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Critical success factors (CSFs): A comparison between coastal and island chalets in Malaysia

Abstract

It is well documented in tourism literature that small and medium enterprises (SMEs) are the main players that support tourism growth. Reflectively, the performance of the SMEs has been explored from different aspects. In this paper, critical success factors (CSFs) is the main theoretical framework used to identify and compare the CSFs of small and medium chalets (SMCs) operating along the coastal and selected islands in the East Coast of Peninsular Malaysia. The study has used the multi-method approach of quantitative survey and qualitative in-depth interviews. A total of 56 small and medium coastal chalet (SMCC) and 33 small and medium island chalet (SMIC) operators were involved in the quantitative survey, but only six respondents from both groups agreed to be interviewed. The results reveal that SMCCs consider guest accommodation, back of the house, and food and beverage as their top CSFs, whereas SMICs rank front office, guest accommodation, and food and beverage as their main CSFs. Small-scale businesses explain the non-existence of conference and banquets for the two chalet groups, whereas leisure operation is not significant for SMCCs. The scientific contribution of the present study is the comparison of the CSFs of the two different chalet localities in terms of their geographical specificities and issues identified for the successful operation of small and medium size of accommodation businesses. Moreover, the Malaysian context provides an important insight into the international literature on SMEs which is dominantly based on the empirical research of SMEs in developed countries.

Key words:

small and medium chalet; critical success factors; front office, guest accommodation; back of the house; tourism industry; Malaysia

Introduction

Tourism and hospitality are the fastest developing sectors of the global economy. The contribution of travel and tourism to the gross domestic product (GDP) worldwide is expected to rise from 9.4% of US\$5,474 billion in 2009 to 9.5% of US\$10,478 billion by 2019 (World Travel and Tourism Council, 2009). Aside from contributing as the main source of employment (Williams & Hall, 2000), the tourism sector has higher multiplier and positive spillover effects than other economic sectors (Roe, Ashley, Page & Meyer, 2004).

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Small and medium enterprises (SMEs) serve as the backbone of virtually all economies in the world as these are responsible for significant levels of employment, innovation, and productivity (Velasco & Cruz, 2001; Klapper, Sarria - Allende & Sulla, 2002; Svejnar, 2002). According to Jones and Tang (2005), SMEs dominate the tourism and hospitality industry in most destinations. SMEs in the hotel sector involve several branches, namely, transport, accommodation, catering, food and beverage, excursions and recreational activities. Among all these branches, accommodation/lodging business is a very unique industry because its product is service, which is intangible and incapable of being stored (Kaiser, 1989).

However, businesses today are struggling to survive in a very challenging environment. Uncertain conditions pertain to changes in political, economic, social, and technological factors, which could possibly lead to underperformance, or in a worst-case scenario, business failure (Todnem & Dale, 2008). The impact could be more serious to the SMEs compared to larger organisations. Thus, since the end of the 1990s, more rigorous studies on the different segments of SMEs in tourism have been conducted. Some studies have focused specifically on the management and organisation of SMEs (Morrison & Teixeira, 2004; Frazier & Niehm, 2004; Thomas, 2004; Sharma & Upneja, 2005; Peters, 2005; Getz & Carlsen, 2005; Jones & Tang, 2005; Phillips & Louvieris, 2005; Todnem & Dale, 2008; Bartkus, Howell, Hills & Blackham, 2009; Avcikurt, Altay & Ilban, 2011).

Although there is a growing generic literature on SMEs, very little has been written on the CSFs in the tourism SMEs. According to Brotherton and Shaw (1996), only a considerable amount of attention has been given to the CSFs by both academics and practitioners. The literature reveals a few studies on CSFs in the hospitality industry, such as Geller (1985), Brotherton and Shaw (1996), Croston (1995), Peacock (1995), Ingram, Jamieson, Lynch and Bent (2000), Brotherton (2004), and Avcikurt et al. (2011). These studies on hospitality-based CSFs were conducted in different states and tourism sectors, which provides the gap for a research to be conducted in Malaysia.

