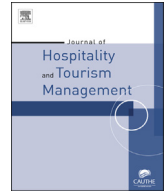




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A review on critical success factors in tourism

Milandrie Marais^a, Engelina du Plessis^{b,*}, Melville Saayman^b^a North-West University, South Africa^b Tourism Management at the North-West University, TREES (Tourism, Research in Economic Environs and Society), South Africa

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ABSTRACT

Critical success factors have supposedly been studied since the 1960s as part of the Information System (IS) field, and have been applied to the tourism industry since the 1990s. Critical success factors are those aspects that must be well managed in order to achieve success. The key findings of this review reveal that 1. Identifying critical success factors is indeed a popular field of study within the tourism industry; 2. Different methodologies lead to different results; 3. The majority of researchers approached their research from a supply-side; 4. The labelling of critical success factors in previous studies is complex and broad; and 5. Most research has focused on Asia from a geographical point of view. Further findings reveal that quality, finances, and human resources are the factors that appeared among the most frequent found. The findings of this study are based on a total of 52 useable articles which were analysed to provide an overview on where and when these previous studies were published. These key aspects include analyses according to supply and demand, tourism sector, continent, research design, and methodology. By understanding the previous studies on critical success factors, future studies can be more effective and of greater benefit.

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1. Introduction

The purpose of this research is to undertake a review of research conducted on critical success factors within the tourism industry, thereby contributing to a better understanding of the areas where it was applied, the approach, and the reason for undertaking this research. Tourism has grown to be a global activity (Cook, Yale, & Marqua, 2010, p. 5) and includes a cross-section of different industries that work together to meet the needs of tourists (Coltman, 1989, p. 88; Cook et al., 2010, p. 4 and 14; Saayman, 2009, p. 2). Along with the growth of tourism, this industry has become more competitive with more businesses and destinations competing with one another (Balakrishnan, 2009, p. 611). In order for businesses to survive in a highly competitive market, good management is of great importance. Management is the process of utilising resources in a manner that would achieve the desired outcomes (Daft, 1991, p. 5; Ghillyer, 2009, p. 5; Page, 2003, p. 249). Management can also be used to achieve a competitive advantage, amongst other benefits, that would contribute to the success of the business

(Cook et al., 2010, p. 19). Throughout the years, many different management approaches have been developed and implemented, including the behavioural, contingency, systems, and classical approaches (Boddy & Paton, 1998; Cassidy & Kreitner, 2011; Certo & Certo, 2009; Donnelly, Gibson, & Ivancevich, 1995; Robbins & DeCenzo, 2005). One particular management approach that contributed to achieving success and a competitive advantage is the strategic management approach. One of the key drivers of strategic management is the identification of critical success factors.

Research has found that the identification of critical success factors can lead to many benefits. These benefits include the efficient allocation of resources (Freeman & Thomlinson, 2014, p. 14), positioning (Choon-Chiang, 1998; Jones, Singh, & Hsiung, 2015), increased success (Ferreira & Fernandes, 2015, p. 165; Finney & Corbett, 2007; Li, Wong, & Luk, 2006, p. 85), quality management (Burger & Saayman, 2009, p. 15; Engelbrecht, 2011, p. 5; Ferreira & Fernandes, 2015, p. 165; Finney & Corbett, 2007), satisfied customers (Ferreira & Fernandes, 2015, p. 165), enhanced visitor experience (Caralli, Stevens, Willke, & Wilson, 2004, p. 2; Erasmus, Kruger, & Saayman, 2012; Freeman & Thomlinson, 2014; Manners, 2011; Marais & Saayman, 2011), increased revenue (Freeman & Thomlinson, 2014, p. 14), increased opportunities (Freeman & Thomlinson, 2014, p. 14), higher return on equity (Hua, Chan, & Mao, 2009, p. 62), sustainability (Freeman & Thomlinson, 2014;

* Corresponding author. North-West University—Potchefstroom Campus, Private Bag X6001, Potchefstroom Internal Box 204 2520, South Africa.

E-mail addresses: Milandrie.marais@outlook.com (M. Marais), Lindie.duplessis@nwu.ac.za (E. du Plessis), Melville.saayman@nwu.ac.za (M. Saayman).

