).

- The “munificence” degree of the industry (environment capacity to support all the companies in an industry). Hansen and Wernerfelt (1989), Rumelt (1991) and Powell (1996), for their part, empirically observe that the belonging to an industry explain on average 17 % to 20 % of the financial performances variations.

#### 1.1.2 Organisational Determining Factors

From the analysis of the literature Barabel (1999) identifies seven characteristics supposed to influence organisational performance, structure and strategy being by far the most mentioned factors:

- Organisational structure (Lawrence & Lorsh, 1967; Chandler, 1972; Child, 1974, 1977; Williamson, 1975; Lenz, 1981).
- Company strategy (Rumelt, 1974; Miles & Snow, 1978, Wissema & al., 1980; Porter, 1980; Dess & Davis, 1984; White, 1986; Gupta, 1988).
- Competitive position of the company in its sector, evaluated by its relative market share (Karnani, 1984; Hansen & Wernerfelt, 1989; Kotha & Nair, 1995).
- Company size (Rumelt, 1982).
- Company culture (Hofstede, 1991).
- Company history (Hansen & Wernerfelt, 1989).
- Capital structure (Changanti & Damanpour, 1991).

According to Hansen and Wernerfelt (1989: 407), organisational factors explain 38 % of organisational performance.

#### 1.1.3 Human Determining Factors

Two types of human elements are considered by the literature being able to influence company performance: the chairman and the management team as a whole. As for the environmental and organisational determining factors, empirical research is contrasted and there is no consensus to indicate if such characteristics of the chairman influence positively or negatively company performance. The contribution of the chairman to organisational performances is thus extremely variable. It is evaluated according to studies between 9 % and 40 %.

### 1.2 Measurements of Organizational Performance

According to Lebas (1995), performance exists only if one can measure it, that is to say if one can describe it by more or less complex indicators. Three main methods were used by scholars to evaluate organisational performance:

- The most usual ones are those which exclusively use financial criteria in the short run or in the short and long term.
- Those which use at the same time financial and qualitative criteria (strategic, marketing or social).
- Those which take into account the specificities of the company industry field (criteria related to industry from the point of view of comparative evaluation).

#### 1.2.1 Financial and Stock Exchange Criteria

The quantitative measurement of economic performance very often remains the main element which guides company evaluation (Messonnet, 1999).

Historically, evaluation methods of organisational performances were built around the financial criteria and especially around short term indicators like annual turnover or profit. However, some authors underlined the need for using financial criteria in the long run. Thus, according to Dearden (1987: 88) “the evaluation supposes an observation of performance over a period exceeding one year”. Moreover, Dearden (1987: 84) formulates severe criticisms by considering that the financial criteria are obsolete as they were generally developed in the twenties by Dupont de Nemours and General Motors and that they are not able any more to account for the complex situations faced by companies. In spite of these criticisms, the financial criteria in the short run continue to be used by firms and their various actors (investors, journalists, shareholders). Indeed, these data present also some advantages corresponding in particular to the principles stated by Rock (1984): they are easily measurable, communicable and comparable. Moreover, these data testify to the company capacity to adapt to its immediate environment. They must thus be retained in any evaluation method (Barabel, 1999).

There is no consensus in the literature regarding the criteria to select nor the number of criteria to retain. Weiner and Mahoney (1981), Chakravarthy (1986) and Doyle (1994) estimate that an appraiser must use several criteria to measure the company performance, in order to take account of the plurality of the objectives. On the contrary, Daft

and al. (1988), Hansen and Wernerfelt (1989), Zajak (1990) and Tushman and Rosenkopf (1996) use only one criterion in their empirical research.

Profitability ratios are nevertheless in the literature the most frequent ones. Lenz (1981) and Doyle (1994: 39) consider that “profitability is, by far, the objective and the measurement of performance most used in Western companies”. Venkatraman and Ramanujam (1986), for their part, recommend to use 4 financial criteria to measure firm performance:

- The ROA: the return on assets is the relationship between the net income and the assets of the company.
- The ROE: the return on equity capital or the financial profitability ratio is the relationship between the net income and the capital funded by the shareholders
- The ROS: the return on sales is the relationship between the net income and the sales turnover.
- The ROI: the return on investment is the relationship between the investment costs and the profits it generated.

According to the authors, these ratios are very interesting as they neutralize the size effect by connecting the firm results with its size and means. They thus make it possible to compare any companies in an equitable way. Many authors used these criteria: Haleblan and Finkstein (1993) used the ROA, the ROS and the ROE whereas Daily and Johnson (1997) preferred to use the ROE and the ROI. Some authors like Daft and all. (1988) retained one performance criterion: the average ROA over 3 years.

