

## **CRITICAL SUCCESS FACTORS (CSFs): A COMPARISON BETWEEN COASTAL AND ISLAND CHALETs**

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### **ABSTRACT**

Tourism is an important industry for Malaysia, and small and medium chalets (SMCs) play a significant role in aiding the success of the tourism industry. Similar to other small businesses that find difficulty in competing against large companies, many small chalet operators are struggling given the stiff competition posed by large hotels and resorts. The present study aims to identify the perceived critical success factors (CSFs) of SMCs operating along the coastal area and on four islands on the East Coast of Peninsular Malaysia, namely Tioman, Redang, Perhentian and Kapas. Measures from Brotherton and Shaw (1996) and Brotherton (2004) were adopted, and structured interviews were conducted to enhance the richness of data. A total of 56 small and medium coastal chalet (SMCC) and 33 small and medium island chalet (SMIC) operators participated in the survey, and only six respondents agreed to be interviewed. Conferences and banquets were found to be insignificant for coastal and island SMCs. However, SMCCs consider guest accommodation, back of house, and food and beverage as their top CSFs, whereas SMICs rank front office, guest accommodation, and food and beverage as their main CSFs. Qualitative findings provide significant and interesting views to enhance the discussion of the results.

**Keywords:** Small and medium chalet (SMC), critical success factors (CSFs), front office, guest accommodation, back of house and tourism industry

### **1. INTRODUCTION**

The tourism industry represents an important segment of the Malaysian economy and is largely dominated by small and medium tourism enterprises. Tourist arrivals in Malaysia reached 13.29 million in 2002, which increased to 17.55 million in 2006 (Tourism Malaysia, 2007). The number of hotels rose by 66.3% in 1998–2007 from 1,419 to 2,360, and the number of rooms increased by 49%, from 107,791 to 160,327 ([www.tourism.gov.my](http://www.tourism.gov.my)).

Based on tourist arrivals in 2006 and 2009, the states of Terengganu and Pahang received a big number of foreign and local visitors. In Terengganu, tourist arrivals totalled 1,167,687 in 2006 and 1,219,127 in 2009. In Pahang, tourist arrivals reached 6,128,902 in 2006 and 9,652,909 in 2009. The increase in demand for hotel services resulted in the increase in the number of

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industry players. As of 31 August 2008, 90 hotels were operating in Terengganu and 193 in Pahang.

The development of marine ecotourism in Malaysia is one of the significant factors that contribute to tourism industry success. According to Vasanth (2005), ecotourism constitutes about 10% of the country's tourism revenue. Tahir (2008) says that the recognition of Tioman as one of the ten most beautiful islands in the world has attracted many tourists to the island. Redang has been acknowledged as the largest and most beautiful island on the East Coast of Peninsular Malaysia (Tahir, 2008). Other famous islands are Kapas and Perhentian. Moreover, the coastal areas of Malaysia continue to be developed into tourist spots that could attract a growing number of tourists. In recent years, the number of domestic and foreign tourists has gradually increased on the East Coast of Peninsular Malaysia. Saaid (2009) anticipates that the number of one-star, two-star, and other budget hotels will grow as the increase in the number of tourists raises the demand for cheaper accommodation.

The accommodation or lodging business is a very unique industry. Keiser (1989) points out that the uniqueness of lodging operations lies in the fact that service, which is intangible and incapable of being stored, is its product. The business requires special human resources, and emphasises the consistency of service and high productivity. Morisson and Thomas (1999) indicate that research in hospitality management has ignored small enterprises or, arguably, misunderstood their dynamics by treating them as scaled-down versions of larger firms. Consequently, more rigorous research is emerging on the management of such organisations, and how they engage in the economy.

Researchers define small and medium enterprises in the hotel industry using the number of rooms and number of employees. In Malaysia, small and medium chalets (SMCs) can be defined as three-star hotels and those with lower classifications (including chalets and resorts) with 50 rooms or less. Clearly, the rapid growth of accommodations in Terengganu and Pahang poses different challenges to SMC operators. Furthermore, there has been little discussion about the hotel industry, especially on SMCs, regarding operational issues in Terengganu and Pahang. The compilation of the critical success factors (CSFs) of SMCs is important because of the limited studies on such topics in the Malaysian tourism industry.