The tourism industry represents an important segment of the Malaysian economy. Tourist arrivals in Malaysia reached 13.29 million in 2002 and increased to 17.55 million in 2006 (Tourism Malaysia Annual Report, 2007). From 1998 to 2007, the number of hotels rose by 66.3 %, that is, from 1,419 to 2,360. Moreover, the number of rooms jumped by 49 %, that is, from 107,791 to 160,327 (Tourism Malaysia Website, 2010). Based on tourist arrivals in 2006 and 2009, the states of Terengganu and Pahang have a high number of foreign and local visitors. In Terengganu, tourist arrivals stood at 1,167,687 in 2006 and 1,219,127 in 2009. In Pahang, tourist arrivals hit 6,128,902 in 2006 and increased to 9,652,909 in 2009. The number of players in the industry rose as well due to the increase in the demand for hotel services. As of August 2008, there were 90 hotels in Terengganu and 193 in Pahang.

One of the significant factors contributing to the success of the tourism industry is the development of marine ecotourism in Malaysia. According to Vasanth (2005), ecotourism makes up about 10 percent of the tourism revenue of the country. Tahir (2008) states the recognition of Tioman Island as among the 10 most beautiful islands in the world has attracted many tourists. In addition, Minguan Malaysia reports on January 18, 2009, that Redang Island has been acknowledged as the largest and most beautiful island in the East Coast of Peninsular Malaysia. Other famous islands are Kapas Island and Perhentian Island. Not to be forgotten, the coastal areas of East Coast of Peninsular Malaysia also continue to be developed into tourist spots that attract a growing number of tourists. In recent years, these popular tourism sites have attracted a large number of domestic and foreign tourists. With the current tourism development trend, Saaid (2009) anticipates that the number of one-star, two-star, and other budget hotels will grow as the increase in tourists raises the demand for cheaper accommodation. In Malaysia, SMCs refer to three-star hotels and below (including chalets and resorts) with 50 rooms and below. The rapid growth in the number of accommodations in Terengganu and Pahang poses different challenges to SMC operators in many ways.

Compared to coastal chalets, island chalets on the chosen islands normally operate for less than eight months in a year due to the monsoon season, which poses a danger to tourists visiting these islands. Thus, chalet operators in these islands face difficulty in maintaining their businesses. The issues were explored in a study on the hotel industry in Northern Cyprus where their chalet operators have been facing serious continuous problems, such as seasonality, low occupancy rates, transportation difficulties, high prices, shortage of qualified staff, insufficient supplementary facilities and services, and poor service quality (Akis & Warner, 1994; Lockhart, 1994; Altinay, 2000). Compared to the SMIC, the monsoon season has less impact on the SMCCs and they can run their businesses throughout the year.

The present study aims to identify and compare the factors critical to the success of SMCCs and SMICs. The CSFs could be contextually contingent or generic in nature. Having been located in different tourism geographical segments, there are different explanations on the CSFs for the different groups of chalets. A comparative study has not been done to explore the significant difference of CSFs between the two groups, either in the international or local context. Furthermore, unlike research on SMCCs, majority of studies on coastal areas has been conducted in different fields that are related to the physical environment and sustainability (see for example, Davenport & Davenport, 2006). Additionally, a discussion on tourism SMEs, especially with regard to operational issues of accommodation businesses in Terengganu and Pahang, is lacking. Thus, the present study contributes to the knowledge field by exploring the CSFs for SMICs and SMCCs operating in Terengganu and Pahang. The CSFs explored are front office, leisure operations, back of the house, accounting and control, guest accommodation, food and beverage, and conference and banquets.