Nevertheless, Rock (1984) considers that “profitability” and “return on equity capital” are not very reliable. As he notes it, profitability ratios are largely used as they are easier to measure. On the other hand, he considers their interest limited. In the same way, Chakravarthy (1986) shows that profitability measurements (ROI, ROS) do not make it possible to distinguish high or low performing companies. They indeed strongly vary over years. Even the average results over three years is not systematically significant if an accident of importance occurred during this period. Moreover, following the statements of McGuire and Schneeweis (1983), Chakravarthy (1986: 442-443) identified the shortfalls involved in these criteria:

- Possibilities of earnings manipulation.
- Under valuation of assets.
- Deformations due to the policies of depreciation, the evaluation of the inventory and the treatment of certain incomes and expenditure.
- Differences between companies due to the consolidation methods of the accounts.
- Differences due to the weak standardization of international accountancy conventions.

The authors who criticize the use of financial criteria often propose as an alternative to use the shareholders wealth. Nevertheless, these criteria exclusively relate to the companies listed on the stock market, which consequently poses a problem of comparison with companies whose shareholding is family or in the case of subsidiaries exclusively controlled by a group (Barabel, 1999).

As the whole of these financial data can be the subject of manipulations, certain authors consequently recommend to resort to other complementary performance criteria. Venkatraman and Ramanujam (1986: 803) argue that the three dimensions of firm performance are:

- The financial performance: it includes criteria such as sales turnover growth, profitability (return on investment, return on sales, return on equity capital), profit by shares, but also criteria such as the market value of the company or the cost of assets replacement.
- The economic performance: it includes mainly marketing measurements like market shares, new products introduction, products quality or marketing effectiveness.
- The organisational effectiveness: it includes internal criteria which make it possible to have an overall picture of organisational performance.

Norburn and Birley (1988), as for them, propose to mix financial and marketing measurements. Similarly, Woo and Willard (1983) integrate the market share into their evaluation method.

### 1.2.2 Qualitative Criteria

The use of non-financial measurements to evaluate performance is increasingly frequent. We could classify these criteria in three categories (Barabel, 1999): commercial and marketing criteria, social criteria and strategic criteria.

The market share and especially its annual variation is a criterion often mentioned by scholars to measure performance. It measures the company relative position in its industry field. This model in particular largely prevailed in the seventies as the nearly unique source of performance: it was necessary to be large to be competitive (Messonnet, 1999). Nevertheless, some authors also recommend the use of more qualitative criteria than the market share. For example, Mack (1992) considers that one of the key factors of organisational performance is measured through “the quality perceived by the customer” rather than through “the quality of the product judged by its producer”. The quality of products and services thus appears, according to several authors like Stolowy (1983), to be one of the most significant criteria to evaluate an organization. Moreover, the firm public image or the satisfaction degree of the customers are also mentioned by many authors.

Except with the criteria of productivity, human dimension was often forgotten or minimized by numerous scholars. However, it has its place in an organisational performance evaluation mainly as it represents a guarantee for the future firm performance (Barabel, 1999). As Mack (1992) points out: “the managerial approaches which focus only on results are risky as they are limited to a short-term prospect, especially in an evolutionary environment. One can easily imagine results keeping on increasing while competences stock or staff motivation are declining, which is likely to compromise future results”.

Thus some authors recommend to study the “employees’ satisfaction” by using indicators like the turn-over rate, the strikes and their evolution, the absenteeism, the motivations of the subordinates and obviously their productivity. The main problem of these measurements lies nevertheless in the difficulty to collect them by an empirical investigation because of their confidentiality (Barabel, 1999).

Criteria such as “the positioning of products portfolio” (BCG matrix of the Boston Consulting Group, 1980), “the study of the forces and weaknesses of the company according to the key success factors of its industry” (Ansoff, 1979; Porter, 1980) seem necessary to pass a judgement on firm performance. However, if the strategic criteria are so little studied by the authors, it could be due to the fact that the collection of information proves to be a very heavy and often delicate work (Barabel, 1999). Three main strategic criteria are mentioned in the literature: the firm potentiality within 3-5 years, the strategic positioning quality and the firm public image.

