

Critical Success Factors for Small Hotel Businesses in Turkey: An Exploratory Study

Cornell Hospitality Quarterly
52(2) 153–164
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DOI: 10.1177/1938965509341288
<http://cqx.sagepub.com>



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Abstract

Small-scale businesses play a crucial role in the economies of many developing countries like Turkey. For this reason, it is important to identify critical success factors (CSFs) for successful operation of small-scale businesses in every industry. This study identifies the factors that are critical for success in small hotel businesses. It focuses on CSFs perceived by small hotel managers/owners. The study was undertaken in the Aegean region of Turkey among 155 small hotel businesses. The empirical results indicated that the main critical factors were efficient use of the internet, service quality, financial performance, and marketing. Factor analysis showed that the use of the internet was the most important factor for small hotels. There were some different perceptions among managers/owners as to CSFs, depending on their educational background and work experience. Based on these findings, recommendations for successful small hotel operations are presented.

Keywords

critical success factors (CSFs), small hotel businesses (SHBs), Turkey, Aegean region

Introduction

Turkey has demonstrated a notable growth in tourism in the past few years, both attracting visitors and providing necessary facilities. Tourism is a major revenue producer for the government. As is the case in many developed and developing countries, a majority of tourist facilities are run by small and medium-sized enterprises (SMEs). Small-scale business development is crucial to developing countries like Turkey, as noted by Arinaitwe (2006). In spite of their size, small hotel businesses (SHBs) are a major component of the Turkish economy, providing employment, wealth, and diversification both locally and nationally. Therefore, sustainable and successful development of small hotels has important implications for the tourism industry.

The tourism industry in Turkey has established an impressive record of growth over the past decade. In 2007, 23.3 million foreign tourists visited the country, up from 10.4 million in 2000. Tourism receipts grew from US\$7.7 billion in 2000 to US\$14 billion at the end of 2007 (Union of Turkish Travel Agents [TURSAB] 2008). SHBs are considered to have played an important role in the rapid growth of the tourism sector in Turkey. As such, successful operation of SHBs should be a critical concern for owners and managers. It is generally accepted that successful operation would positively affect business performance and profitability. It is widely recognized that there are virtually no empirical studies on critical success factors (CSFs) for SHBs in Turkey, even though small hotels dominate the industry. Therefore, the main objective of this article is to describe the CSFs for small hotel operations. For these purposes, the following research questions are addressed:

Research Question 1: What CSFs do small hotel managers/owners in the north and south Aegean regions of the country perceive as critical for successful operation?

Research Question 2: Do small hotel managers/owners with university educations and those without university educations perceive the CSFs differently?

Research Question 3: Are the CSFs perceived differently by experienced and nonexperienced managers/owners?

There appears to be no agreement on the exact definition of small hotels (Peacock 1993; Morrison and Thomas 1999; Blankson and Stokes 2002; Buick 2003). An SHB in this study is one that has fifty rooms or less and fewer than fifty employees. This definition is consistent with studies such as those of the Commission of the European Communities (CEC; 1996), Buhalis and Main (1998), Ingram et al. (2000), Nolan (2002), and Sharma and Upneja (2005).

Description of Critical Success Factors

CSFs are generally defined as “the limited number of areas in which satisfactory results will ensure successful competitive performance for the individuals, departments, or organizations” (Bullen and Rockart 1986, p. 385). They are also the few key areas where “things must go right” for the business to flourish and for the goals of management to be attained. Therefore, CSFs have become necessary elements for achieving goals in the tourism sector for SHBs. The following are a few of the definitions of CSFs:

- Dickinson, Ferguson, and Sircar (1984) define CSFs as events, circumstances, conditions, or activities that require particular attention due to their importance.
- According to Leidecker and Bruno (1987, p. 333), CSFs “are those characteristics, conditions or variables that, when properly sustained, maintained, or managed, can have a significant impact on the success of a firm competing in a particular industry.”
- Magal, Carr, and Watson (1988) identify CSFs for management as commitment, quality of support services, facilitation, role clarity, and coordination.
- Griffin (1996, cited in Hansen and Eringa 1998, p. 230) defined CSFs as “the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance.”