SMALL AND MEDIUM ENTERPRISES (SMEs) AND CSFs IN THE TOURISM SECTOR

Researchers define SMEs in the hotel industry based on the number of rooms and number of employees. Moutinho (1990), Wong (1991), and Buhalis and Main (1998) ascertain small and medium hotel enterprises (SMHEs) as providing less than 50 rooms and employing fewer than 10 staff members. According to Middleton (1998), approximately 99% of all tourism businesses are SMEs, which employ fewer than 250 people. Interestingly, the tourism and hospitality industries have been dominated by small firms (Morrison, 1998; Page, Forer & Lawton, 1999; Bastakis, Buhalis & Butler, 2004).

Many studies on SMEs focus on the owner/manager (Szivas, 2001; Ahmad, 2005; Sharma & Upneja, 2005; Dewhurst, Dewhurst & Livesey, 2007), entrepreneurship (Peters, 2005), and management and operation of the premises (Augustyn & Knowles, 2000; Frazier & Niehm, 2004; Morrison & Teixeira, 2004; Sharma & Upneja, 2005; Phillips & Louvieris, 2005; Todnem & Dale, 2008; Bartkus et al., 2009). However, the trend in the 2000s centers on issues related to performance of tourism organisations (Phillips & Louvieris, 2005; Hwang & Lockwood, 2006; Todnem & Dale, 2008). In relation to that, CSFs happen to be one of the concepts highlighted to contribute significantly to successful business performance.

CSFs have been flourishing in management literature since the 1980s (Bullen & Rockart, 1986). Originally, the CSF approach was applied to information systems (Brotherton & Leslie, 1991; Ward, Griffiths & Whitmore, 1990; Robson, 1994). In the hotel industry, Geller (1985) conducted a CSF study on the design of hotel information systems. Moreover, CSFs were applied in different aspects of SMEs in different sectors, such as Yusof and Aspinwall (1999) on total quality management, Venter and Mass (2005) on succession process, and Pansiri and Temtime (2010) on innovative managerial support. Croston (1995), Haktanir and Harris (2005), Peacock (1995), Brotherton and Shaw (1996), Ingram et al. (2000), Brotherton (2004), and Avcikurt et al. (2011) conducted CSF research on the tourism sector. The application of the concept of CSF is not limited, but it can be viewed from the perspective of its generality and speciality (Avcikurt et al., 2011).

THE CONCEPT OF CRITICAL SUCCESS FACTORS

Critical success factors must be achieved in the attainment of the overall goals of a company (Brotherton, 2004). Features coming from both the internal and external operating environment of a company may arise from a variety of events, circumstances, and condition of activities that require special attention from company management (Dickinson, Ferguson & Sircar, 1984). CSFs may be derived from the features of the internal environment of a particular company, such as products, processes, people, and possibly, structure (Duchessi, Schaninger & Hobbs, 1989; Van der Meer & Calori, 1989; Berry, Seiders & Gresham, 1997). More recently, the CSF approaches are linked to the core competency (Hooley & Saunders, 1993; Lowes, Pass & Sanderson, 1994), value chain (Johnson & Scholes, 1993), and business process perspectives (Ward, 1992; Watson, 1993).

However, the CSFs of a company are determined by the nature of the external environment as well. In this scenario, the CSFs are viewed in terms of their generality. Some situations or contexts are specific, whereas others are generic to a given combination of industrial, market, and broader environment conditions (Geller, 1985). Not all factors will be given equal importance by a company. Only the critical factor is likely to be the most important and given very high priority. These factors are critically important to the competitive survival or success of a company. Consequently, the combinations of activities and processes designed to support the achievement of company objectives or goals are important contributors to company performance (Brotherton & Shaw, 1996).

Therefore, CSFs must be achieved if the company goals are to be attained (Brotherton, 2004). Although previous studies focused on different sectors, Brotherton and Shaw (1996) and Brotherton (2004) identified the CSFs in the hotel industry. These two pioneer CSF studies in the hotel industry provided the empirical evidence on CSFs based on functional areas of hotel operations. These studies revealed the importance of the organisation and structure of the hotel sector (Aveikurt, 2011). The following explanation of each functional area is based on Brotherton and Shaw (1996) and Brotherton (2004).