According to Porter (1980), firm economic performance is the creation and preservation of a competitive advantage. Duration thus constitutes an essential aspect of performance. Longevity is indeed not acquired since in France for instance half of the companies disappear in the first 5 years of their existence (Bizaguet, 1993), and the three quarters do not survive the first succession. The study carried out under the direction of Marseille (1995) on the companies performance during the 20th century highlights the factors which made it possible to some companies to better pass through the crises than others. One finds there for example brand development, longevity of managing staff or flexibility.

### 1.2.3 Methods Related to The Firm Activity

The methods presented until now do not take account of the specificities of the environment in which the firms operate. However, the fact of belonging to an organizational field has two major effects.

- Certain criteria of evaluation become more relevant than others according to the company organizational field.
- The industry characteristics make it possible to build standards of performance and to consider in a comparative way the results of the firms.

Thus, according to the industry field, specific criteria appear. For example, product cost can be a determining factor in sectors where product price is of primary importance. According to Schneier and al. (1991), performance indicators must thus be selected according to the key success factors of the industry in which the company operates. Johnson and al. (1993) propose to consider organisational performance according to its context. According to some authors (Meindl & al., 1985; Morck & al., 1989; Cannella & Lubatkin, 1993), it is interesting to compare the company result with the average result of the industry field. It is thus possible to identify in the literature two types of comparative studies (Barabel, 1999).

- The measurements obtained by comparing to those of the competitors.
- The measurements obtained by comparing to the state and structure of the industry field.

Comparative study is relatively common. According to Lebas (1995), performance is to do better than “the competitor” on the medium and long term, in the ideal on the whole of the parameters defining performance, and at least on those parameters judged to be most significant for customer’s satisfaction. Woo and Willard (1983), for example, proposed to compare four criteria with the direct or most dangerous competitors of the firm. These criteria are product quality, new products launching, direct cost and R & D expenditure.

As the competitive analysis models which flowered since the eighties testify, firm performance also results from its integration in an environment which is to be understood. The models aimed at evaluating competitive positions thus strongly called into question the uniqueness of the performance measurement by the market share, was it relative. Competitive performance holds multiple forms and gives to firms a margin of freedom which was not conferred by the domination logic. As Chakravarthy (1986) points out, “the structure of the industry in which a company operates partly constrains its strategy and affects its performance”. Thus, in certain cases, a reduction in market shares or profits is better explained by one change in the industry (new entering, fusion between two competitors, bankruptcy of an operator) than by a wrong strategic choice. In economics, some authors then mention results “carried by the market” (the environment is responsible) and “aggressive” results carried out to the detriment of competitors (the company and its top-managers are responsible). Stonich (1984) proposes a method taking into account the situation of the industry where the company operates. He selected four criteria: profitability (ROA), cash-flow, market share variation and a criterion specific to the industry field. Thus, in a market with strong growth, the market share increase is determining whereas in a market with moderate growth the ROA is essential.

After reviewing the different approaches to performance by considering the point of view of the scholars, we could now wonder about the performance perception of top managers working in a same organizational field. It would thus be possible to determine which kind of performance criteria these managers tend to use to characterize the performance of their competitors and whether these managers tend to have an homogeneous approach to performance. To meet this aim we will first present our empirical field, relatively disregarded by French researchers in strategic management: the tour-operating industry.

## **2. Methodology**

### *2.1 The French Tour-Operating Industry*

#### *2.1.1 A general presentation*

The French tour-operating industry seems to exhibit two main characteristics: its atomicity, with nearly 535 organizations, and its weak average profitability, a situation which favours acquisitions and mergers led mostly by English and German tour-operators. The tour-operator, which production is generally marketed through travel agencies, is the emblematic actor of this sector, as its main activity is precisely to combine the different elements making up packaged or inclusive tours. Its position is therefore at the heart of the tourism field, as it is linked both with actors located upstream like hotels and airways companies and actors located downstream like travel agencies or end customers. During the last thirty years, two companies have overshadowed the French tour-operating industry by their seniority, reputation and size: Nouvelles Frontières and The Club Méditerranée. Besides these two main historic figures of French tourism coexist many small tour-operators specializing more or less on activities like trekking, on travel destinations like Turkey or on customers like seniors.

