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AN EXAMINATION OF PERFORMANCE INDICATORS AT LADIES BEAUTY SALONS IN THE CITY OF DUBAI: AN EXPLORATORY STUDY

Key Words

Performance Indicators; Beauty Salons; Non-financial Measures, Balanced Scorecard.

Abstract

This paper examined the preferences for and actual usage of a set of 21 performance indicators using a sample of owners/managers and employees of 16 ladies beauty salons in the city of Dubai. The authors used a principal component analysis (a factor analysis technique) and non-parametric tests (Mann-Whitney U test and Friedman Chi-square test) to analyze collected data. The paper has four main results. The first indicates that there were no significant differences between beauty salons' owners/managers and employees' preferences for performance indicators. The second result indicates significant differences between actually used performance indicators and preferred indicators by managers/owners and the employees. The third result indicates that actually used performance indicators constitute a poor-type of a scorecard with only two significant factors (financial and internal processes). Fourth, the results indicate that preferred performance indicators constitute a better form of a scorecard with three significant factors (financial, internal processes and customers). The authors recommended a more comprehensive use of performance indicators in the beauty salons and argued for employees' involvement in the process of developing performance indicators. They also suggested the formation of a national association for beauty salons to help increase awareness of performance indicators.

Introduction

The beauty business is a part of the service industry. Most beauty salons have introduced modern technologies and equipment to

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offer a wide array of personal services and products. The average beauty salon now offers products and services that include beauty products, eye care, pedicures, facials, make-up, skin care, colour analysis, fitness massage, tanning, ear piercing, hair treatments, nail art, waxing, electrolysis, and health products.

The oldest ladies beauty salon in Dubai was opened in 1963. Over the years, the beauty salon industry rapidly grew. According to the published statistics of the Department of Economic Development of Dubai (2002), there were 591 ladies beauty salons licensed to operate in Dubai as of October 2001.

Nationals of UAE own most of the beauty salons in the UAE. However, expatriates, who give the owner either a percentage of the profit generated or pay an annual amount for leasing the trade license, manage many of these beauty salons. Some of the salon owners, however, have previous working experience in other salons and they usually run their businesses with the same systems they used to work with before. Other salon owners have little business background before they open their salons.

Although a minimum educational requirement is now needed to enter a cosmetology school, no specific qualifications or educational background is yet required to join a beauty salon business. However, the Economic Department in Dubai regularly issues directives that regulate the working qualifications required for those working in the beauty salons. On the other hand, Dubai Municipality has several regulations governing specifications of area required for rent as well as area of each profession of practice carried out in the salon. Workers' uniforms and equipment' sterilization are regularly inspected. All these laws are guided by the Local Order, which was issued in 1992 by the Dubai Municipality.

Beauty salons, like other business organizations, need to employ appropriate performance indicators. However, most beauty salons in the United Arab Emirates in general, and in Dubai in particular, lack the use of sound performance measures. Measuring performance allows salon owners and managers to track the results of business development and employees productivity. In addition, carefully chosen performance measures help explain why particular results were achieved and also highlight the areas that need further improvement.

There is no single method to describe how salons should operate profitably. Even industry consultants and experts have different views about the factors that make a salon profit-

able. A good performance evaluation system starts with clear goals. If a group of salon owners or managers were asked, for example, to give their estimation of the total revenue to be generated by the end of a month to make a profit, most probably very few of them might have a clear answer. Salon owners and managers should state their goals (e.g., total revenue or number of customers) and communicate these goals to their staff.

Webster (2000) indicated that the owner of a beauty salon must have good understanding of how the business operates and then measure the appropriate business-related factors that account for success or failure. Although performance measures usually include financial indicators, owners and managers of beauty salons do not have to focus only on such financial measures. Other measures that relate to customer satisfaction, employee retention and efficiency of operations within the salon (e.g., stylist productivity) are also important. In addition, staff education and training are likely to affect the results of operations. Therefore, performance measures should reflect these aspects of the human capital.

The Society of Management Accountants of Canada (1994) indicates that firms consider a number of focus points (objectives) when developing performance indicators. These focus points include:

Making strategic objectives clear. Management's main focus is usually on key long-term success factors (e.g., market leadership, customers' satisfaction, highest quality, lowest cost, etc). Firm employees usually view existing performance indicators as representations of management's focus. By tracking these indicators and sharing the results with the employees, everyone will see the firm's strategic objectives and will be able to pull together in the same direction. Although the size of each beauty salon in Dubai is relatively small, managers and owners focus on customer satisfaction and service quality.

Focusing on core processes. A good system of performance indicators reflects the important dimensions of core processes and their achievements. For a beauty salon, the core processes include hiring skilled labor that achieves the highest service quality at a reasonable cost.

Focusing on critical variables. A good system of performance indicators focuses the firm's efforts on critical success factors (variables). For example, if a beauty salon is going to measure its success by customer satisfaction, which is determined to mean outstanding services, fast response, service variety, and value; perfor-

mance indicators should emphasize these measures.

Signaling where performance is headed. A truly effective performance indicator system serves management as an early warning device. It should communicate progress and signal for potential problems. It is not enough to examine historical performance and compare it with a predetermined budget to generate variances. It is more important to know whether a given situation (e.g., customers' complaints about a service) is improving or not.

Rewarding excellent performance. For a beauty salon to be successful, key contributors to such success should be rewarded for their performance. A good system of performance indicators can serve as one basis for rewarding the salon's employees.

There is a need for beauty salon owners and mangers to develop a set of performance indicators to help their businesses. Having in mind that salon owners/managers and employees have different preferences for performance indicators, this paper seeks to formulate and test a set of performance indicators that the authors consider to be suitable for beauty salons in Dubai.

The remainder of the paper is organized as follows. The next section presents a theoretical background about performance indicators and some prior studies. The second section presents the research questions and hypotheses. The third section discusses the methodology used in conducting the study. The fourth section presents the results of the analysis. The final section discusses the study's results, conclusions and limitations.