Yusuf and Aspinwall (1999) propose common CSFs for SMEs as management, leadership, commitment and support, supplier quality management, employee relations, human resource management, training, and education. Moreover, CSFs would transform the approaches of hotel management to communication, services, facilitation, coordination, innovation, leadership, support, employee relations, and human resources. Additionally, CSFs can transform hotel communications between planners and convention services staff via the internet; and they may also transform hotel companies’ marketing strategies in terms of information quality, usefulness, and ease of use.

In additions to the above definitions and explanations, it should be noted that CSFs can be internal or external and can influence the success of a business either positively or negatively (Dickinson, Ferguson, and Sircar 1984; Brotherton 2004a). They vary from one person to another, and they are based on perceptions (Jenster 1986; Lumpkin and Ireland 1988; Bergeron and Begin 1989). According to Geller (1985), CSFs may also be viewed from the perspective of their generality or specificity.

While there has been much research concerning CSFs for small businesses in other industries (Sparkes and Thomas 2001; Harris and Mongiello 2001; Jeffcoate, Chappel, and Feindt 2002; Haktanir and Harris 2005; Venter and Maas 2005), relatively little is known about the hotel industry (Geller 1984; Neal 1985; Brotherton and Shaw 1996; Hansen and Eringa 1998; Brotherton et al. 2003; Brotherton 2004a, 2004b). Hospitality-related CSF studies reveal the importance of CSFs for the hotel industry. Notable among those studies are Geller’s (1985) on the U.S. hotel industry, which focused on the application of the CSF approach to hotel information systems design; and Brotherton and Shaw’s (1996), which constituted the starting point in relation to CSFs in “UK Hotels Plc.” Brotherton et al. (2003)

undertook a study to identify the CSFs in U.K. and Dutch hotels. This was followed by Brotherton’s (2004a, 2004b) work to identify CSFs in U.K. budget and corporate hotel operations, respectively. These studies reveal that if firms are to respond to changing competitive business conditions, they must change their ways of thinking about organizations and their structures. Communication, coordination, the internet, and alignment have become critical components of the contemporary way of thinking. All hospitality-related CSF studies were conducted in the United States, the Asia-Pacific region, and the United Kingdom. This study is meant to be the starting point in relation to CSFs in small hotels in Turkey. Therefore, the objective of this study is to identify (1) which factors are critical for competing and achieving goals for SHBs in Turkey’s most popular destinations and (2) how hotel managers can take advantage of those factors.

Research Methodology

This study involved both primary and secondary research. Secondary research focused on literature review. Primary research was undertaken to gain a better understanding of CSFs from the perspective of managers/owners identified in a sample of 155 small hotel managers/owners in the Aegean region of Turkey. To find out the opinions of small hotel managers and owners, a questionnaire was prepared. The questionnaire had three parts. The first part included demographic characteristics of the respondents. The second part consisted of sample hotel characteristics. The third section included a 5-point Likert-type scale on CSFs (1 = *very unimportant* to 5 = *very important*). When designing the questionnaire, we wanted to generate new knowledge about CSFs for SHBs. Therefore, we have used scale items from several previous studies (Yusuf 1995; Magal, Carr, and Watson 1988; Sparkes and Thomas 2001; Kakati 2003; Cetin, Akpınar, and Ozsayin 2004; Brotherton 2004a; Ozgener and Iraz 2006; Getz and Brown 2006).

Hotel businesses throughout Turkey are registered by the Ministry of Culture and Tourism. Upon registration, they are granted a “tourism operation license.” In addition to the licensed hotels, there are also a number of hotels registered by the local authorities. A breakdown of hotel businesses in the Aegean region reveals a total of 645 hotel businesses. The total number of registered small hotels in the region was 365, of which the north Aegean region has 123 and the south Aegean region 242. The region is heavily weighted to small hotels (365 out of 645). The number of beds in accommodation facilities (mainly hotels) licensed by the Ministry of Culture and Tourism was 117,824 in 2006, comprising 29.1 percent of the beds in all accommodation units.

Data sources include the Ministry of Culture and Tourism’s “Hotel and Travel Guide 2005,” prepared by the TURSAB and the Union of Turkish Hotel Owners (TUROB). The hotels from these sources are selected based

on the number of rooms (less than or equal to fifty) and number of hotel stars they have.