#### *2.1.2 New Actors*

Since 2000, three main kinds of actors have intensified their presence on the French tour-operating market. The first actor type is made of foreign tour-operators, mostly German and English ones. These tour-operators, due in particular to the specificity of their respective domestic markets, enjoy a size well superior to the one of the first French tour-operators. TUI's turnover, for instance, which is the leading tour-operator on the German and European market, is thus six times bigger than the one of Nouvelles Frontières. It is nevertheless to be noticed that the penetration of foreign tour-operators on the French market is mainly limited to taking stakes in French companies, sometimes majority ones, but they do not actually endanger domestic tour-operators' identity, as these latter ones retain their brands and production specificity. The second actor category consists in organizations which specialized on travel sales on line. These companies, like for instance Karavel or Lastminute.com, focused their strategy mostly on the Internet media and penetrated the travel market by this means. If their original activity was the distribution via internet of plane tickets or packaged trips designed by tour-operators, mostly in the case of last minute sales, some of them attempt to develop their own tour-operating activity by directly negotiating with contractors located upstream the tourism field like airways companies or hotel networks. Lastly, the third type of actors consists in mass merchandisers like Leclerc or Carrefour. These large-scale distribution actors, which originally did not offer packaged tours, turned to this products range at the beginning of the nineties and since then kept on developing this activity. Some analysts thus consider that large-scale distribution could represent nearly 30 % of the total travel sales on the French market by the year 2005 (Secrétariat d'Etat Français au Tourisme, 2002).

### *2.2 Sample*

We interviewed in 2002 80 top managers working in 80 tour-operators located on the French market.

### 2.3 Interview Guide

Interviews were generally carried out in the office of the top manager, with an average duration of 20 minutes. The two questions relative to perceived performance were the following ones:

- Do some tour-operators located on the French market appear to you particularly performing and if so which ones?
- For which reasons do you regard these tour-operators as particularly performing?

It should be noted that the question relating to performance characterization was asked as soon as a tour-operator was mentioned. Each top manager thus had the possibility of resorting to different performance criteria for each tour-operator he mentioned. He also had the possibility of enumerating various criteria to characterize the performance of a same tour-operator. In the case of a silence which could mean that the top manager interviewed had mentioned all the criteria he perceived as relevant to characterize the performance of the tour-operator he mentioned, we then asked the following question:

- Are there other reasons why you consider that the tour-operator you mentioned is particularly performing?

In the case of a silence which could mean that the top manager had mentioned the whole of the tour-operators he regarded as particularly performing, we asked then the following question:

- Do other tour-operators appear to you also particularly performing and if so which ones and for which reasons?

All interviews were entirely retranscribed and then a content analysis was led.

## 3. Results

### 3.1 The Performance Perceived by Tour-Operators' Top Managers

#### 3.1.1 Two Great Types of Performance Apprehension

Concerning the articulation of the speeches on performance, we can distinguish two great types of perceptions : whereas certain top managers preferred to state the dimensions of the performance that they give more importance to, while mentioning afterwards the companies they regard as presenting a favourable profile on these criteria, others on the contrary spontaneously identified companies which according to them “ represent ” performance, for then enumerating strategic dimensions justifying their choices. This first type of performance perception can appear surprising insofar as the sequence of our questions very clearly tended to call answers based initially on the quotation of tour-operators regarded as performing before identifying the components of their performance. Two extreme cases of performance perceptions thus appeared:

- Some top managers seemed to have a performance perception strongly embodied in one or more companies. As the tour-operators mentioned were like synonyms of performance, the top managers in such cases were reticent to reveal precise components of this performance. The comments collected were then of this type: “the tour-operators X is performing because it is very good”.
- Other top managers on the contrary seemed to have a perception of performance embodied in the dimensions of this performance. Thus, in certain cases, these top managers formulated the performance criteria they privileged, for then estimating that no tour-operator was performing on these criteria. The remarks collected were then of this type: “For me performance is clearly profitability; however, on this criterion, no tour-operator on the French market is good”.

Taking into account these two alternative modes of performance apprehension, we could distinguish between the 80 top managers interviewed:

- 57 top managers spontaneously quoted at least one tour-operator they consider particularly performing, before revealing or not precise strategic dimensions which they regarded as explaining this perceived performance (that is 72 % of our sample).
- 22 top managers spontaneously initially mentioned strategic dimensions which they regarded as being constitutive of the performance of tour-operators, before naming the tour-operators positioned particularly well on each one of these dimensions (that is 28 % of our sample).
- One top manager had an answer to this question about perceived performance which we describe as “unclassifiable”. He has indeed not revealed which were the dimensions of performance he gave more importance to, and estimated that no tour-operator on the French market was particularly performing. Its answer was the following one: “No, there is no tour-operator which appears to me to be performing or very performing or, in any case, which would stand out. No. Performing? There is nothing which impresses me”.