Theoretical Background

Ibrahim (2001) indicated that the accounting and management literatures provide three main conceptual paradigms that underline performance evaluation systems. The first is the financial framework where performance measures and indicators relate to an entity's profitability and other financial aspects. The second is the results and determinants framework, which integrates operations management concepts with management accounting concepts. The third is the balanced scorecard, which looks at performance as a multi-dimensional phenomenon that includes financial and non-financial aspects. The following paragraphs briefly discuss each of these frameworks.

The Financial Paradigm

The financial framework is the oldest paradigm for performance evaluation. Its roots are in the areas of accounting, financial management and economics. Over the years, the accounting literature, for example,

has recognized the importance of cost control, profitability and liquidity. The literature documents the idea that reducing and controlling costs help increase profits. On the other hand, increasing revenues also helps boost profits when costs are controlled.

Financial and accounting reports employ various measures for profitability. They report profit as a gross amount (difference between revenue and cost of sale or service) or as a net amount (difference between revenue and total expenses). These amounts are absolute amounts and may not be appropriate for performance evaluation. Expressing these profit numbers as percentages of other base amounts seemed at a point of time to be the appropriate approach. Consequently, performance evaluation systems have seen two new profitability measures: percentage of gross profit and return on investment.

However, several authors (e.g. Kaplan and Norton 1992, Barker 1995, Philips 1999, and Ibrahim 1999) indicated that although financial measures are important, they are not enough for a good performance evaluation system. The system should also incorporate non-financial measures of performance.

Results and Determinants Paradigm

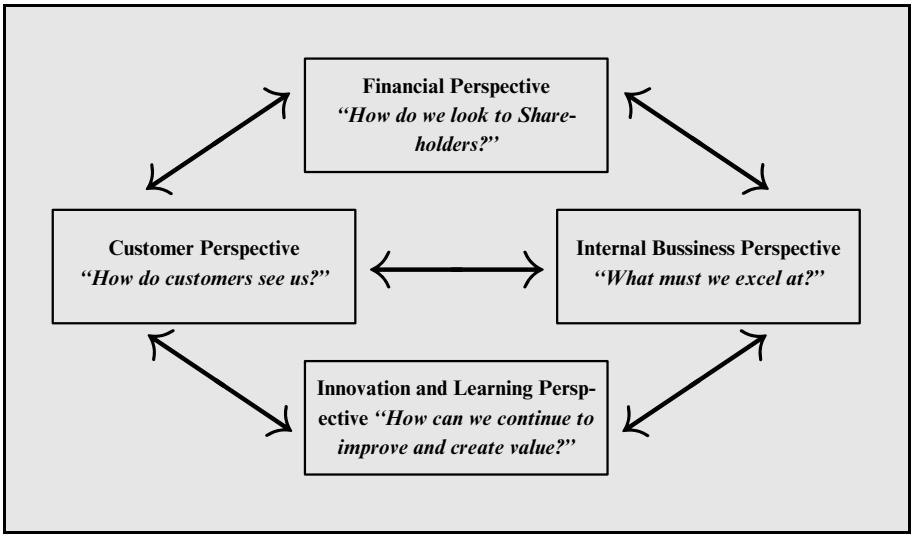
Fitzgerald et al. (1991) proposed this framework specifically for performance measurement in the service organizations. The framework incorporates two basic types of performance measures for any service organization. The first set of measures relates to two dimensions called the results (competitiveness and financial performance). The other set of measures focus on the determinants of the results (quality, flexibility, resource utilization, and innovation). The framework suggests some performance measures for each dimension so that financial and non-financial measures are incorporated. One can view this framework as a British style of the known scorecard framework.

Although all organizations wish to measure the results of their strategies, the mix and weights of the factors that determine their competitive success vary from one organization to another. Fitzgerald et al. (1991) indicated that managers of service organizations do need to develop their own set of performance measures across the six dimensions to monitor the continued relevance of their competitive strategies.

The Balanced Scorecard

The balanced scorecard framework recognizes the fact that performance is not a single-dimensional phenomenon. Thus, the framework provides a multifaceted view of an organization's performance. Kaplan

Figure 1
Balanced Scorecard (Kaplan and Norton, 1992)



and Norton (1992) advocated this framework and suggested four major blocks that deal with financial and non-financial aspects of performance. Figure (1) portrays the four dimensions of the balanced scorecard.

As indicated in Figure (1), performance has a financial side (which deals with how the shareholders see the company's performance in relation to their financial demands). Measures such as gross profit, percentage of profit, percentage of labour costs to total costs, and return on assets are used to assess financial performance. Performance also has three other non-financial dimensions. One relates to how the customers see the company and its services or products. Measures such as customer satisfaction indexes, number of customers' complaints, and percentage of repeated customers are used to judge the company's performance from a customer's perspective. A second non-financial dimension is the internal business perspective, which deals with what the company can excel at. Measures like percentage of waste and percentage of defective units are used in this regard. The third non-financial performance dimension is innovation and learning perspectives. Measures such as number of new products or services successfully introduced to the market, research and development effort and training programs are used to assess this dimension of performance.

Kaplan and Norton (1996) presented the balanced scorecard as a management model, which is used to translate an organization's mission

and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. This framework brings a wider set of measures together so that managers have an appropriate range of indicators to use.

Because of the importance of the balanced scorecard framework, several prior studies have examined its use in different settings. Davis (1996) looked at the possibility of developing an employee's balanced scorecard and suggested some guidelines for doing so. McCunn (1998) searched for an answer to why some companies had greater success than others in the implementation of their scorecard projects. He listed eleven items in the form of do and do not and called them the eleven commandments of balanced scorecard implementation. Kloot (1999) studied performance measurement systems in local government to identify performance measures used and the factors that have led to the increased use of non-financial measures. Macpherson (2001) discussed performance management for non-profit organizations and identified some of the barriers facing the development of performance indicators for non-profit organizations. Johnsen (2001) examined the main managerial applications of the balanced score card and argued for modification and critical analysis to avoid a Soviet style intuition. Atkinson and Brown (2001) examined the current status of performance measurement within the UK hotel industry. They concluded that the majority of hotel companies monitor the financial dimension of performance and only a portion of hotels place an emphasis on non-financial performance dimensions.