A few factors can explain the importance of CSFs in the tourism industry. Brotherton and Shaw (1996) state that considerable attention has been given to the CSFs approach by both academics and practitioners. Literature reveals only one distinct study on CSFs in the context of the hospitality industry, which is related to the design of hotel information systems (Geller, 1985). With the exception of the research by Brotherton and Shaw (1996), Croston (1995), Peacock (1995), and Ingram et al. (2000), all the other hospitality-based CSFs studies have been conducted either in the United States or in the Asia-Pacific region. Therefore, exploring CSFs in the tourism industry of Malaysia is interesting.

The present study identifies the factors critical for the success of SMCs. The CSFs could be contextually contingent or generic in nature. The CSFs for small and medium island chalets (SMICs) and small and medium coastal chalets (SMCCs) operating in the states of Terengganu

and Pahang are compared. The CSFs explored are front office, leisure operations, back of house, accounting and control, guest accommodation, food and beverage, and conferences and banquets.

## 2. LITERATURE REVIEW

Critical success factors must be achieved to enable a company to achieve its overall goals (Brotherton, 2004). The features of a company's internal and external operating environments may arise from a wide variety of events, circumstances, and condition of activities that require special attention from management (Dickinson et al., 1984).

The CSFs may be derived from the features of a company's internal environment, such as products, processes, people, and possibly structure (Duchessi et al., 1989; Van der Meer and Calori, 1989; Berry et al., 1997). More recently, approaches to CSFs have been linked to core competency (Hooley and Saunders, 1993; Lowes et al., 1994), value chain (Johnson and Scholes, 1993), and business process perspectives (Ward, 1992; Watson, 1993).

The CSFs facing any given company are also determined by the nature of the external environment. CSFs may be viewed in terms of their generality. A few situations or contexts are specific, whereas others are generic to a given combination of industrial, market, and broader environmental conditions (Geller, 1985). Any critical factor can be the most important and given very high priority; not all factors will be given equal importance by a company. However, only a relatively limited number of factors will be critically important to the competitive survival or success of a company. Consequently, the combination of activities and processes designed to support the achievement of company objectives also significantly contributes to company performance (Brotherton and Shaw, 1996).

Thus, the achievement of CSFs is necessary for a company to reach its overall goals (Brotherton, 2004). Previous studies have examined different sectors, but Brotherton and Shaw (1996) and Brotherton (2004) have identified the CSFs in the hotel industry. These two pioneer studies in the hotel industry provide empirical evidence of CSFs based on the functional areas of hotel operations. These studies also reveal the importance of organizations and structures of the hotel sector (Aveikurt et al., 2011). The following explanations of each functional area are based on Brotherton and Shaw (1996) and Brotherton (2004).

1. The front office emphasises maximisation of room occupancy, revenue, yield, and profitability aside from providing an efficient and smooth reservation service to customers. The criteria for the front office environment include customer care, staff attitude, reservation systems, and revenue management.
2. Leisure operation significantly contributes to hotel revenues. This functional area is measured in terms of a safe, hygienic, and relaxing environment for guests, enhancement of guest experience, and meeting of guest expectations. Historically, many hotel operators find leisure operation a desirable addition to the core product. The operational objective reflects the emphasis on revenue contribution and enhancement of guest experience. The

general quality of facility provision and associated staffing should be a major concern in hotel operations.

3. Back of house is necessary to provide a clean, safe, and secure environment that maximises customer care for guests, and as support for the front line provide facilities/services to efficiently and effectively.
4. The accounting and control department is tasked to produce an accurate and speedy billing/account system, achieve full and prompt payment from customers, control expenditure/expenses efficiently, and monitor sales and budgets according to targets. Cash flow and budgetary management is emphasised.
5. Guest accommodation aims to maintain the cleanliness and safety standard in providing accommodation, meet customer demand, exceed expectations wherever possible, and surpass the 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 business. These themes indicate a primary emphasis on efficiency and profitability.
7. Traditionally, the basic nature of the conference and banqueting business has been viewed as significantly different from that of a hotel's food and beverage operation. Hence, the attention and effort given to the qualitative aspects may be reduced in favour of maximising the return from the business that actually exists.