Research was undertaken in the summer of 2005 in the Aegean region, which is one of the most important regions for Turkey’s tourism industry since it attracts many international and domestic tourists. Of the small hotels, 165 were identified as having e-mail addresses, and questionnaires were sent them via e-mail. Only 29 hotel managers/owners completed the survey via e-mail (a response rate of 17.5 percent). This low response rate might be due to sending out questionnaires in the high season, when respondents were very busy; but it is not possible to carry out research at other times because a great many hotels would be closed. In addition, due to the wide geographic area involved in the study and the difficulty of conducting self-administered questionnaires, 80 questionnaires were distributed to the managers/owners in small hotels via mail and fax, of which 12 were returned (a 15 percent response rate). Finally, the self-administered questionnaire was conducted with 120 small hotel managers/owners. Thus, a total of 161 questionnaires were received. Six were eliminated due to incomplete or missing data. Therefore, the sample size was 155 hotels, representing 42.4 percent of the population of 365 small hotels, providing more than adequate sample size for data analysis to be carried out (Churchill 1991, cited in Ozer and Yamak 2000).

Findings and Discussion

In the collected sample (see Exhibit 1), the respondents were dominantly male (72.9 percent). Almost half (48.4 percent) were in the twenty-five to thirty-four age group, and this is followed by the thirty-five to forty-four age group (27.7 percent). The respondents participating in the research were general managers (60.0 percent), midlevel managers (38.7 percent), and owners of the hotels (1.3 percent). The majority had university degrees (66.5 percent). Regarding work experience, 78.7 percent had been in business for six years or more, whilst 21.3 percent had five years or less of business experience.

Exhibit 2 indicates hotel sample characteristics. The composition of the sample according to geographical location is also presented. As the tourism business in Turkey today has become a mass industry concentrated in the coastal areas in the western and southwestern parts of the country (Seckelmann 2002), the study was carried out in the coastal areas, including cities and places such as Balikesir, Izmir, Mugla, Aydin, Kusadasi, Ayvalik, and Bodrum.

As presented in Exhibit 2, 70 hotels (45.1 percent) participating in the research had a room capacity of forty-one to fifty. Regarding employees, 44.5 percent of the sample had between ten and twenty, 25.1 percent had between twenty-one and thirty, and 16.8 percent had fewer than ten.

Exhibit 1:
Demographic Characteristics of Respondents

	Frequency	Percentage
Gender		
Women	42	27.1
Men	113	72.9
Total	155	100.0
Age		
24 and below	15	9.7
25-34	75	48.4
35-44	43	27.7
45-54	13	8.4
55 and over	9	5.8
Total	155	100.0
Educational level		
Without university degree	52	33.5
With university degree	103	66.5
Total	155	100.0
Management position		
General managers	93	60.0
Mid-level managers	60	38.7
Owners	2	1.3
Total	155	100.0
Experience		
5 years and below	33	21.3
6 years and over	122	78.7
Total	155	100.0

Evaluation of Research Question 1

RQ1 asked which CSFs were perceived by small hotel managers and owners as necessary for successful operations.

Exhibit 3 displays the average importance ratings and standard deviations of CSFs (ranging from 1 = *very unimportant* to 5 = *very important*). Respondents were asked to select among thirty-eight items that they considered most critical for success. The thirty-eight items include a number from earlier studies on CSFs for the tourism and hospitality field as well as others derived from responses of hotel industry professionals. Four factors (Use of Internet, Service Quality, Financial Performance, and Marketing) were identified as the main CSFs in the small hotel industry. In general, the results of this research tend to support the degree of importance ascribed to the CSF items in the literature. These four factors are in agreement with the findings of Brotherton and Shaw (1996), who suggested that CSFs could be divided into two broad categories as technical or human in nature.

Exploratory factor analysis was conducted on the thirty-eight items. All factor analyses used the principal components method. The Kaiser-Meyer-Olkin measure of sampling adequacy was .736, which showed that the data were appropriate for factor analysis. The results are shown in Exhibit 4. A four-factor solution was derived that showed