For beauty salons, however, Slater (2000) indicated that the scorecard links revenue goals to team performance. It helps keep the team members informed on salon goals and updated on progress toward them.

Research Questions and Hypotheses

This study seeks to formulate and test a set of performance indicators that the authors consider to be suitable for beauty salons in Dubai. Specifically, the paper tackles the following questions:

1. What are the differences in preferences for performance evaluation indicators between owners/managers and employees of beauty salons?
2. What are the differences between preferred performance indicators and actual indicators used in beauty salons?
3. Do actual performance indicators used in beauty salons form a type of a balanced scorecard?

4. Do preferred performance indicators of owners/manager and employees of beauty salons form a type of a balanced scorecard?

The first two research questions are translated into two research hypotheses. The first deals with possible differences in preferences for performance evaluation indicators between owners/managers and employees. The agency theory literature indicates that agents will not always behave as expected by the principals. Agents will always shirk and monitoring systems are installed accordingly. On the other hand, accounting and management literatures have shown that the use of some performance measures could lead to different forms of dysfunctional behaviours (e.g., a manger with authority rejects an investment opportunity that meets the firm's minimum criteria because the investment does not achieve his/her own interest). These differences in agents/principals interests (e.g., owners-employees interests) can cause goal incongruence, which affects preferences for performance measures. Accordingly, one would expect owners/managers preferences for performance indicators to differ from employees' preferences for these indicators. These differences in preferences are hypothesized and stated in the null form as follows:

H_{01}: There are no differences in preferences for performance evaluation indicators between managers/owners and employees of beauty salons.

The second research hypothesis deals with possible differences between preferred performance indicators and actual indicators used in beauty salons. Ibrahim (2001) indicated that, in addition to being fair, a good set of performance measures should aspire to attain the firm's goals and the aspirations of its people. This implies that quality performance measures should not show gaps between expectations or preferences and actual usage of performance indicators. This gap notion is well documented in the service quality literature (e.g., Parasuraman et al 1985). Accordingly, for a low quality performance set of indicators, one would expect to see differences between preferred indicators and actual indicators used in the salon industry. Thus, the hypothesis is stated in the null form as follows:

H_{02}: Preferred performance indicators are not significantly different from those indicators actually used by beauty salons.

Research Methodology

This section of the paper addresses its methodology. First, it describes the development of the performance indicators, followed by the research questionnaire, the sample frame and sampling procedures.

Development of Performance Indicators

To establish the current status of the use of and preference for performance evaluation indicators within the beauty salon industry in Dubai, the authors used a series of in-depth interviews with salon owners and mangers, followed by a survey instrument.

The second author held interviews with the owners and managers of five beauty salons in the city of Dubai. The purpose of selecting these five beauty salons was to gather information about usage of performance measurement at these salons. The second author had used the services of these salons and had known their owners well. She called each owner/manager and arranged for an interview at the salon premises. Each interview lasted, on average, half an hour.

Each interview started with an introduction of the nature and the purpose of the research. The interviewing author asked each owner/manager an open-ended question about the type of performance indicators (both financial and non-financial) used in the salon and their preferences for other performance indicators.

Based on the authors' literature reviews and the results of the interviews, they formulated 21 performance evaluation indicators that they believed to be suitable for beauty salons, as well as other service organizations. These performance evaluation indicators included financial measures (e.g., total cost per employee and salaries as a percentage of total cost) and non-financial measures (e.g., customer satisfaction and employee appearance).

Development of the Research Questionnaire

The authors used the information gained from the interviews with the managers and owners of five beauty salons in the city of Dubai to develop the initial version of the research questionnaire. Approximately two weeks after the interviews, the authors asked the interviewed salon managers and owners to review the wording of the initial questionnaire to ensure clarity and reasonableness of the number of performance indicators.

The questionnaire consisted of two main sections. The first section asked each participant to provide general information relating to the respondent position at the salon, length of experience at the present salon, overall experience in the beauty industry, age, marital status, nationality, and education level. The second section of the questionnaire asked each respondent to provide information about her work environment and performance

indicators. Although this section consisted of nine questions, this paper deals basically with questions 12 and 14. Question 12 asked each respondent to express her preference for each of the formulated 21 performance indicators on a 10-point scale. Question 14 asked each respondent to indicate the actual indicator used by the salon to evaluate performance.

Sample Frame and Sampling Procedures

The authors obtained a list of the ladies beauty salons licensed in Dubai and their contact numbers from the Department of Economic Development of Dubai. The list contained 591 ladies beauty salons. The authors employed two assistants to contact each listed salon by telephone and obtain the size of the salon in terms of the number of employees. The assistants failed (after several attempts) to contact some salons. The authors excluded these salons from the list assuming that they were no longer in business. Because many beauty salons operating in Dubai employ a limited number of employees, the authors made a judgmental decision to exclude from the sample frame all beauty salons with less than five employees. They made this judgmental decision to save effort and time in collecting the needed data. This procedure reduced the number of beauty salons on the sample frame (the list) to 95 salons.

The authors selected 40 salons randomly from the remaining 95 salons and distributed five questionnaires in sealed envelopes to each salon.[1]

A cover letter accompanying each questionnaire explained the nature of the research and its purposes. The letter also asked each respondent to deposit her completed questionnaire in an attached envelope and seal it. The letter also informed the participants that sealed envelopes would be colleted within two weeks.

Data Analysis

The authors employed a principal components analysis (a factor analysis technique) and non-parametric statistics (Mann-Whitney U test and Friedman Chi-square test) to analyse the collected data and test the research hypotheses. The authors used a significance level of 95 per cent to judge the statistical significance of the identified differences. They used a computer statistical package known as SPSS

(1) Although some beauty salons have more than five employees, the authors decided to distribute an equal number of questionnaires to each salon to avoid possible size effect (weight bias) on the results.