### 3. METHODOLOGY

The current study uses the multi-method approach for data collection to avoid biases associated with specific methods. Responses were collected through interviews, questionnaires, and observation. A strong correlation between responses provides higher confidence in the accuracy of the collected data (Sekaran, 2003). The questionnaire technique has the advantages of allowing information to be collected from a large number of people and expressing findings in numerical terms (Veal, 1997). The interview method helps the researcher explore more detailed information on certain issues. Qualitative methods of data collection use a less structured interview. The interviewer may have a plan of enquiry, but not a specific set of questions or order (Babbie, 1999). Measures were adopted from the study by Brotherton and Shaw (1996) and Brotherton (2004). Brotherton and Shaw (1996) identified several dimensions, such as front office, food and beverage, conference and banqueting, leisure operations, back of house, marketing and sales, human resource management, accounting and control, and guest accommodation. Brotherton (2004) used factor analysis to categorise specific CSFs grouped under different dimensions. The present study adopted the CSFs identified by Brotherton (2004), and grouped these factors under seven dimensions: front office; food and beverage; conference and banqueting; leisure operations; back of house; accounting and control; and

guest accommodation. All measures for CSFs of SMCs are based on those of Brotherton (2004), such as 'warmth of guest welcome' and 'ensuring high quality staff'. The five-point Likert scale (ranging from 1=very unimportant to 5=very important) was used to obtain the perceived CSFs.

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 observations by the researcher during the field survey. A few operators run their small businesses without registration papers from the tourism board. Hence, compiling the list of SMCs through various ways helped obtain a complete list of SMCs operating in coastal and island settings.

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

#### 4. ANALYSIS AND FINDINGS

Table 1 shows the summary of the respondent profiles. For both groups, most of the respondents were top-ranking, managerial-level, male entrepreneurs. Males monopolize this business, which is not surprising because it merely reflects the local culture that privileges males. On the racial aspect, many of the respondents were Malay, followed by Chinese, and then by different ethnic groups. This reflects the dominance of Malays on the East Coast of Peninsular Malaysia. Majority of both coastal and island respondents started managing their businesses after the economic crisis of 1997–1998. The interviews showed that the respondents were ambitious enough to enter the business on the back of a boom period in tourism growth.

A significant difference was found between the respondents of the two groups in terms of educational level and goals in starting a business. Majority of the SMCC owner-manager respondents were more educated compared to those of SMICs. Among the island operators, majority (72.7%) had secondary-school education, 12.2% were graduates of a diploma course, and only 3% have a degree. For SMCCs, 19.6% had first-degree education, and 16.1% were graduates of a diploma course.

The respondents provided different reasons for starting an accommodation business. Nearly half of the island respondents (45.5%) agreed that to make more money was the main reason for their involvement in the business. Other reasons given were to keep the property within the family (42.4%), to become financially independent (33.3%), and to enjoy a good lifestyle (30.3%). More than half (53.60%) of the SMCC respondents agreed that this business can support their leisure interests, whereas 43.8% agreed that becoming financially independent was their main reason. Generation of a retirement income was cited next.

Area of specialization and working experience of the respondents showed no significant difference between the two groups. In terms of area of specialization, 81.8% of SMIC and 80.4% of SMCC respondents did not specialize in any tourism-related course. Only 12.1% of SMIC and 1.8% of SMCC respondents specialized in either tourism or hotel/hospitality management. In terms of working experience, a similar percentage (almost 60%) of both categories of respondents did not have any relevant experience when they started their businesses. Interviews revealed that the respondents acquired the necessary skills in managing a small accommodation from actual experience in running the business. Starting a small business provided them with the opportunity to learn from their mistakes and make improvements.