Exhibit 2: Sample Characteristics

		Frequency	Percentage
Region			
North Aegean		73	47.0
Balikesir	Ayvalik, Oren, Edremit, Erdek, Akcay, Altinoluk	25	16.1
Canakkale	Assos, Eceabat, Geliboli, Bozcaada, Kaz Daglari	14	9.0
Izmir	Bergama, Foca, Efes, Cesme, Selcuk, Dikili	27	17.4
Manisa	Center	7	4.5
South Aegean		82	53.0
Mugla	Bodrum, Marmaris, Fethiye, Dalaman, Datca, Turunc, Dalyan, Sarigerme, Koycegiz, Akyaka	41	26.5
Aydin	Kusadasi, Didim, Akbuk, Guzelcamli	33	21.3
Denizli	Pamukkale, Karahayit	8	5.2
Total		155	100.0
Employees			
Less than 10		26	16.8
10-20		69	44.5
21-30		39	25.1
31-40		11	7.1
41-50		10	6.5
51 and over		—	—
Total		155	100.0
Number of rooms (size)			
10-20		24	15.5
21-30		17	11.0
31-40		44	28.4
41-50		70	45.1
Total		155	100.0

logical groupings of CSFs. The total variance explained is 68.24 percent. Items not contributing to the interpretability of the solution (thirteen items) have been discarded.

In this analysis, only factors with coefficients greater than .60 were used in the factor description, as the sample size requires a minimum loading of .60 to be significant (Hair, Anderson, and Tatham 1998). Assessment of reliability was conducted with Cronbach's alpha. All factors had a large alpha coefficient (>.80). The fact that all reliability values exceeded .80 indicated a strong item covariance, as suggested by Sekaran and Martin (1982).

Factor 1 (explaining 25.72 percent of variance) was named Use of Internet. It consists of nine items: "internet effect to room sales," "internet usage level," "effect of promotion for your business facility," "using websites for promotion," "degree of internet usage for communication," "accessing target market directly by e-mail," "accessing customers via internet," "intranet usage level," and "popular internet site advertisements." These results confirm previous results by Buick (2003), who found that almost 80 percent of hotels were marketing their property through the internet. Although many research studies indicated that small businesses have generally been slower to utilize new technology, such as using the internet to access global markets (Buhalis

and Main 1998; Lituchy and Rail 2000; Wood 2001; Morrison and King 2002; Buhalis 2003), the findings in this study showed that a large proportion of small hotel managers/owners have obviously realized the advantages of the internet and communication technologies. Baloglu and Pekcan (2006) emphasize that smart internet marketing is not just for big hotel chains and add that websites that are well designed and easy to navigate provide independent or small hotels with an inexpensive and effective platform for marketing and advertising, which potentially increases their competitiveness in the marketplace. According to *Internet Week's* survey, more than two-thirds of travel and hospitality companies view the internet as a significant competitive weapon within their industry, and about 60 percent describe the internet as being substantial in acquiring new customers (Baloglu and Pekcan 2006). The data also showed that 102 out of 155 small hotels (65 percent) surveyed had their own websites, and 53 did not have a website. Twenty-two small hotel managers/owners indicated that they were actively planning to set one up in the short term.

Enhancing the internet and communication technologies of SHBs can strengthen promotion and distribution strategies and develop a direct and close relationship with prospective customers and suppliers at a low cost (Sparkes

Exhibit 3:
Mean Importance Ratings of the Thirty-Eight Critical Success Factors

Survey Item	N	Mean	SD
1. Innovation strategy	152	4.6579	0.61013
2. Management (leadership)	155	4.5806	0.63318
3. Quality of service offered	153	4.5425	0.76077
4. Service acceptance degree	155	4.5355	0.72325
5. Service cost	153	4.5294	0.69830
6. Total amount of sales (total costumers)	155	4.5226	0.63793
7. Employee initiatives	155	4.4903	0.80878
8. Sustainability of service quality	155	4.4581	0.65702
9. Employees' foreign language level	155	4.4323	0.79788
10. International standards of service	155	4.4258	0.89695
11. Technological update	155	4.4194	0.72855
12. Absenteeism rate	155	4.4000	0.68944
13. Return on investment	155	4.4000	0.75249
14. Market acceptance of your service as an example	155	4.3935	0.85658
15. Market share	155	4.3742	0.75720
16. Providing costumer satisfaction	155	4.3742	0.86901
17. Promotion strategy existence	155	4.3677	0.73872
18. Employees' on-the-job training level	155	4.3226	0.85231
19. General and administrative costs	155	4.2710	0.83983
20. Using costumers effectively in promotion activities	155	4.2452	0.90699
21. Uniqueness of services relative to competitors	155	4.2258	0.77751
22. Employees' ability degree to use of technological equipment	155	4.1871	0.99862
23. Technological complexity	155	4.1484	0.97230
24. Turnover rate	155	4.1419	0.72469
25. Employee payment level (low/high relative to competitors)	155	4.1161	0.85246
26. Promotion costs relative to competitors	155	4.0968	0.95192
27. Degree of marketing search	155	3.9742	0.90416
28. Using web sites for promotion	155	3.8774	1.14719
29. Internet usage level	155	3.8387	1.19785
30. Accessing costumers via internet	152	3.8355	0.92389
31. Degree of internet usage for communication	155	3.8258	1.14613
32. Traditional marketing	155	3.7484	0.93693
33. Accessing target market directly by e-mail	155	3.6968	1.19182
34. Effect of promotion for your business facility	155	3.6710	1.20664
35. Intranet usage level	155	3.6387	1.25814
36. International TV advertisement	155	3.6000	1.14302
37. Internet effect to room sales	155	3.5677	1.24848
38. Popular internet sites advertisements	155	3.5226	1.11853