1. The front office emphasizes the maximization of room occupancy, revenue, yield, and profitability aside from the provision of an efficient and smooth reservation service to customers. Among the criteria for front office environment are customer care, staff attitude, reservation systems, and revenue management.
2. Leisure operations significantly contribute to the revenues of hotels. Leisure operation is measured in terms of a safe, hygienic, and relaxing environment for guests, enhancement of guest experience, and meeting their expectations. The leisure side of hotel operations has historically been seen by many hotel operators as a desirable addition to the core product. The objective of leisure operations reflects this issue in terms of the emphasis on the revenue contribution and enhancement of guest experience. The general quality of facility provision and associated staffing is a major concern in hotel operations.
3. Back of the house is necessary for a clean, safe, and secure environment to maximize customer care for guests. In addition, this functional area supports the frontline because it provides efficient and effective facilities/services. These elements assure cleanliness, safety, and security for guests.
4. The accounting and control department employs an accurate and speedy billing/account system, achieves the full and prompt payment of customers, controls efficiently the expenditure, and monitors the sales and budgets according to targets. This department emphasizes the importance of cash flow and budgetary management.

5. Guest accommodation objective maintains the standard of accommodation provision in cleanliness and safety, meeting of customer demands, exceeding expectations wherever possible, and exceeding standards of competitors. The hotel needs to extend and maintain higher standards of guest accommodation with rising customer expectations and relative competitive advantage imperatives.
6. Food and beverage services focus on the achievement of gross profit and sales targets, implementation of effective cost controls, and generation of increased and repeated businesses. These themes primarily emphasize efficiency and profitability in the food and beverage production function.
7. Traditionally, the nature of conference and banqueting business is viewed as significantly different from that of the operation of the food and beverage services. Given such a view, it is easy to realize that attention and effort given to the qualitative aspects will be reduced in favour of maximizing the return from the business that actually exists.

Methodology

The present study uses the multi-method approach for data collection to avoid biases associated with specific methods. If the responses, which were collected through interviews, questionnaires, and observation, strongly correlate with one another, there is more confidence in the accuracy of the collected data (Sekaran, 2003). The advantages of the questionnaire technique allow information to be collected from a large number of people, and the findings can be expressed in numerical terms (Veal, 1997). The interview method helps the researcher explore more detailed information on certain issues. Qualitative methods of data collection are done through a less structured interview. The interviewer may have a plan of inquiry, but not a specific set of questions or order (Babbie, 1999).

The measures were derived from Brotherton and Shaw (1996) and Brotherton (2004). Brotherton and Shaw (1996) identified a few dimensions, such as front office, food and beverage, conference and banqueting, leisure operations, back of the house, marketing and sales, human resource management, accounting and control, and guest accommodation. Brotherton (2004) used factor analysis to categorize specific CSFs grouped under different dimensions. Based on CSFs identified by Brotherton (2004), the present study has seven different dimensions, namely, front office, food and beverage, conference and banqueting, leisure operations, back of the house, accounting and control, and guest accommodation. The items measuring the CSFs of SMCs, such as 'warmth of guest welcome', 'ensuring high quality staff', and so on, are based on Brotherton (2004) as well. The Likert scale, 1=very unimportant to 5=very important, was employed to determine the perceived CSFs of the respondents.

The list of coastal and island SMCs operating in Pahang and Terengganu was gathered from various sources, such as the Internet, the Travel Guide Book 2007 published by the Ministry of Tourism, pamphlets, and the researcher observations during the con-

duct of the field survey. Given the small size of SMCs, some operators run their businesses without registration papers from the tourism board. As such, the initiative to compile the lists of SMC through various ways helped the researcher come up with a complete list of SMCs operating in the coastal and island settings.