**Table 1:** Summary of respondent profiles

Description	Criteria	Island Chalets (Percentage)	Coastal Chalets (Percentage)
Position of respondent	Owner/Director	36.4	46.4
	Manager/Hotel Executive	54.5	28.6
	Assistant Manager	6.1	25.0
	Others	3.0	-
Gender	Male	60.6	57.1
	Female	39.4	42.9
Race	Malay	78.8	87.5
	Chinese	18.2	8.9
	Others	3.0	3.2
Age	20–29 years	24.2	21.4
	30–39 years	21.2	10.7
	40–49 years	42.4	37.5
	50–59 years	3.0	16.1
	60 years and above	9.1	14.2
Level of education	First Degree	3.0	19.6
	Diploma	12.1	16.1
	Certificate	0.00	1.8
	Secondary school	72.7	46.4
	Primary school	9.1	16.1
	Others	3.0	-
Area of specialization	Management/Administration/ Finance	3.0	5.4
	Hotel/Tourism/Hospitality	12.1	1.8
	Others	3.0	12.4
	Not related	81.8	80.4

Description	Criteria	Island Chalets (Percentage)	Coastal Chalets (Percentage)
Working experience	Hotel Management	15.2	16.0
	Management/administration/marketing	15.2	16.1
	Craftsmanship/construction	9.1	3.6
	Others	60.6	64.3
Year they started to manage their business	1976–1986	15.2	3.6
	1987–1997	24.2	10.7
	1998–2008	60.6	85.7
Important goals in getting started in the accommodation industry	To be their own boss	15.2	16.1
	To keep their family together	21.2	19.6
	To keep the property in their family	42.4	30.4
	To live in the right environment	21.2	16.1
	To support their leisure interests	24.2	53.6
	To enjoy a good lifestyle	30.3	21.4
	To make a lot of money	45.5	23.2
	To gain prestige by operating a business	27.3	26.8
	To meet interesting people	24.2	23.2
	To generate a retirement income	15.2	36.8
	To experience a challenge	27.3	19.6
To become financially independent	33.3	30.4	

Table 2 shows the CSFs for different chalet departments for SMICs and SMCCs. The departmental CSFs of SMICs were different compared to those of SMCCs, except for conference and banqueting. From the analysis of a 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 showed that the front office played the most important role in determining the success of SMICs. This was followed by guest accommodation, food and beverage, back of house, and accounting and control. Several interviewees agreed on the equal importance of all the departments. On the other hand, for SMCCs, the mean rank value indicated that guest accommodation played the most important role in their operation. This was followed by back of house, food and beverage, and front office. Notably, the accounting and control department was given less attention by both SMICs and SMCCs. Most of the respondents said that they themselves handled the accounts.

Exploring the detailed items for each variable revealed that the respondents focused on those that are closely related to customer satisfaction. For example, for SMICs, the top three factors for front office were 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 top three important factors were warmth of guest welcome (MR=4.48), operation of an accurate and efficient reservation system (MR=4.36), and efficiency of guest service (MR=4.32). The front office was ranked as the fourth most important function.

For guest accommodation and food and beverage, the CSFs emphasised by SMIC and SMCC operators were similar. SMIC operators said the top three items for guest accommodation were value for money (MR=6.00), assurance of a 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 a high level of cleanliness (MR=4.57). For food and beverage, 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 house and accounting and control, respondents from the SMICs and SMCCs chose different items. For back of house function of SMICs, 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, 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 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 facility attractiveness (MR=2.50). Leisure operation was found to have low alpha value for SMCCs. Both groups of respondents agreed that the conference and banqueting function was unnecessary.

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



**Table 2:** Non-parametric test on the CSFs of the SMIC

CSFs	Mean Rank	CSFs	Mean Rank
Island Chalets (SMICs)		Coastal Chalets (SMCCs)	
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 a high level of cleanliness	4.57
Chi square: 66.204; Assymp Sig: 0.000		Chi square: 177.933; Assymp Sig: 0.000	
Front office			
Warmth of guest welcome	6.65		
Efficiency of guest service	6.27		
Operational flexibility and responsiveness	6.15		
Chi square: 66.204; Assymp Sig: 0.000			
Guest accommodation		Back of house	
Value for money	6.00	Operation of effective cleaning schedules	4.63
Ensuring a high level of cleanliness	5.65	Provision of effective security systems	4.57
Guest security	5.41	Provision of effective security systems	
Chi square: 59.654; Assymp Sig: 0.000		Operating clear programmers of planned maintenance	4.34
		Chi square: 85.490; Assymp Sig: 0.000	
Food and beverage		Food and beverage	
Hygiene and cleanliness	4.06	Hygiene and cleanliness	
Providing quality of ambience and environment	3.64	Providing quality of ambience and environment	4.61
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	