Note: Means are scored on a 5-point scale from 1 (*not at all important*) to 5 (*very important*).

and Thomas 2001; Damonte and Levsen 2002; Mustaffa and Beaumont 2004; Schmidt, Cantalops, and dos Santos 2008). As Mustaffa and Beaumont (2004) point out, lower costs and product/service differentiation can create competitive advantage. Internet usage also provides an opportunity for small hotels to reduce their dependence on intermediaries, which in turn may enable them to become more flexible, adaptable, and profitable and help them produce customized offerings to satisfy niche markets (International Labour Organization 2001). According to Damonte and Levsen (2002), internet usage can also help small hotel managers/owners reach their market by gaining

information about the hotel industry in general and specific local competitors. The results of the study show that "technical" CSFs (internet, etc.) suggested by Brotherton and Shaw (1996) are more important than "human" CSFs (services, staff quality, staff attitudes, etc.) for small hotel managers/owners. Similar findings were observed in the study of Brotherton et al. (2003), where Dutch respondents placed a lower emphasis on a number of human CSFs than their English counterparts.

Factor 2 (explaining 19.37 percent of variance) has been termed Service Quality and encompasses seven items: "employees' foreign language level," "market acceptance of

Exhibit 4:
Results of Factor Analysis to Critical Success Factors (CSFs)

CSF ^a	Factor	Component Factor Loadings			
		F1	F2	F3	F4
	Factor 1: Use of Internet	.807			
37	Internet effect to room sales	.893			
29	Internet usage level	.887			
34	Effect of promotion for your business facility	.885			
28	Using web sites for promotion	.855			
31	Degree of internet usage for communication	.819			
33	Accessing target market directly by e-mail	.773			
30	Accessing customers via internet	.756			
35	Intranet usage level	.729			
38	Popular internet sites advertisements	.669			
	Factor 2: Service Quality		.709		
9	Employees' foreign language level		.789		
14	Market acceptance of your service as an example		.759		
18	Employees' on-the-job training level		.741		
4	Service acceptance degree		.728		
11	Technological update		.692		
10	International standards of service		.644		
3	Quality of service offered		.612		
	Factor 3: Financial Performance			.795	
5	Service cost			.868	
13	Return on investment			.842	
19	General and administrative costs			.749	
6	Total amount of sales (total costumers)			.724	
	Factor 4: Marketing				.631
16	Providing costumer satisfaction				.581
17	Promotion strategy existence				.784
7	Employee initiatives				.711
27	Degree of marketing search				.546
20	Using customers effectively in promotion activities				.534
	Eigenvalues	8.639	4.587	2.215	1.622
	Percentage of variance explained	25.720	19.370	12.720	10.430
	Total variance explained: 68.24				
	Kaiser-Meyer-Olkin measure of sampling adequacy: .736				
	Bartlett's test of sphericity: approximate chi-square: 3,259.149(300), sig.: .000				

Note: Extraction method: principal component analysis. Rotation method: varimax with Kaiser normalization.

a. CSF numbers in Exhibit 3.

your service as an example," "employees' on-the-job training level," "service acceptance degree," "technological update," "international standards of service," and "quality of service offered." These findings support some previous studies (Parasuman 2002; Kilic and Okumus 2005) that claim that service quality is a CSF in the hotel industry. Because it is generally accepted that service quality is antecedent to customer satisfaction and that customer satisfaction is antecedent

to customer loyalty (Wilkins, Merrilees, and Herrington 2007), the role of service quality in the success of hotel businesses cannot be denied. It is vital for the hotel managers to have a good understanding of what exactly the customers want (Akbaba 2006). Thus, service quality is the key success factor for the hotel industry. Training of employees was also the factor cited most frequently in hotel industry literature (Hansen and Eringa 1998; Collins, Buhalis, and Peters 2003).