The present study covers SMCs operating along the coastal regions of East Peninsular Malaysia, specifically in the states of Pahang and Terengganu. The total number of SMCCs was 63, but seven SMCCs disagreed to take part in the survey. For SMICs, only 38 of the 52 chalets listed on the four islands (i.e., Tioman, Redang, Perhentian, and Kapas) gave responses. However, only 33 questionnaires were usable, representing a 73.1 % response rate. From the survey form, the current research identified the respondents who were willing to cooperate in the in-depth interviews. Six face-to-face interviews with SMC representatives were conducted after the survey, which means that six respondents represented the coastal and island SMCs.

Analysis and findings

Table 1 shows the results of the reliability analysis for the variables used to measure CSFs for SMICs in the four islands and the SMCCs that operate along the coast. For SMCCs, the variable measure on leisure operation was excluded from further analysis due to the low alpha value.

Table 1
CRONBACH'S ALPHA FOR THE DIMENSION OF CSFs

Variables	Number of original items	Alpha value (SMIC)	Alpha value (SMCC)
1. Front office	10	0.809	0.797
2. Leisure operation	4	0.729	0.349
3. Back of the house	6	0.872	0.703
4. Accounting and control	6	0.869	0.782
5. Guest accommodation	9	0.809	0.832
6. Food and beverage	6	0.752	0.711
7. Conference and banqueting	5	0.962	0.850

Table 2 shows the CSFs for different chalet departments for SMICs and SMCCs. The results of the CSFs for different departments of SMICs were different compared to those of SMCCs, except for conference and banqueting. From the analysis of non-parametric test, the survey revealed that the functions of all departments were significant, except for conference and banqueting ($p \geq 0.1$). For SMICs, the least significant was leisure operation. Leisure operation was excluded due to the low alpha value for SMCCs.

The mean rank value explained that front office plays the most important role in determining the success of chalet operators in these four islands (SMICs). Next in line are guest accommodation, food and beverage, back of the house, and accounting and

control. Several interviewees agreed on the equal importance of all the departments. However, for SMCCs, the mean rank value explained that guest accommodation plays the most important role in the operation of the SMCCs. The next factors are back of the house, food and beverage, and front office. Notably, both SMICs and SMCCs gave less attention to the accounting and control department. Most respondents said that they only handled accounts by themselves. 'It is just a simple transaction and we only need to record the transaction', stated one respondent.

The detailed items in each variable revealed that the respondents emphasized the items closely related to customer satisfaction. For example, the SMICs identified the top three factors for front office as warmth of guest welcome (MR=6.65), efficiency of guest service (MR=6.27), and operational flexibility and responsiveness (MR=6.15). For SMCCs, the front office function ranked as the fourth most important. The top three important factors were warmth of guest welcome (MR=4.48), operation of an accurate (MR=4.36), and efficient reservation system, and efficiency of guest service (MR=4.32).

For guest accommodation and food and beverages, the CSFs emphasized by SMIC and SMCC operators were almost similar. SMIC operators said the top three items for guest accommodations were value for money (MR=6.00), assurance of high level of cleanliness (MR=5.65), and guest security (MR=5.41). For SMCCs, the top three factors were value for money (MR=4.64), guest bedroom comfort level (MR=4.63), and assurance of high levels of cleanliness (MR=4.57). For food and beverages, SMIC operators said the top three items were hygiene and cleanliness (MR=4.06), provision of good quality of ambience and environment (MR=3.64), and staff skills and training (MR=3.59). SMCC operators ranked hygiene and cleanliness (MR=4.61) as the most important item, followed by provision of good quality of ambience and environment (MR=4.54), and enhancement of customer care (MR=4.41).