(version 11, 2001) to perform the analysis.

In performing the statistical testing, the authors first matched the performance indicators preferred by the owners/managers with those preferred by employees to test the first research hypothesis. They also matched the performance indicators actually used by beauty salons with those indicators preferred by the owners/managers and employees to test the second research hypothesis. The authors performed a factor analysis to obtain the composition of a balanced-type scorecard and tested its composition using Friedman Chi-square test.

Results

This section reports on the results of the analysis. It first presents some descriptive statistics, followed by the statistical results obtained from performing the factor analysis and non-parametric tests. The section also comments on the results to indicate whether the research hypotheses were rejected or the results failed to reject the hypotheses.

Survey Responses

As mentioned in the previous section, the authors distributed 200 questionnaires to 40 salons in the city of Dubai. The questionnaires were distributed in sealed envelopes and collected within two weeks from the day of their distribution. Out of the 200 questionnaires distributed, 50 questionnaires were received, of which five questionnaires were blank. The authors screened the remaining questionnaires regarding the size of the salons to ensure that all responses came from salons with the minimum required number of five employees as intended. None of the remaining 45 responses were from salons with less than five employees. These 45 responses came from 16 different salons and represent a 22.5 per cent response rate (45/200).

Table (1) shows some of the sample descriptive statistics. The table reports the means of some selected items and the spread around the mean for each item.

The distribution of the respondents' length of experience shows that the average length of overall experience is about seven years and the average experience at the current salon is about four and half years.

Although the average age of the respondents was about a 31 years, the distribution of the age in the form of categories indicates that the age of the majority (80%) of the respondents falls between 20 to 40 years. The remaining 20% of the respondents were above 40 years old.

Table 1
Descriptive Statistics

Variable	Mean	Std Dev
Overall Experience in the industry	7.359	5.575
Experience at present salon	4.475	3.696
Age	31.350	4.562

About 53 per cent of the respondents were married while about 42 per cent were unmarried. The remaining 5 per cent did not provide answers to this item. The majority of the respondents were employees (75%).

Results of Testing the Hypotheses

The first research hypothesis stipulated no differences between the preferences of the salon owners and managers' and those of the salon employees for performance indicators. These preferences were compared and tested using Mann-Whitney U test. Table (2) shows the results of comparing the preferences of the owners/managers with those of employees for the performance indicators. The table contains six columns. The first two columns represent the serial number and the title of each performance indicator. The third column contains the number of owners/managers who had preferences for the particular performance indicator. The fourth column has the number of employees who had preferences for the particular performance indicator. The last two columns report the Mann-Whitney U test statistic and its probability of no difference (as a result of comparing the distribution of the numbers in the third column with the distribution of the numbers in the fourth column).

The results of Table (2) indicate no significant differences in the preferences of the managers/owners and employees ($p > 0.368$). Thus the results fail to reject the first hypothesis. This means that owners/managers and employees have the same preferences for the 21 performance indicators listed on the questionnaire. This result implies that the perceived interests of both groups and their visions about which performance indicators to be considered suitable seem to be in-line with each other.

The second research hypothesis stipulated no differences between preferred performance indicators and the actually used indicators at the salons surveyed. The authors pooled managers/owners and employees preferences for performance indicators in one group and compared the pooled preferences with the indicators actually used by the salons as reported by the owners/managers group. Table (3) shows the results of such comparisons. The table contains six columns. The first two columns represent the serial number and the title of each performance indicator. The third column

Table 2
Comparison of Preferences for Performance Indicators

	Indicator	Mangers /Owners	Employees	Mann-Whitney Test	P
1	Total cost per employee	6	26	127.5	0.943
2	Salaries as percentage to total costs	6	29	103.5	0.485
3	Training as percentage of total costs	5	25	119.0	0.901
4	Revenue generated by each employee	4	25	110.0	0.734
5	Customer satisfaction survey results	5	30	129.0	0.966
6	Number of customers served	6	29	118.5	0.881
7	Number of complaints received	5	25	108.5	0.616
8	Training hours per employee	6	25	125.0	0.973
9	Training by type	6	26	107.5	0.603
10	How well an employee keeps up with current developments	6	28	108.0	0.531
11	How well an employee works in an organized fashion	6	33	116.0	0.615
12	Range of services offered	5	29	116.5	0.639
13	Average time per service	6	30	120.0	0.742
14	Actual hours worked versus planned hours	5	31	120.0	0.835
15	Number of service improvements	6	32	116.5	0.730
16	Quality of services offered	5	31	99.0	0.647
17	Achieving established goals	6	34	109.0	0.465
18	Being an effective team member	6	34	121.5	0.859
19	Maintaining high work standards	6	32	114.0	0.556
20	Communicate well with customers, mangers and colleagues	6	34	107.5	0.368
21	Appearance	6	30	115.5	1.000

Table 3
Comparison of Preferred and Used Performance Indicators

	Indicator	Preferred	Used	Mann-Whitney Test	P
1	Total cost per employee	32	7	743.0	0.160
2	Salaries as percentage to total costs	35	7	598.5	0.002*
3	Training as percentage of total costs	30	6	583.0	0.017*
4	Revenue generated by each employee	29	7	502.5	0.006*
5	Customer satisfaction survey results	35	6	580.5	0.001*
6	Number of customers served	35	7	732.5	0.075
7	Number of complaints received	30	7	612.0	0.053
8	Training hours per employee	31	6	634.5	0.028*
9	Training by type	32	5	540.0	0.002*
10	How well an employee keeps up with current developments	34	4	565.0	0.001*
11	How well an employee works in an organized fashion	39	6	624.0	0.000*
12	Range of services offered	34	7	698.0	0.400
13	Average time per service	36	7	750.0	0.068
14	Actual hours worked versus planned hours	36	5	633.0	0.002*
15	Number of service improvements	38	6	699.0	0.004*
16	Quality of services offered	36	7	850.0	0.449
17	Achieving established goals	40	6	658.0	0.001*
18	Being an effective team member	40	6	580.0	0.000*
19	Maintaining high work standards	38	6	685.0	0.004*
20	Communicate well with customers, mangers and colleagues	40	6	600.0	0.000*
21	Appearance	36	5	596.0	0.001*

* Significant at 0.05

contains the number of all respondents who preferred the particular performance indicator (this is the pooled numbers of the third and fourth columns of Table 2). The fourth column has the number of salons which actually used the particular performance indicator. The last two columns report the Mann-Whitney U test statistic and its probability of no difference (as a result of comparing the distribution of the numbers in the third column with the distribution of the numbers in the fourth column).