Factor 3 (explaining 12.72 percent of variance) was called Financial Performance and contains four items: “service cost,” “return on investment,” “general and administrative costs,” and “total amount of sales (total customers).” Performance and profitability of small hotels are influenced by sales revenues, return on investment, pricing policies, and general and administrative costs (Kaufman, Weaver, and Poynter 1996). Performance dimensions and measurement in the hotel industry may help managers/owners effectively cope with organizations (Atkinson and Brown 2001). The findings are in line with the conclusions of Peacock (1995) and Haktanir and Harris (2005), who found that financial performance, operational efficiency, and volume of repeat business were critical for the success of hotel businesses. However, it should be noted that financial measures are prominent but not dominant in hotel general manager decision making, as argued by Harris and Mongiello (2001).

Factor 4 (explaining 10.43 percent of variance) has been called Marketing and includes five significant items: “providing customer satisfaction,” “promotion strategy existence,” “employee initiatives,” “degree of marketing research,” and “using customers effectively in promotion activities.” Small hotels can develop close and direct relationship with customers and employees. This provides an opportunity for both customer satisfaction and employee satisfaction. As Buhalis and Main (1998) point out, hotels may increase their market share by enhancing their direct communication with customers. Low costs of providing information, direct bookings, promotion opportunities, and niche marketing to prospective customers provide small hotels with competitive marketing opportunities. The results are in agreement with the findings of Peacock (1995), who identified customer satisfaction, personal standards, employee satisfaction, and employee-related issues as CSFs for hotel businesses. However, surprisingly, respondents in this study viewed marketing factors as the least critical for SHBs’ success.

Evaluation of Research Question 2

RQ2 was intended to test whether small hotel managers/owners with university educations perceive CSFs differently than those without.

To test differences of opinion of managers/owners with and without university educations, a *t*-test was carried out, as shown in Exhibit 5. When responses were compared, some statistically significant differences were observed. Differences were found in two of the CSFs: “service cost” ($t = 2.62, p < .01$) and “general and administrative costs” ($t = 2.27, p < .05$), which were associated with the third factor, Financial Performance. The results are consistent with the study by Ngai, Cheng, and Ho (2004), who found that education level was a significant factor in the

determination and implementation of the CSFs of web-based supply-chain management systems.

The length of education may be an important survival factor in a competitive and changing business environment. The educational background of managers/owners can influence the profitability and competitiveness of a hotel. According to Hendry, Arthur, and Jones (1995, cited in Nolan 2002), professionally trained managers/owners tend to value formal training and encourage their employees to engage in further development. Education might also compensate for lack of experience in the hotel business.

Evaluation of Research Question 3

RQ3 considered whether there is a difference in perception of CSFs between highly experienced and less experienced managers/owners.

To address this question, the responses of experienced managers/owners and less experienced managers/owners on CSFs were compared. The independent *t*-test showed that there were significant differences between them. Internet usage was perceived as more critical for “Effect of promotion for your business facility” ($t = 2.57, p < .05$) and “Internet effect to room sales” ($t = 2.09, p < .05$) by managers/owners with six years or more of experience than by those with five years or less. Moreover, differences were also found on the items “quality of service offered” ($t = 2.60, p < .05$) and “service acceptance degree” ($t = 2.12, p < .10$), which were related to the second factor, Service Quality. These items had higher mean scores for managers/owners who have more work experience. Finally, there was a difference regarding “promotion strategy existence” ($t = 2.18, p < .05$), which was closely related to the fourth factor, Marketing. These results indicated that managers/owners with less experience gave each of these factors a lower rating. Ngai, Cheng, and Ho (2004) also found the importance of working experience in a study where approximately 80 percent of respondents had more than five years of working experience.