CSFs	Mean Rank	CSFs	Mean Rank
Island Chalets (SMICs)		Coastal Chalets (SMCCs)	
Back of 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	3.76	Accurate financial reporting	4.29
Effective revenue controls procedures	3.74	Effective bad debt control procedures	4.14
Chi square: 26.292; Assymp Sig: 0.000		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	

## 5. DISCUSSION

Identifying CSFs is important in measuring the performance of SMCs. Brotherton (2004) points out that a company must achieve the CSFs to enable it to attain its overall goals. The present study has significantly contributed to existing knowledge by identifying CSFs for different types of chalets operating on the East Coast of Peninsular Malaysia. Although SMICs and SMCCs in general can be classified as small and medium, their differences in terms of specific segmentation, such as location and environment, could help explain their different characteristics and CSFs.

Background profiling of the groups showed no significant difference. However, the SMCC operators were more educated compared to SMIC operators. Interviews indicated that the SMCC operators have more than one core activity or business compared to SMIC operators. Logistic factors could be an advantage for SMCC operators to run a few businesses at a time. On the other hand, the SMIC operators preferred to focus on their business, which normally involves different packaged services, such as offering various products and activities to customers. This explanation also helps explain the existence of department segmentation in SMICs compared to SMCCs. Operating in a limited time, which is only eight months in a year, contributes to high number of visitors during the given period. Business establishment data showed that SMIC operators could have established their business earlier compared to SMCCs. On the East Coast of Peninsular Malaysia, eco-tourism products have proven to be very significant attractions compared to typical beach activities.

Majority of owner-managers of SMICs run the business particularly to generate income and profit and to use the opportunity of having a property on the island. SMIC operators are seriously involved in the business, setting up various department resources to offer better services to customers. On the other hand, the main objectives of SMCC operators include supporting their leisure interests and becoming financially independent. Based on site observation, SMCCs prefer to provide only accommodations in many cases. SMCCs think that tourists can easily find their needs from the surrounding area. However, the current study reveals the low priority given by all the respondents to the accounting and control department. The background data of these two groups, especially the low level of formal education and related working experience, support the idea of less management of the accounting and control department. This finding is slightly different from that of Brotherton and Shaw (1996) and Brotherton (2004). Focusing on different market segments may influence the different priority levels given to certain CSFs.

Results from the survey showed that front office and guest accommodation were very important to SMICs. The front office plays an important role in welcoming guests and giving an accurate and efficient reservation system. Brotherton and Shaw (1996) suggest that the front office emphasises maximisation of room occupancy, revenue, yield, and profitability aside from providing an efficient and smooth reservation service to customers. Thus, keeping customers happy is important as this will influence their stay. According to SMICs, 'The front office is the first place visited by tourists because it plays a very important function as the place to check in and check out, an information centre, and a place to complain about problems faced by the tourists during their stay'. Normally, the counter plays an important role in welcoming guests and providing an efficient reservation system.

Following the front office, guest accommodation was ranked as the second important function by SMICs; meanwhile, guest accommodation was ranked as the most important by SMCCs. SMICs and SMCCs put a higher premium on value for money and ensuring a high level of cleanliness. Guest accommodations were important for guests more than the usual function of a room, such as for relaxation. These findings supported those of Brotherton and Shaw (1996) who argue that hotels need to extend and maintain higher standards of guest accommodation to raise customer expectations and relative competitive advantage. The listed factors were

believed to be important in measuring customer satisfaction. The respondents concurred and thought that the level of room cleanliness reflects the image of the chalets.