### 3.1.2 The Tour-Operators Most Mentioned by Top Managers

The 80 top managers interviewed mentioned on average, and that after eliminating the cases when they named their own companies, 2,9 tour-operators as being particularly performing. On the whole, 77 tour-operators were identified at least once as particularly performing. If we eliminate the cases when the top managers mentioned their own company, the head office of their company or a subsidiary of their company, 69 tour-operators were mentioned at least once. That thus means that 8 tour-operators were mentioned only once as particularly performing and by a top manager working within or linked with them. 15 top managers named their own company as being particularly performing. It is also interesting to point out that among these 69 tour-operators named at least once as particularly performing by top managers from different organizations, 44 were mentioned only once. Therefore, only 25 tour-operators were identified at least twice as particularly performing by top managers from other tour-operators.

Although our question focused on the identity of the tour-operators perceived as particularly performing, seven categories of tour-operators were also mentioned, in addition to the naming of one or more tour-operators. In one case, the category mentioned corresponded to the category of membership of the tour-operator whose top manager was questioned. If we eliminate this category, the six categories of tour-operators which were mentioned are as follows: luxury trips specialists, group trips specialists, trekking specialists, the tour-operators leaders on their niches, diving specialists, cruise specialists.

It is to be noticed that these categories correspond with the main category of the specialized tour-operators. Five of these six categories were mentioned only once, the cruise specialists category for its part was quoted two times. It should be noted also that a top manager mentioned only one category of tour-operators as being particularly performing, without naming tour-operators belonging or not to this category. This category was the “luxury trips specialists”.

If we now establish the prize list of the tour-operators which have been identified at least twice as particularly performing by top managers from different tour-operators, by establishing for each one of them its average row of appearance when it was named and the average number of tour-operators mentioned by the top managers naming it, we obtain the following table:

(Insert Table 1. here)

If we consider the 8 cases when the top managers identified only one tour-operator, other than their own company, as particularly performing, these quotations were the following ones:

- Fram: 4
- Voyageurs du Monde: 2
- Nouvelles Frontières: 1
- Ultramarina: 1

It is remarkable that Fram, which was identified by 35 top managers as being particularly performing, was named by 20 of them in first position. In all the cases, it clearly comes out from our results that two tour-operators are distinguished very clearly as regards perceived performance: Fram and Voyageurs du Monde. Moreover, it is to be stressed that as Terres d’Aventure belongs to the group Voyageurs du Monde, we could have considered the quotations of this tour-operator as referring to its mother group.

Nevertheless, the most striking feature in this prize list could be the absence of any organisation belonging to one of the three categories of newcomers (mass merchandisers, Internet pure players and foreign tour-operators) among the 25 tour-operators mentioned at least twice as particularly performing. The only organisation in this prize list which could be regarded as belonging partly to the Internet pure players is Go Voyages, which holds the 11<sup>th</sup> position. Go Voyages, indeed, while selling many packaged trips via Internet, has also its own physical travel agencies. In every case, this absence of newcomers seems amazing as these organizations are the ones which experienced the most important growth in tourism during these last 5 years.

Another striking feature is the high rank of Nouvelles Frontières, which comes in 4<sup>th</sup> position, whereas this organization exhibited very low profitability during the last years, to such an extent that it was in 2002 acquired by a German tour-operator. It seems in this case that top managers could be more sensitive to past performance than to current one.

### 3.1.3 Performance Indicators Perceived By Top Managers

Many indicators were mentioned by the top managers to justify the reasons why they regarded as performing the tour-operators they named. We classified these indicators in the 8 following categories:

- Financial profile
- Strategy
- Structure/Organisation
- Purchases
- Trips
- Communication
- Marketing
- Transverse performance

Each one of these performance great dimensions are made up of various criteria, each one consisting on a lower level in or more under-criteria corresponding closely with the comments of the top managers. We thus proceeded by successive regroupings of the remarks of top managers concerning the performance indicators they tended to mention, these regroupings being carried out on three levels, to lead finally to these 8 great dimensions of performance. Thus, for example, the two following remarks of two distinct top managers:

“Fram is nevertheless the tour-operator which earned the most money over the last years.” and “Go Voyages is a company which presents a serious financial health and profitability.”

They were respectively characterized by the following items “good profitability over the last years” and “good profitability”. These two items were then gathered within the criterion “Profitability”. As other criteria like “Profitability” and “Capital structure” also appeared, we gathered them in the category “Financial profile”. We estimated indeed that the whole of these criteria were similar as focusing on a financial dimension.