Our results and analysis showed that small hotels found several factors critical for business success. However, it may be argued that CSFs for small hotels can vary depending on certain circumstances and other factors. The distinctive characteristics of the hotel industry play a significant role in determining appropriate performance measurement systems, as indicated by Harris and Mongiello (2001). Geller (1984) explored three factors that could affect hotel CSFs: temporary circumstances that hotels encounter; management style and policies such as centralization or decentralization; and the stage of life of a hotel—start-up, growth, maturity, or decline. Therefore, SHBs should recognize that not every CSF is critical for every hotel business; but the CSFs identified in this research should be used as a training tool and as a starting point for business.

Exhibit 5: Critical Success Factors According to Education and Experience

Factors	Overall Mean ^a	Education			Experience ^a		
		Without University ^a	With University ^a	t	Less Experience ^a	Highly Experience ^a	t
Factor 1: Use of Internet	3.71	3.67	3.74	0.57	3.80	3.76	1.52
Internet effect to room sales	3.56	3.46	3.62	0.75	3.47	3.90	2.09**
Internet usage level	3.83	3.80	3.85	0.22	4.09	3.77	1.36
Effect of promotion for your business facility	3.67	3.67	3.66	0.01	3.57	4.03	2.57**
Using web sites for promotion	3.87	3.78	3.92	0.68	3.87	3.87	0.00
Degree of internet usage for communication	3.82	3.84	3.81	0.15	3.93	3.79	0.64
Accessing target market directly by e-mail	3.69	3.76	3.66	0.53	3.81	3.66	0.65
Accessing customers via internet	3.83	3.76	3.87	0.63	3.80	3.84	0.23
Intranet usage level	3.63	3.59	3.66	0.29	3.87	3.57	1.23
Popular internet sites advertisements	3.52	3.34	3.61	1.40	3.75	3.45	1.36
Factor 2: Service Quality	4.43	4.43	4.43	0.39	4.25	4.48	1.76*
Employees' foreign language level	4.43	4.44	4.42	0.11	4.24	4.48	1.54
Market acceptance of your service as an example	4.39	4.50	4.33	1.10	4.18	4.45	1.60
Employees' on-the-job training level	4.32	4.21	4.37	1.15	4.27	4.33	0.37
Service acceptance degree	4.53	4.61	4.49	0.97	4.33	4.59	2.12*
Technological update	4.41	4.51	4.36	1.21	4.30	4.45	1.03
International standards of service	4.42	4.36	4.45	0.59	4.24	4.47	1.32
Quality of service offered	4.54	4.42	4.60	1.39	4.24	4.62	2.60**
Factor 3: Financial Performance	4.43	4.30	4.49	2.06**	4.38	4.44	0.31
Service cost	4.52	4.32	4.63	2.62***	4.54	4.52	0.14
Return on investment	4.40	4.36	4.41	0.40	4.39	4.40	0.05
General and administrative costs	4.27	4.05	4.37	2.27**	4.15	4.30	0.92
Total amount of sales (total costumers)	4.52	4.48	4.54	0.57	4.45	4.54	0.68
Factor 4: Marketing	4.29	4.35	4.25	1.17	4.18	4.31	0.87
Providing costumer satisfaction	4.37	4.51	4.30	1.48	4.33	4.38	0.30
Promotion strategy existence	4.36	4.44	4.33	0.89	4.12	4.43	2.18**
Employee initiatives	4.49	4.42	4.52	0.73	4.33	4.53	1.25
Degree of marketing search	3.97	4.07	3.92	1.00	3.90	3.99	0.46
Using customer affectively in promotion activities	4.24	4.30	4.21	0.60	4.21	4.25	0.23

a. Scores are from 1 = very unimportant to 5 = very important.
*p < .10. **p < .05. ***p < .01.

Conclusions and Implications

The CSF approach is a top-down methodology for planning that highlights key information requirements of top management (Bullen and Rockart 1986; Li, Wong, and Luk 2006). The CSF approach in this study included 155 managers/owners of small hotels. In the literature, the tourism-related CSF studies mostly were conducted in the United States, the United Kingdom, the Asia-Pacific region, and the Netherlands. This article is about the CSFs for SHBs in Turkey. The study found that the most important CSFs for small hotels in the Aegean region were Use of Internet, Service Quality, Financial Performance, and Marketing. Although several statistically significant differences were observed among managers/owners with different levels of education and work experience, all deemed Use of Internet as the most important CSF. This study makes a contribution toward a better understanding of the key success factors in the hotel business from the vantage points of general and midlevel managers and owners. It should be noted that this research does not propose a rigid framework for CSFs in Turkey; rather, it is an exploratory study that singles out some factors that may be important for the survival of small hotels in a rather competitive industry. We believe that the results of this study will act as impetus for future research on the above factors and other relevant CSFs in the hotel industry.