For the island chalets, the important CSFs also focused on their services. Aside from front office and guest accommodation, other departments such as food and beverage, back of house, and accounting and control, were also important to ensure high customer satisfaction. SMICs and SMCCs operators considered hygiene and cleanliness as well as good-quality ambience and environment as the CSFs for the food and beverage function. Island visitors have the option to include food in their package, which is normally three days and two nights' accommodation covering room rental and charges for using selected facilities or services or ala carte style. In contrast to SMCC visitors, island visitors may find obtaining food on their own nearly impossible. Food is offered only by the operated chalets. Visitors of SMCCs have the option to obtain their own food from nearby stalls or shops.

Surprisingly, instead of SMICs, the SMCCs ranked back of house as the second most important function. Brotherton and Shaw (1996) contend that the importance of this function lies in the provision of a clean, safe, and secure environment to maximise customer care and support 'front-line' departments. This assertion reflects the emphasis given by SMCC operators to the provision of quality services and facilities to customers. In addition, SMCC respondents possibly give more importance to the services and facilities provided to customers. The survey also revealed that business people and seminar participants were among the important visitors for SMCCs. This finding helps explain the importance of guest accommodation and back house operation for SMCCs.

The CSFs for accounting and control function were quite different for both groups. SMICs were found to focus more on revenue as they paid more attention to financial reporting, collection, and revenue control. On the other hand, SMCCs focused more on monitoring their budget and debts. One of the SMIC respondents highlighted that he does not give significant importance to accounting because this function in small businesses is straightforward and, according to another respondent, 'I will normally keep records for the money in but not the money out'.

Both SMICs and SMCCs did not focus on the conference and banqueting function. Majority of their customers were families and teenagers on short vacation; thus, the conference and banqueting function was not in demand. Large hotels would be more concerned about this function. From the site observation, a few SMCCs showed a lack of emphasis on food and beverage as well as leisure operation due to the absence of a conference and banqueting department in their premises. The operators concurred that all the structured departments in the questionnaire are important, but acknowledged that due to their small size, having all these departments is unnecessary.

## 6. CONCLUSION

The current study presents empirical data on the CSFs of island and coastal SMCs on the East Coast of Peninsular Malaysia. The results of this study differ from those of Brotherton and Shaw (1996) and Brotherton (2004) regarding budget hotel operations in the United Kingdom.

The CSFs for SMCCs and SMICs were evaluated in terms of different office departments, such as front office, back of house, accounting and control, guest accommodation, food and beverage, and conference and banqueting. The most significantly different CSF for SMICs and SMCCs is the ranking for guest accommodation. SMIC operators put high emphasis on front office and guest accommodation, whereas SMCC operators considered back of house and guest accommodation as the important departments.

The business setup is quite different between the two groups because of their contrasting business focus. Operated on isolated locations, SMIC operators should have resources to provide a full package to customers, whereas for SMCCs, their customers can easily obtain their needs from the surroundings. This difference helps explain the complete arrangement of functional departments in SMICs compared to that of SMCCs. However, operating as rural chalets, the island and coastal SMCs receive different groups of people on short vacation. SMCs typically operate with limited resources and only depend on a few workers to maintain the same facilities. Although customer satisfaction was their main focus, SMCs could not afford to provide better facilities than their large rivals. With this scenario in Malaysia, more in-depth interviews may be used to identify specific CSFs in the local context.

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Critical success factors (CSFs) for any business are defined as the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation.<sup>2</sup> In other words, a critical success factor is a key factor or activity needed to ensure the success of a firm. Together our seven CSFs create a roadmap for making the shift to services.Â This requires a completely new mindset and high levels of trust between all parties. Everyone needs to be psychologically and emotionally ready to accept these changes in responsibility.Â In conclusion, these four critical success factors need to continuously and simultaneously inform, feed and build upon one another to build and sustain the shift to services. That's where Critical Success Factors (CSFs) can help. Identifying Critical Success Factors enable you to track and measure your progress toward achieving strategic goals - and, ultimately, to fulfilling your organization's mission. They also provide a common point of reference so that everyone knows exactly what's most important, ensuring that tasks and projects are aligned across teams and departments.Â The concept of CSFs (also known as Key Results Areas, or KRAs) was first developed by D. Ronald Daniel, in his article "Management Information Crisis" (Harvard Business Review, September-October 1961). John F. Rockart, of MIT's Sloan School of Management, built on and popularized the idea almost two decades later.