The results of Table (3) indicate that there are some significant statistical differences between the groups' preferences for 15 performance indicators and the actual indicators used by salons ($p < 0.028$). In addition, there are some mild differences for three performance indicators ($p < 0.075$). This leaves three performance indicators with no significant statistical differences at conventional levels ($p > 0.169$). These results, in general, lead to the rejection of the second research hypothesis. This means that there is a lower level of goal congruence between employees' performance goals and established salons' goals.[2]

Composition of Used Performance Indicators. The third research question addressed the issue of whether used performance indicators do form a type of scorecard. To formulate a guided answer to this question, the authors performed a two-step procedure. First, they ran a principle component analysis to extract the factors involved and the items that loaded on each factor. Second, they tested the composition of these factors using Friedman Chi-square test. Table (4) shows the loadings of the factor analysis for each performance indicator.

Table (4) shows that the 21 formulated performance indicators loaded on four factors only (where some indicators show a degree of overlapping among the factors). These four factors explain about 90.5 per cent of the variation in performance indicators. Each number in the table represents the relationship between the indicator and each of the factors. For example, cost per employee has a loading coefficient of 0.602 on factor 1. While its relations with factors 2, 3, and 4 are far less than that (less than 0.483). This indicates that none of the performance indicators are completely related to a particular factor and the matter is a relative one. This may be due to the fact that the subject of performance indicators and their usage is a relatively new one to the people of beauty salons.

(2) The proportion of salons actually using a particular performance indicator can be calculated by dividing the reported number in the fourth column by the total number of salons (16).

Table 4
Factor analysis of Performance Indicators used

	Indicator	Fact 1	Fact 2	Fact 3	Fact 4	Fact 5
1	Total cost per employee.	.602	.348	.482	.334	.346
2	Salaries as percentage to total costs.	.716	.270	.531	.369	.226
3	Training as percentage of total costs.	.527	.761	.214	.219	.000
4	Revenue generated by each employee.	.430	.592	.356	.330	.406
5	Customer satisfaction survey results.	.306	.744	.346	.303	.000
6	Number of customers served.	.412	.353	.354	.608	.326
7	Number of complaints received.	.136	.773	.324	.443	.207
8	Training hours per employee.	.527	.761	.214	.219	.000
9	Training by type.	.568	.643	.450	.116	.000
10	How well an employee keeps up with current developments.	.553	.431	.230	.149	.190
11	How well an employee works in an organized fashion.	.729	.204	.183	.488	.000
12	Range of services offered.	.659	.372	.328	.323	.259
13	Average time per service.	.500	.278	.227	.682	.000
14	Actual hours worked versus planned hours.	.760	.346	.446	.195	.000
15	Number of service improvements.	.844	.347	.259	.235	.000
16	Quality of services offered.	.263	.280	.217	.851	.113
17	Achieving established goals.	.451	.182	.817	.133	.230
18	Being an effective team member.	.258	.487	.804	.000	.000
19	Maintaining high work standards.	.351	.167	.836	.260	.136
20	Communicate well with customers, mangers and colleagues.	.168	.468	.709	.344	.000
21	Appearance.	.170	.214	.705	.493	.000
Percentage of variance explained		71.440	6.455	5.017	4.693	2.871

Table 5
Composition of Salons Scorecard Based on Used Indicators

Factors	Items	Frequency	%	Alpha	Friedman x^2	Prob.
Factor 1:	7	42	32.6	.9616	18.3673	.0054
Factor 2:	6	37	28.7	.9689	14.6078	.0122
Factor 3:	5	29	22.4	.9520	2.6000	.6268
Factor 4:	3	21	16.3	.9154	3.6000	.1653
Total	21	129	100.00			

To test weather the factors extracted represent a type of a scorecard for a beauty salon, the authors performed Friedman test on the composition using the following steps:

1) From table (3), the authors added the total frequency of the indicators used (129).
2) From table (4), the authors identified the number of indicators constituting each of the four factors (with the highest loading). For example, factor (1) includes indicators 1, 2, 10, 11, 12, 14, and 15. For these indicators, Table (5) shows the frequency of usage at 42.
3) By dividing the sum of (2) by the sum of (1) above, the authors obtained the percentage of use of each factors (e.g., for factor (1) 42/129 = 32.6%.).
4) The authors used Friedman test for each factor where alpha (for internal consistency) and a significance level are obtained.

Table (5) shows that while the four factors are internally consistent (alpha > 0.915), only two factors are statistically significant ($p < 0.012$). This means that the performance indicators used under factors 1 and 2 are enough but the indicators constituting factors 3 and 4 are not enough. There is a need to formulate more indicators and use them. These results indicate that beauty salons are using a poor-type of scorecard that emphasizes two performance dimensions only representing financial aspects and internal aspects of the salon. This result should help owners/managers of beauty salons to pay attention to other areas such as customer satisfaction. Such an area is of importance to future financial performance.