Identifying CSFs in small hotels is a crucial step in determining their information needs and understanding their goals and objectives, but it is not sufficient in itself. As proposed by Hansen and Eringa (1998), it is very important to ensure that CSFs are managed or performed well by small hotel managers/owners. It is also important to determine how each CSF is managed or performed to achieve successful results. As Brotherton et al. (2003) pointed out, managers/owners need to consider CSFs in the light of their management decisions relating to operational design, practices, and performance evaluation.

Based on the general discussion and the results of this research, some suggestions can be made for small hotel managers/owners or their subordinate managers both in Turkey and in other countries offering similar tourism products so that they can concentrate on issues critical to improving operational success. First, Use of Internet was found to be a very important CSF for the small hotels. It is important that those involved in SHBs realize the importance of information and communication technology adoption to maintain and increase their market share and business efficiency. Investment in this area should be a high priority.

Second, identification and implementation of CSFs must be on a continuous basis for every business. Not all the factors perceived as critical may remain constant over

time and space. Although the findings of this study are consistent with the results of some previous studies showing that technical CSFs (internet, etc.) may be more important than human CSFs (services, staff quality, etc.), both technical and human CSFs need to be taken into consideration in management decisions. It may be necessary to organize a team within the hotel and cooperate with relevant parties in identifying, managing, or performing CSFs on an ongoing basis.

Third, respondents with higher education and longer experience were more concerned with the importance of critical factors for successful business operation. Therefore, education, training, and experience level of managers/owners are crucial for the future competitiveness of Turkish SHBs. High priority should be given to human resource issues including education and training of managers as well as staff.

Fourth, successful hotel businesses are customer-driven. Customer satisfaction and loyalty are very important for small hotels. Employees are critical in this respect. Enhancing employee and customer relations is critical. Hotel managers/owners should see employees as a source for new ideas, as they can help to identify customer needs and wants. Moreover, by integrating employees within the process, managers/owners can reduce employee turnover and increase employee loyalty, which leads to customer loyalty in turn. Increasing employee satisfaction, employee loyalty, customer loyalty, and repeat business enables hotels to increase financial performance, which was also found as a CSF in this study.

Fifth, the study also provides useful information for tourism planners and policy makers in developing strategies to support SHBs.

Finally, this study reveals that managers/owners could control most of the CSFs for a successful hotel business directly. Success in hotel businesses in a changing environment can only be achieved by integrating all the critical elements. A number of the relevant CSFs in this study may be generic, since the results of the research tend to support the degree of importance ascribed to the CSFs in the literature. The results of the study should be interpreted and generalized by other hotel businesses cautiously because CSFs can vary depending on certain factors and circumstances (management style, culture, characteristics, management policy, temporary circumstances encountered, life stage of hotels, etc.); however, the results of this research should be viewed as a training tool and starting point for hotel managers/owners and for other studies.

Limitations and Future Research

This study has some limitations, which should be considered in the interpretation of its findings. The study sample

is limited to small hotels registered by the Ministry of Culture and Tourism. In addition to the licensed hotels, there are many hotels registered by the local authorities in Turkey catering to both domestic and foreign tourists. The findings of the study are specific to the hotels surveyed in a specific region in Turkey. Future research should replicate the present findings in larger samples of small hotels across the country, and the results should be compared and contrasted. It remains for future research to compare the results of this study across different regions and different types of hotels (budget hotels or corporate hotels). In addition, further research should include comparisons across CSFs for small hotels in countries such as Greece, Egypt, Israel, and Tunisia, which offer similar tourism products and compete in similar markets. Furthermore, this study sought the perceptions of small hotel managers/owners with regard to CSFs. Customers' or employees' views were not sought. A comparative analysis on CSFs of SHBs from supply- and demand-side perspectives, including a broader sample of managers/owners, employees, and customers, would be useful for future research.

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