For back of the house and accounting and control, respondents from the SMICs and SMCCs chose two different items. For SMIR and with regard to the back of the house function, the top three items chosen were disciplined operational controls (MR=3.82), operation of effective cleaning schedules (MR=3.65), and provision of effective security systems (MR=3.64). For SMCCs, meanwhile, the main three factors were operation of effective cleaning schedule (MR=4.63), provision of effective security system (MR=4.57), and operation by clear programmers of planned maintenance (MR=4.34). The top three items chosen by SMICs for accounting and control were accurate financial report (MR=3.80), prompt issuance of customer bills (MR=3.76), and effective revenue control procedures (MR=3.74). For SMCCs, the top three factors were appropriate budgetary control procedures (MR=4.38), accurate financial reporting (MR=4.29), and bad debt control procedures (MR=4.14).

SMICs, however, agreed on the importance of leisure operation, with emphasis on ensuring high-quality staff (MR=2.76), provision of high-quality facilities (MR=2.53), and improvement of the attractiveness of facilities (MR=2.50). Leisure operation was

found to have a low alpha value for SMCC. Both groups of respondents agreed that the conference and banqueting function was unnecessary.

During the interviews, most respondents agreed on the importance of all these departments, but the owner-managers can decide whether to have all the departments or not. One of the SMCC operators revealed that the availability of different departments in their chalets was subjective, as some chalets had no food and beverage, leisure operations, and conference and banqueting departments. In some cases, some departments, such as food and beverage and accounting and control, were subcontracted to external parties due to limited workforce. However, some of the island respondents agreed on the existence of all the departments, but that these would be managed by the same person. Having a small-size operation was the reason why some of them did not have all the departments. Furthermore, having different departments would increase their operational costs, making it impractical given that SMIC chalets only operate for eight months in a year. Furthermore, the monsoon season also adversely affects the SMCCs because not many customers are interested in visiting the coastal area during heavy rains and huge ocean waves.

Table 2
NON-PARAMETRIC TEST ON THE CSFS OF THE SMICs

CSFs	Mean Rank	CSFs	Mean Rank
Island Chalets (SMIC)		Coastal Chalets (SMCC)	
Front Office		Guest Accommodation	
Warmth of guest welcome	6.65	Value for money	4.64
Efficiency of guest service	6.27	Guest bedroom comfort level	4.63
Operational flexibility and responsiveness	6.15	Ensuring high levels of cleanliness	4.57
Chi square: 66.204; Assymp Sig: 0.000		Chi square: 177.933; Assymp Sig: 0.000	
Guest Accommodation		Back of the house	
Value for money	6.00	Operation of effective cleaning schedules	4.63
Ensuring high level of cleanliness	5.65	Provision of effective security systems	4.57
Guest security	5.41	Operating clear programmers of planned maintenance	4.34
Chi square: 59.654; Assymp Sig: 0.000		Chi square: 85.490; Assymp Sig: 0.000	
Food and beverages		Food and beverages	
Hygiene and cleanliness	4.06	Hygiene and cleanliness	4.61
Providing quality of ambience and environment	3.64	Providing quality of ambience and environment	4.54
Staff skills and training	3.59	Enhancing customer care	4.41
Chi square: 22.629; Assymp Sig: 0.000		Chi square: 72.440; Assymp Sig: 0.000	

Table 2 **CONTINUED**

CSFs	Mean Rank	CSFs	Mean Rank
Back of the house		Front Office	
Disciplined operational controls	3.82	Warmth of guest welcome	4.48
Operation of effective cleaning schedules	3.65	Operation of an accurate and efficient reservation system	4.36
Provision of effective security systems	3.64	Operational flexibility and responsiveness	4.32
Chi square:10.394; Assymp Sig: 0.065		Chi square: 127.042; Assymp Sig: 0.000	
Accounting and control		Accounting and control	
Accurate financial report	3.80	Appropriate budgetary control procedures	4.38
Prompt issue of customer bills		Accurate financial reporting	4.29
Effective revenue controls procedures	3.76	Effective bad debt control procedures	4.14
Chi square: 26.292; Assymp Sig: 0.000	3.74	Chi square: 74.679; Assymp Sig: 0.000	
Leisure Operation		Leisure Operation	
Ensuring high quality staff	2.76	Low alpha value	
Providing high quality facilities	2.53		
Improving the attractiveness of facilities	2.50		
Chi square: 8.107; Assymp Sig: 0.044			
Conference and banqueting (NOT SIGNIFICANT)		Conference and banqueting (NOT SIGNIFICANT)	
Chi square: 6.302; Assymp Sig: 0.178		Chi square: 4.371; Assymp Sig: 0.358	