Composition of Preferred Performance Indicators. The fourth research question addressed the issue of whether preferred performance indicators do form a type of scorecard. To suggest an answer to this question, the authors performed again a two-step procedure. First, they ran a principle component analysis to extract the factors involved and the items that loaded on each factor. Second, they tested the composition of these factors using Friedman Chi-square test. Table (6) below shows the

Table 6
Factor analysis of Preferred Performance Indicators

	Indicator	Fact 1	Fact 2	Fact 3	Fact 4	Fact 5
1	Total cost per employee.	.131	.811	.275	.166	.233
2	Salaries as percentage to total costs.	.142	.890	.213	.258	.000
3	Training as percentage of total costs.	.659	.689	.000	.000	.124
4	Revenue generated by each employee.	.115	.939	.101	.141	.176
5	Customer satisfaction survey results.	.126	.902	.216	.229	.000
6	Number of customers served.	.690	.613	.000	.000	.000
7	Number of complaints received.	.191	.374	.442	.353	.559
8	Training hours per employee.	.812	.153	.224	.000	.462
9	Training by type.	.203	.249	.416	.433	.624
10	How well an employee keeps up with current developments.	.867	.156	.228	.157	.240
11	How well an employee works in an organized fashion.	.249	.290	.550	.451	.446
12	Range of services offered.	.858	.139	.260	.173	.000
13	Average time per service.	.253	.296	.336	.785	.148
14	Actual hours worked versus planned hours.	.850	.139	.000	.393	.151
15	Number of service improvements.	.297	.354	.276	.690	.304
16	Quality of services offered.	.877	.155	.177	.282	.000
17	Achieving established goals.	.301	.184	594	.606	.000
18	Being an effective team member.	.215	.225	.678	.209	.444
19	Maintaining high work standards.	.884	.000	.384	0.000	.000
20	Communicate well with customers, mangers and colleagues.	.240	.164	.893	.190	.124
21	Appearance.	.266	.217	.867	.194	.000
Percentage of variance explained		57.202	13.449	11.366	4.221	3.355

Table 7
Composition of Salons Scorecard Based on Preferred Indicators

Factors	Items	Frequency	%	Alpha	Friedman x^2	Prob.
Factor 1:	7	244	33.2	.9364	14.7517	.0223
Factor 2:	5	161	21.9	.9326	9.7134	.0455
Factor 3:	4	155	21.1	.9228	9.1574	.0273
Factor 4:	3	114	15.5	.7809	1.7510	.4166
Factor 5:	2	62	8.4	.7312	.0225	.8808
Total	21	736	100			

loadings of the factor analysis for each preferred performance indicator.

Table (6) shows that the 21 performance indicators loaded on five factors (where some indicators show a degree of overlapping among the factors). These five factors explain about 89.6 per cent of the variations in performance indicators. Each number in the table represents the relationship between the indicator and each of the factors.

To test whether preferred performance indicators (loaded on five factors) constitute a better scorecard than the actually used performance indicators; the authors re-performed the four-step process described earlier. The results of this process are reported in Table (7).

Table (7) shows that while the five factors are internally consistent (alpha > 0.731), only three factors are statistically significant ($p < 0.045$). This means that the performance indicators used under factors 1, 2 and 3 are enough but the indicators used for factors 4 and 5 are not enough.

The above results indicate the need to search for more indicators that represent the characteristics of the beauty salon industry.

Discussion and Conclusions

Performance evaluation is a process of continuous monitoring and reporting on the results accomplished using a set of identified performance indicators. The process feedback helps managers and owners of beauty salons to judge the business progress towards its pre-established goals. A good system of performance evaluation uses a set of quantitative and qualitative measures that focus on both financial and non-financial aspects of the business.

Salon owners and managers look at performance indicators as a tool to help them in managing their business (e.g., find out how well the business is doing, whether the salon has met its goals, obtain feedback on its pro-

cesses, make better resource allocations, monitor the salon's activities and compliance with regulations, and introduce improvements where necessary).

The research results lead to four main conclusions. The first conclusion relates to the differences in preferences between the managers/owners and the employee's of beauty salons. The results indicate no significant statistical differences between the two groups. This leads the authors to conclude that members of the two groups think in the same direction and are aware of the current trends in the industry performance evaluation systems.

The second conclusion relates to the performance indicators used by beauty salons. The results indicate significant statistical differences for at least 15 indicators (out of the 21 indicators) between used indicators and preferred indicators. This leads the authors to conclude that current performance indicators are not congruent with employees' aspirations. Managers and owners of beauty salons need to re-examine their current performance indicators for possible updating.

The third conclusion relates to the composition of the performance indicators used by beauty salons. The results indicate that such a composition contains only two statistically significant factors (financial aspects and internal aspects). This leads the authors to conclude that existing performance indicators represent a poor-type of a scorecard. Managers and owners of beauty salons need to re-examine their current performance indicators and incorporate more non-financial indicators in relation to customer satisfaction and employees' training.

The fourth conclusion relates to the composition of the performance indicators preferred by beauty salons employees. The results indicate that such a composition contains three statistically significant factors (financial aspects, internal aspects, and employees programs). This leads the authors to conclude that preferred performance indicators represent a type of a scorecard that is better than the currently used one. Managers and owners of beauty salons may need to align employees' preferences with their current use of indicators to obtain better results.

Based on the above results and conclusions, the authors advance three recommendations. First a more comprehensive use of performance indicators is needed for the beauty salons in Dubai. Second, it is vital to involve the salon employees in the process of developing performance indicators since they are the ones

who directly contribute to the input and the output of the system. Employee involvement is one of the best ways to create loyalty, commitment and cooperative culture. Third, there is a need to educate salon owners/managers and employees about potential benefits of scorecards and performance indicators. Perhaps establishing a national association for the country's beauty salons would help in this regard.