The composition of these 8 great dimensions is thus the following one, taking into account that each criterion of performance (such as for example “Capital structure”) was mentioned by at least 2 of the 80 top managers interviewed. These dimensions and the criteria composing each one of them are ranked by number of quotations. It is to be noticed that we do not take into account the comments of top managers characterizing the performance of their own company.

- Structure/Organisation (130)
- Performance as a whole: 17
- Brand Image: 17
- The organization as a whole: 16
- Top Management team skills: 14
- Whole staff skills: 13
- Philosophy: 13
- Performance on a market segment: 8
- Seniority: 8
- Dynamism: 7
- Links with partners located outside tourism: 4
- Potential: 4
- Productivity: 2
- Financial management: 2
- Adaptation to the environment: 2

This category is the most provided in term of the number of criteria composing it. We mainly gathered in this category the criteria which were difficult to associate with a particular part of the company. We also specify that remarks of the type “this company is performing”, but which did not give place to a deepening of the explanatory factors of this perceived performance, were gathered within this dimension. An example of a top manager comment corresponding to this category is the following one: “Gestair has the best productivity level in the industry”.

- Transverse performance (119)
- Trips / Marketing: 56

- Trips / Marketing / Communication: 20
- Marketing / Communication: 16
- Organisation-Structure / Trips: 7
- Organisation-Structure / Strategy: 6
- Strategy / Marketing: 4
- Organisation-Structure / Marketing: 2

This category “Transverse performance” gathers performance criteria corresponding to the simultaneous consideration of performance criteria belonging to two or three distinct categories. This category corresponds thus to a more “complex” conceptualization of performance, as it is perceived as resulting from the adequacy between two or three distinct organisational components. Whereas in the case of the category “Structure-Organisation” performance criteria were mostly diffuse and disseminated through the organization, this category “Transverse performance” groups together criteria clearly located. An example of a top manager comment corresponding to this category is the following one: “Voyageurs du Monde is performing because there is a coherence between its philosophy of the voyage (category “Structure-Organisation”) and its strategy (category “Strategy”)”.

- Marketing (75)
- Quality of the sales department as a whole: 12
- Marketing targeting: 11
- Links with travel agencies: 9
- Links with tour-operators distributing other tour-operators products: 8
- Sales volume: 8
- Pricing policy: 6
- Commercial power: 6
- Quality of own travel agencies: 6
- Personalization of the relation between the sales department and the customers: 5
- Distribution strategy: 2
- Marketing innovations: 2

This category “Marketing” gathers the performance criteria related mainly to the relations between the tour-operators and their market. An example of a top manager comment corresponding to this category is the following one: “Voyageurs du Monde is performing because it is available towards its customers”.

- Trips (60)
- Trip quality as a whole: 21
- Range of trips: 20
- Reliability of trips: 9
- Originality of trips: 7
- Richness of trips: 2

This category “Trips” gathers the performance criteria mainly relating to the trip contents and the range of trips proposed. An example of a top manager comment corresponding to this category is the following one: “Jet Tours is performing because it regularly renews its range of trips”.

- Strategy (53)
- Competitive Strategy: 28
- Growth Strategy: 25

This category “Strategy” gathers the performance criteria related to two main kinds of strategy characterization: the strategy of growth over many years (Growth strategy) and the strategy relating to competitive positioning (Competitive strategy). An example of a top manager comment corresponding to this category is the following one: “Voyageurs du Monde is performing because it has a good strategy of internationalisation”.

- Financial profile (37)

- Profitability: 27
- Capital structure: 10

This category “Financial profile” gathers the performance criteria related to financial variables. An example of a top manager comment corresponding to this category is as follows: “Fram is performing because it presented a good profitability during over these last years”.

- Communication (19)
- Presentation of trips: 13
- Communication as a whole: 4
- Advertising: 2

This category “Communication” gathers the criteria of performance related mainly to the way in which the tour-operators portray their trips. An example of a top manager comment corresponding to this category is the following one “Maison de la Chine is performing because its booklets are of good quality”.

- Purchases and travel assembly (16)
- Mastering of travel assembly: 7
- Mastering of all purchases: 3
- Terrestrial purchases: 3
- Relationships with other tour-operators for travel assembly: 2

This category “Purchases” gathers the performance criteria related to the production process of the tour-operators. An example of a top manager comment corresponding to this category is the following one “Terres d’Aventure is performing because it has good technical skills in terms of trip production”.