Identifying the CSFs is important in measuring the performance of the SMCs. Brotherton, (2004) argues that the CSFs must be achieved if a company were to attain its overall goals. The present study provides significant scientific contribution by identifying the CSFs for different group of chalets that operate in the East Peninsular of Malaysia. Although the SMICs and SMCCs in general can be classified as SMEs, their differences in terms of specific segmentation, such as location and environment, explain the different characteristics of the SMCs and their CSFs. Even if the present study was conducted only in a specific geographic location, the identification and comparison of the CSFs on the SMICs and SMCCs have important contributions towards the enhancement of SME research in the tourism sector, where studies in the context of CSFs need to be expanded.

Discussion

Researchers acknowledge that SMEs normally start their business with limited resources, which should be carefully managed in relation to their business growth. The

composition of SMEs in the accommodation sector is large due to the ease of entry in the industry, e.g., low capital is needed and no specific knowledge is required (Morrison, 1996). These factors help explain the unstructured organisation of the SMEs. Furthermore, the accommodation business is closely related to tourism, which is normally dependent on the coastal, beach, and sea attractions. Coastal attractiveness is typically packaged with other mainland attractions, such as city and highlands. Thus, being geographically located in the main land, the SMCC has more advantages compared to the SMIC. Site observation showed that in many cases, the SMCC prefers to provide only accommodations to tourists. Most of the coming tourists like to enjoy the beaches and sea, while, at the same time, they want to visit other nearby attractions, and places for food, cultural shows, and shopping. However, this scenario is different from that of the SMIC, where the operators need to prepare the full package, which includes food and other facilities that tourists are unable to get from different sources. This arrangement helps explain the more structured organisation possessed by the SMIC compared to the SMCC.

The above explanation justifies the results obtained from the survey, which showed that the front office and guest accommodation were very important to the SMICs. The present study reveals that front office plays an important part in welcoming guests, and in giving an accurate and efficient reservation system. Brotherton and Shaw (1996) suggest that the front office emphasizes the maximization of room occupancy, revenue, yield, and profitability aside from maintaining the provision of an efficient and smooth reservation service for customers. Thus, keeping the customers happy is important as the disposition of tourists will influence their stay. All of the SMICs agreed. One of them mentions, 'The front office is the first place visited by tourists because it plays a very important function as the place to check in and checkout, information centre, and place to complain about problems faced by the tourists during their stay. Most tourists will have a close contact with the front office to get all the necessary information in relation to their stay'.

Following the front office, guest accommodation ranks as the second important function according to the SMICs. However, The SMCCs rank guest accommodation as the most important. Comparing the factors in detail, the SMICs and SMCCs put higher ranking on the value for money and on ensuring a high level of cleanliness. The owner-managers prioritize value for money and high level of room cleanliness as well. Guest accommodations are important for guests despite the usual function of a room, as merely for relaxation. These findings support those of Brotherton and Shaw (1996), who agreed that hotels need to extend and maintain higher standards of guest accommodation to meet customer expectations and raise relative competitive advantage. The listed factors are important in measuring customer satisfaction. The respondents agree that the level of room cleanliness reflects the image of the chalets.

For the island chalets, the important CSFs focus on their services. Other than front office and guest accommodation, other departments, such as food and beverage, back

of the house, and accounting and control, are important to ensure the high satisfaction of customers. Both respondents (i.e., from SMICs and SMCCs) consider hygiene and cleanliness and providing good quality ambience and environment as the important factors for the food and beverage function. Most of the island chalets would either include the menu in the tourist package, or have a specific food and beverage function to provide food for the visitors. This arrangement is provided because it is impossible for visitors to get their own food on the island. For SMCCs, operators give their customers the option of whether to pay only for rooms or to pay for both the room and meals.