Like any questionnaire-based study, the current one has some limitations. The following are some of the study's main limitations. First, the authors had no means to verify the accuracy of collected data from questionnaire respondents. It is assumed that respondents provided accurate data. In addition, the authors were unable to evaluate the effect of possible non-response bias on the reported results. The issue of non-response bias is important for this study since the response rate was somewhat low. It is possible that non-respondents hold different views on performance indicators. Second, restricting the study to a sample of beauty salons in the Emirate of Dubai may limit the degree of generalizing the results beyond that particular emirate. A more representative sample of the UAE would be needed to obtain results that could be generalized to UAE. Third, although the sample was randomly selected out of a convenient sample frame (i.e., the list of beauty salons included the ones the authors managed to contact), the authors did not have full control over the distribution of the questionnaire to the employees at each salon. This, coupled with the sample size, may raise a potentially serious bias in the results and limit the extent of generalizing the results to the population for two reasons. First, the sample size is somewhat small in relation to the total number of firms in the population. A small sample size usually reduces the statistical accuracy of the results, and hence inferences drawn out of them, because of increased standard error of the estimates of the population parameters of interest. Second, incorporating more than one response from each firm of the sample raises the issue of statistical independence or common variance among the responses from the same firm. This issue of response dependency is usually a more serious issue when firms are represented by different number of responses (i.e., effect of size weight). However, when the authors split the sample into two groups (each group with a response from each firm) and correlated the responses to several questionnaire items, correlation coefficients ranged between 0.39 and 0.71. This range of coefficients indicate that the issue of response dependence is not seriously severe.

Finally, beauty salons are part of the service industry. Some of the main characteristics of these salons are their dependence on skilled and trained labor, variety of services offered, high proportion of operating costs in the form of labor cost, and intense competition. While one can argue that other firms in the service industry (e.g., accountants, lawyers, and engineers) have the same characteristics, the level of competition in beauty salon industry is much higher than for other service industries because of easy entrance (no barrier to entry except a license). This increased level of competition requires more emphasis on customers and service quality. Although the set of performance indicators used in the study reflect these main characteristics (for example, total cost per employee, salaries as a percentage of total costs, training hours per employee, training by types, range of services offered reflect the first two characteristics and number of customers serviced, average time per service, range of services offered, quality of services offered, number of complaints received from customers, and employee's appearance reflect the focus on customers, competition, and internal processes), one can argue that they are not specific enough to capture specific characteristics of the industry. Hence, the authors recommend that future research addresses a set of performance indicators that can be more industry specific.

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APPENDIX

Part 1: General Information

1. Please indicate your current title at this Salon (Company).
   - ☐ Salon Manager.
   - ☐ Assistant Manager.
   - ☐ Receptionist.
   - ☐ Colorist.
   - ☐ Esthetician (Beautician).
   - ☐ airdresser.
   - ☐ Makeup Artist.
   - ☐ Massage Therapist.
   - ☐ Nail Tech/Manicurist.
   - ☐ Other (please specify)_____.
2. How long have you been working for this Salon (Company)?
   _____Years.
3. How long have you been working in the beauty Salon Business?
   _____Years.
4. Please indicate your age.
   _____Years.
5. Please indicate your marital status.
   - ☐ Married.
   - ☐ Unmarried.
6. Please indicate your gender.
   - ☐ Female.
   - ☐ Male.
7. Please indicate your nationality. _____

Part 2: Satisfaction and Performance

8. Below are some items that relate to the work environment in a Beauty Salon. Please circle the number that most accurately reflect how important or unimportant each item is to you or circle N/A if it is not relevant to you.

		Not Important At All ↓							**Extremely Important** ↓		
a. Established measures of performance.	N/A	1	2	3	4	5	6	7	8	9	10
b. Training opportunities.	N/A	1	2	3	4	5	6	7	8	9	10
c. Relationships with co-workers.	N/A	1	2	3	4	5	6	7	8	9	10
d. Recognition of excellent performance.	N/A	1	2	3	4	5	6	7	8	9	10
e. Medical and other work benefits (e.g. Vacation)	N/A	1	2	3	4	5	6	7	8	9	10
f. Job responsibilities.	N/A	1	2	3	4	5	6	7	8	9	10
g. Feedback about performance.	N/A	1	2	3	4	5	6	7	8	9	10
h. Relationships with the boss.	N/A	1	2	3	4	5	6	7	8	9	10
i. Participation in decision-making.	N/A	1	2	3	4	5	6	7	8	9	10
j. Salary levels.	N/A	1	2	3	4	5	6	7	8	9	10
k. How much management cares about employees.	N/A	1	2	3	4	5	6	7	8	9	10
l. Work hours and shifts.	N/A	1	2	3	4	5	6	7	8	9	10
m. Salon's location.	N/A	1	2	3	4	5	6	7	8	9	10
n. Job security.	N/A	1	2	3	4	5	6	7	8	9	10
o. Established policies for hiring and firing.	N/A	1	2	3	4	5	6	7	8	9	10
p. Professionnel qualifications.	N/A	1	2	3	4	5	6	7	8	9	10
q. Physical work conditions.	N/A	1	2	3	4	5	6	7	8	9	10
r. Others (please specify): ----------	N/A	1	2	3	4	5	6	7	8	9	10

9. Please indicate the extent to which you are satisfied with each of the following items by placing a check mark (✓) in the appropriate column:

	Very Satisfied	**Quite Satisfied**	**Neither Satisfied Nor Dissatisfied**	**Quite Dissatisfied**	**Very Dissatisfied**
Recognition & Acknowledgment I receive from a manager or supervisor for my effort.					
Training opportunities provided to me.					
Level of independence I have to decide on how to carry out my job.					
Effectiveness of communication between and within work groups.					
Performance feedback & suggestions on how to improve.					