We can therefore obviously notice that top managers used a high variety of criteria to characterize the performance of the tour-operators they regarded as particularly performing. It is also to be stressed that in many cases they simultaneously used criteria belonging to distinct organisational spaces to define performance. It therefore confirms the statements of the scholars considering that using only one precise criterion is not satisfactory for measuring firm performance. Another interesting result is that the financial criteria, which are still used by many scholars and analysts as the best performance indicators, come only in sixth position regarding the number of quotations for each performance dimensions. As a top manager pointed out, performing companies can be identified on the base of non-economic factors: “when I mention these tour-operators it is certainly not the manager who speaks but the heart”.

Another striking point is the fact that innovation was very rarely mentioned by top managers as a factor explaining performance. The term innovation, without regard to its belonging category, was indeed used only three times, whereas we could have expected this factor to be prevalent in a very competitive organizational field where differentiation seems possible.

To complete these results concerning the diversity of tour-operators regarded as performing and the performance perceived indicators, it seems fruitful to list some comments of top managers concerning the intensity or level of performance. Indeed, whereas during our interviews we did not ask top managers to characterize the level of performance of the companies they perceived as particularly performing (we did indeed only consider a minimum level of performance, without asking for instance top managers to evaluate high performance on a scale), some of them did mention how high was the performance of some tour-operators. We will then be able to notice that the perceptions of top managers also vary regarding the performance level. Moreover, as a mean to fuel the discussion about our results, we will list some other comments able to highlight the way top managers do comprehend performance.

### *3.2 The Performance Perceived by Top Manager: Intensity and Other Points*

#### *3.2.1 On the Intensity of Perceived Performance*

While a top manager do not consider that any tour-operators could be regarded as particularly performing:

“No, there is no one which appears to me performing or super performing or, in any case, which is detached from... No. Performing? There is nothing which impresses me.”

A second top manager considers that some tour-operators exhibit a performance level really higher than the average performance level in the organizational field:

“Here are two or three tour-operators who are infinitely performing”

Another top manager is reluctant to isolate some tour-operators and on the contrary considers that they all achieve a minimum performance level:

“They all are performing. If not they would not be there. There is not today on the market a tour-operator which is a charlatan on that level. In those which I quoted there, there is not one which is a charlatan. Not one. They have all their defects and their qualities but, overall, they are all performing”.

A last one, sharing a close point of view, mentions a positive evolution of the whole sector towards performance:

“There are currently relatively less complaints than twenty years ago. When I started in tourism, it was not well structured, it was not well organized, the personnel that we had not well trained since many did not even have a formation in tourism. One started because he liked to do that and he was speaking a foreign language. But I think that, overall, tourism in France is organized, well structured and rather serious.”

### 3.2.2 On Perceived Performance: General Points

While a top manager for his part stresses that it is difficult for him to identify high performing companies as he mostly focuses on his small market:

“So maybe there are many performing tour-operators but to which I do not pay attention. I am a little too much in my small world.”

A second one considers that performance is difficult to comprehend as it consists in many distinct components :

“It is rather difficult to answer because that touches fields very, very varied, therefore”.

Another interesting issue which has been mentioned is the fragility of performance in this industry, mostly due to the importance of the human factor:

“Our trade is so related to men!”

Whereas some top managers consider that some companies could be regarded as highly performing in the whole industry (notion of inter-performance, or “absolute” performance), some others point out that performance can only be evaluated within a same strategic group or market space (notion of intra performance, or “relative” performance):

“In our niche, as it is very targeted, a firm which is not performing, on the base at least of a certain quality, it goes bankrupt immediately. To a certain extent, if Nouvelles Frontières is very bad on trekking, it is not a problem as 95 % of its turnover is ticketing or other things. If Terres d’Aventures is bad on trekking, it will not exist any more. Very quickly”.

“A general model of performance is Nouvelles Frontières. And a model of performance in our field of activity is Club Aventures.”

Another important issue which was raised is that performance indicators are not always visible:

“It is difficult to say. For us, the true performance is the loyalty of the customers. And on that point, one cannot get the knowledge. Among fellow-members, one cannot know what is the loyalty of the customers. It is that, for us, the true performance. It means that good job was made and that people appreciated, that one has very few dissatisfied customers. Therefore that is not measurable among fellow-members. Or with difficulty. One can have only echoes, etc. Therefore it is not reliable. Now, I do not know. For us, it is that, the true value.”

And that information on performance is not always close to reality:

“I know all my fellow-members and I know that there is not one of them who say the truth when he speaks about its performance. Therefore I do not take account all that is written”.