Surprisingly, SMCCs, not SMICs, rank back of the house as the second most important function. According to Brotherton and Shaw (1996), the importance of the function is due to the provision of a clean, safe, and secure environment to maximize customer care as well as to support the front-line departments. This finding reflects the emphasis and importance given by the SMCC operators to the provision of good quality services and facilities to customers. The survey also revealed that business people and seminar participants were among the important visitors for the SMCCs. This finding provides an explanation of the importance of guest accommodation and back house operation of the SMCCs.

Conclusion

The present study reveals the low priority given by the respondents to the accounting and control departments in both categories of chalets. However, the finding of the present study slightly differs from that of Brotherton and Shaw (1996) and Brotherton (2004). The focus on different segments of the market might influence the different levels of priority given to certain CSFs. However, the current study found the CSFs for accounting and control functions are quite different for both groups. The SMICs focus more on the revenue part as they pay more attention to financial reporting, collection, and revenue control. The SMCCs focus more on the monitoring of their budget and debts. One of the SMIC respondents highlighted that they do not bother much about accounting because accounting for small business is straightforward. According to one respondent, 'I will normally keep record for the money in but not for the money out'.

Both the SMICs and the SMCCs were similar in not emphasizing the conference and banqueting function. The majority of their customers were family and teenagers on short vacations; hence, there was no demand for conference and banqueting. 'Large hotels would be more concerned about this function', replied one of the respondents. Another unimportant function of the SMCC is leisure operation. The irrelevance of both functions for the SMCCs can be explained by its basic goal, which is to provide only accommodations.

The present study provides empirical data and interview results on the CSFs of the SMCCs and the SMICs operating in the East part of Peninsular Malaysia. The results of the present study are different from the findings of Brotherton and Shaw (1996)

and Brotherton (2004), which focus on budget hotel operations in the United Kingdom. The current study area covers the rural accommodation businesses. In addition, the CSFs for the SMCCs and the SMICs were evaluated in terms of different office departments, such as front office, back of the house, accounting and control, guest accommodation, food and beverage, and conference and banqueting. The most significantly different CSFs for SMICs and SMCCs fall in the ranking for guest accommodation. The SMIC operators put high emphasis on front office and guest accommodation, whereas the SMCC operators consider back of the house and guest accommodation as their most important departments.

Having operated in specific islands, the SMIC operators need to have enough resources provide the full package to customers. In contrast, SMCCs give their customers an option to get the necessary things from nearby shops. This set-up explains the complete arrangement of the functional department of the SMICs compared to their counterparts in SMCCs. However, operating as rural chalets, the island and coastal SMCs receive different groups of people on short vacation. The SMCs normally operate with limited resources and only depend on a few workers to maintain the same facilities. Even if customer satisfaction were their main focus, they could not afford to provide better facilities the way their large rivals do. This outcome is relevant in providing a view on the insignificance of leisure operation for both SMCs.

The findings of the present study can only be applied in the smaller context of the local tourism industry despite identifying the ranking of CSFs by the SMIC and SMCC operators. However, additional initiatives taken in identifying and comparing the CSFs for these two chalet groups provide a new contribution to the knowledge on international SMEs tourism. Furthermore, the present study can serve as the foundation for future research related to organisational performance in the tourism industry. Global changes in tourism trends and the growth of the South East Asia Pacific Region as a tourist attraction make the competition stiff among the SMEs in the accommodation business. The use of information technology to benefit the SMEs in competing in the global market could be one of the important areas for future research as well. Taking the scenario in Malaysia as an example, further in-depth interviews are proposed to explore the specific issues of each CSF in the local context.

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