	Very Satisfied	Quite Satisfied	Neither Satisfied Nor Dissatisfied	Quite Dissatisfied	Very Dissatisfied
Management recognition of my personal contribution to the success of Salon.					
Opportunities to advance my career at the salon.					
Effectiveness of communication with supervisors.					
Salary and wages I receive.					
Annual increment/ raise I receive.					
Annual performance merit.					
Payment for overtime.					
Types of Performance measures used.					
Established policies for operating the salon.					
Work hours and shifts.					
Prevalence of spirit of teamwork.					
Relevance of pay to work load.					
Elements of the compensation package					
Fairness of performance evaluation					

10. Please provide a rating of performance for the past year to each of the four items below by placing a check mark (✓) in the appropriate column:

	Outstanding	Excellent	Good	Average	Poor
Overall, my performance for the past year was:					
Overall, my co-workers performance for the past year was:					
Overall, performance of my immediate supervisor/manager was:					
Overall, the salon's performance for the past year was:					

11. A decision that all companies must face is how to measure employees' performance and how to compensate them. Do you believe that employees' compensation should be based on performance?

☐ Yes.

☐ No.

12. Below are several indicators of performance that a Beauty Salon could use to measure employees' performance. Please circle the number that most accurately reflects your preference by reference to their importance to you as an employee (or as owner/manager if you are one).

	Not Important At All ↓							**Extremely Important** ↓		
Total cost per employee	1	2	3	4	5	6	7	8	9	10
Salaries as a percentage of total costs	1	2	3	4	5	6	7	8	9	10
Training as percentage of total costs.	1	2	3	4	5	6	7	8	9	10
Revenue generated by each employee.	1	2	3	4	5	6	7	8	9	10
Customer satisfaction survey results	1	2	3	4	5	6	7	8	9	10
Number of customers served.	1	2	3	4	5	6	7	8	9	10
Number of complaints received from customers.	1	2	3	4	5	6	7	8	9	10
Training hours per employee	1	2	3	4	5	6	7	8	9	10
Training by type.	1	2	3	4	5	6	7	8	9	10
How well an employee keeps up with current developments pertaining to his/her job.	1	2	3	4	5	6	7	8	9	10
How well an employee works in an organized fashion.	1	2	3	4	5	6	7	8	9	10
Range of services offered	1	2	3	4	5	6	7	8	9	10
Average time per service	1	2	3	4	5	6	7	8	9	10
Actual hours worked versus planned hours.	1	2	3	4	5	6	7	8	9	10
Number of service improvements.	1	2	3	4	5	6	7	8	9	10
Quality of services offered.	1	2	3	4	5	6	7	8	9	10
Achieving established goals.	1	2	3	4	5	6	7	8	9	10
Being an effective team member.	1	2	3	4	5	6	7	8	9	10
Maintaining high work standards.	1	2	3	4	5	6	7	8	9	10
Communicate well with customers, managers and colleagues	1	2	3	4	5	6	7	8	9	10
Appearance.	1	2	3	4	5	6	7	8	9	10
Others (please add what you think the Salon needs to use):	1	2	3	4	5	6	7	8	9	10
	1	2	3	4	5	6	7	8	9	10
	1	2	3	4	5	6	7	8	9	10

13. Overall, how are you satisfied or dissatisfied with your job at the Salon?

- ☐ Extremely satisfied.
- ☐ Quite satisfied.
- ☐ Neither satisfied nor dissatisfied.
- ☐ Quite dissatisfied.
- ☐ Extremely dissatisfied.

14. Below are the measures of performances listed in question (12) above. Now you are asked to indicate which of these measures your Beauty Salon uses and frequency of use when evaluating employees' performance. Please place a check mark (P) in front of the appropriate measure and indicate the frequency by using the following scale:

D = Daily W = Weekly M = Monthly Y = Yearly

Performance Measure	Tick the One Your Salon is Using'	Frequency of Use (D, W, M, Y)
Total cost per employee.		
Salaries as a percentage to total costs		
Training as percentage of total costs.		
Revenue generated by each employee.		
Customer satisfaction survey results		
Number of customers served.		
Number of complaints received from customers.		
Training hours per employee		
Training by type.		
How well an employee keeps up with current developments pertaining to his/her job.		
How well an employee works in an organized fashion.		
Range of services offered		
Average time per service		
Actual hours worked versus planned hours.		
Number of service improvements.		
Quality of services offered.		
Achieving established goals.		
Being an effective team member		
Maintaining high work standards.		
Communicate well with customers, managers and colleagues		
Appearance.		
Others (please add other measures the Salon is using):		

15. What is the total number of employees in this Salon?

[ ] Employees.

16. Please indicate the level of your education:

- ☐ Lower than High school.
- ☐ High school diploma.
- ☐ Technical College Diploma.
- ☐ Bachelor degree.
- ☐ Master degree.
- ☐ Others [please specify _____]

Thank you for your cooperation.

الملخص

دراسة مؤشرات الأداء في صالونات التجميل للسيدات بمدينة دبي: دراسة استكشافية

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استهدف البحث دراسة الاستخدام الفعلي وما يفضله المديرون والموظفون من مؤشرات الأداء لدى عينة من صالونات التجميل للسيدات بمدينة دبي. واستخدم أسلوب تحليل المكونات الرئيسة، والاختبارات الإحصائية غير البارومترية. وقد توصل البحث إلى النتائج الآتية: أولا: ليس هناك اختلاف مهم بين مؤشرات الأداء المفضلة لدى المديرين والموظفين. ثانيا: هناك اختلاف مهم بين المؤشرات المستخدمة فعلا لقياس الأداء وما يفضل المديرون والموظفون استخدامه. ثالثا: أن مجموعة مقاييس الأداء المستخدمة تركز أساساً على النواحي المالية والعمليات الداخلية، وتهمل الجوانب الأخرى من مقاييس الأداء المتوازنة. رابعا: أن مجموعة مقاييس الأداء التي يفضلها المديرون والموظفون معا تشمل النواحي المالية والعمليات الداخلية والعملاء. ويوصي البحث باستخدام مجموعة من المقاييس التي تتصف بالشمول لقياس الأداء في صالونات التجميل للسيدات، وضرورة إشراك الموظفين في عملية تطوير مقاييس الأداء. كما يقترح إنشاء منظمة لصالونات التجميل على المستوى القومي لزيادة مستوى التوعية وتطوير مقاييس الأداء.

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