## 4. Contributions, Limits and Research Perspectives

### 4.1 Contributions

Our results tend to support the fact that in a same industry field top managers are far from basing systematically their performance evaluation on the only financial criteria, as the dimensions they use are quite diverse. We noticed also that most top managers tend to consider several variables simultaneously to evaluate the performance of their competitors. These results tend then to reinforce the scholars having stressed that it is necessary to consider simultaneously several qualitative variables to lead performance evaluations.

### 4.2 Limits

Our research suffers from some limits. We could have, for the comparison of the various perceptions relying on more rigorous bases, differentiated in our questions the measurement of performance from its determinants. It is

indeed very likely that while some top managers understood our question as referring to the measure of performance, others certainly interpreted it as referring to its determinants. Another limit arises from the fact that we did not distinguish the type of relation existing between the organization of the top managers interviewed and the tour-operators they mentioned as particularly performing. It is indeed possible in particular that the top managers tended to preferably identify organizations they know particularly well, because being for example their direct competitors or cooperating with them. Another significant limit comes from the fact that our sample was not homogeneous in term of top managers' functions. It is indeed likely that a marketing manager will tend to focus more on marketing variables to evaluate performance than a general manager for example. A last limit lies on the way we built our categories. Whereas one comment or idea was systematically assigned to one category and only one, some comments corresponded to two categories. Thus, our categories were not in certain cases exclusive enough. For instance, a comment like "they had a huge growth over the last years" could have been characterized as turnover growth" and then assigned to the category "financial profile", or as "growth strategy" and then assigned to the category "strategy". The category "Structure-Organization" could also seem too wide, and be considered more like a "garbage category" than to a meaningful one.

#### 4.3 Research Perspectives

Our study opens several perspectives. The first could be to try to link the perception of performance with performance. It would indeed be possible that the organizations whose top managers have a certain perception of performance are the most performing. It could also be promising to link the mode of environmental scanning and the perception of performance. It would thus be interesting to wonder about the role of this mode in the formation of the perceptions of performance. Another perspective would be to compare the vision of the performance that a top manager has of his own company, and the image that its competitors have of the performance of its company. It is indeed possible that a certain variation exists between the perception of oneself and the perception of the others of oneself. It would consequently be advisable to wonder about the explanatory factors of such a phenomenon, and to determine up to what point this could result from the will of the company to dissimulate to its competitors the true determinants of its performance. While we considered performance perceptions of top managers working in very different organisations, both in terms of size and specialization degree, it could be interesting to assess the perceptions homogeneity of top managers working in similar companies. An interesting point also would be to link perceived performance with reputation. As we can suspect that managers only mention as performing tour-operators they know, we could wonder to which extent a high performing company could remain ignored a long time by top managers. Another issue we did not consider is whether top managers develop their own personal approach to performance or whether they take for granted what they hear or read on performance from other sources. Taking into account the different ways top managers consider performance, we could also shape a typology of performance perceptions and determine to which extent each kind of perceptions correspond to the approach of particular scholars. A last perspective would be to compare the perception of the performance of top managers with those of experts, in order to observe some possible variations and to try to explain them.

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Table 1. The tour-operators named by at least two top managers

Rank of the tour-operator according to its total number of quotations	The Tour-Operators named at least twice	Total number of quotations of the tour-operator	Average rank of the tour-operator when named	Average number of tour-operators quoted by the top managers naming the tour-operator
1	Fram	35	2,05	3,34
2	Voyageurs du Monde	23	1,87	3,65
3	Kuoni	15	2,07	4,46
4	Nouvelles Frontières	13	3,16	4,23
5	Donatello	11	2,39	4,45
6	Terres d'Aventure	10	2,10	4,30
7	Jet Tours	9	2,88	4,22
8	Marmara	9	3,62	5,11
9	Asia	8	2,75	5
10	Look Voyages	8	3,12	4,87
11	Go Voyages	6	3,26	4,66
12	Allibert	5	3	4,4
13	Maison de la Chine	4	2,75	5,25
14	Club Méditerranée	4	3,25	4,75
15	Vacances Air Transat	3	2	3
16	Republic Tours	3	3,33	3,66
17	Club Aventures	3	5	5,33
18	Clio	3	4	5
19	Beachcomber Tours	2	2	5
20	Atalante	2	4	5
21	Marsans	2	2	3,5
22	Capitales Tours	2	3	4
23	Aventuria	2	2	3,5
24	Pierre et Vacances	2	5	6
25	Ikhare	2	2	5