Nieh & Pong, 2012), growth & development (Lin & Fu, 2012, p. 568; Witbooi, Cupido, & Ukpere, 2011, p. 1937), and competitive advantage (Avcikurt, Altay, & Ilban, 2011, p. 153; Choon-Chiang, 1998, p. 56; Lin & Fu, 2012, p. 566 and 568; Marais & Saayman, 2011, p. 149; Nieh & Pong, 2012, p. 424; Wang, Hung, & Li, 2011).

2. Literature study

Critical success factors were originally used within the Information System (IS) field, but its use has extended to a more generic approach to management over the last two decades. Through literature studies, it appears that Daniel (1961) was the first person to use the Critical Success Factor strategy as a means to classify critical information needs of managers (see Brotherton & Shaw, 1996, p. 114; Griffin, 1995, p. 326). The Critical Success Factor strategy is a top-down methodology employed for corporate strategic planning, which highlights the key information requirements by top management (Byers & Blume, 1994; Rockart, 1979). The essence of this strategy is Focused Specialisation (concentration of resources and effort on those factors that can provide the greatest competitive leverage) (Boynton & Zmud, 1984; e Sa & Hambrick, 1989; Ferguson & Dickinson, 1982; Freund, 1988; Grunert & Ellegaard, 1993, pp. 245–274; Jenster, 1987; Leidecker & Bruno, 1984; Munro & Wheeler, 1980; Ohmae, 1982; Rockart, 1979). Daniel (1961) was the first person to indicate that there are usually three to six factors that determine success within each industry, and that these key factors should be applied exceedingly well in order for a company to be successful. Engelbrecht, Kruger, and Saayman (2014, p. 239), in their research, said that the latter should be between three and ten factors.

Over the years, determining critical success factors has become an important principle in strategic management (Black, 1990; e Sa, 1988; Devlin, 1989; Grunert & Ellegaard, 1993, pp. 245–274; Hardaker & Ward, 1987; Leidecker & Bruno, 1984; Nieh & Pong, 2012, p. 424). Critical success factors are also known as CSFs, key success factors (KSF), key result areas (KRA), limited factors, strategic factors, or strategic variables (Engelbrecht et al., 2014, p. 239; Nieh & Pong, 2012, p. 424). The simplest definition of critical success factors is that they constitute a few things that must go well or right in order to ensure success, for the business to flourish, and attain the goals of management (Avcikurt et al., 2011, p. 153; Boynton & Zmud, 1984; Brotherton, 2004, p. 20; Butler & Fitzgerald, 1999; Dubelaar, Sohal, & Savic, 2005; Geller, 1985, p. 77; Guynes & Vanecek, 1996; Khandelwal, 2001; O'Brien, 2002; Slabbert & Saayman, 2003, p. 8; Van der Westhuizen, 2003, p. 14). Critical success factors are thus the limited areas, characteristics, circumstances, conditions, events, activities, strategic elements, or variables that require particular attention due to their importance, and when properly sustained, maintained, and managed, can exert a significant impact on the success of an event, individuals, department, organisation, or firm and could differentiate between profit and loss (Bullen & Rockart, 1986, p. 385; Burger & Saayman, 2009, p. 16; Dickinson, Ferguson, & Sircar, 1984; Leidecker & Bruno, 1987, p. 333; Williams & Saayman, 2013, p. 186).

Another approach is to state that critical success factors are the aspects that if removed or not carried out, would inhibit the success of the organisation's achievement of the vision (Howe, 2002, p. 30). Identification of critical success factors has been used to identify information needs, to list and describe elements critical to system success, and to help define and focus management's responsibilities and efforts (Meadors & Mezger, 1984; Munro & Wheeler, 1980; Park, 1990; Raymond, 1985; Rockart & Scott-Morton, 1984; Shank, Boynton, & Zmud, 1985). Even though literature states that critical success factors should be attained in order for goals to be met, there should be a distinction between the goals and the critical success

factors: critical success factors are combinations of activities and processes which are designed to support the achievement of the goals (Brotherton & Shaw, 1996, p. 114). Furthermore, CSFs are actionable, controllable by management to a variable extent, and potentially measurable (Brotherton & Shaw, 1996, p. 114).

Considering that the purpose and goals differ from industry to industry, each market and industry will have its own relevant critical success factors (Choon-Chiang, 1998, p. 56; Geller, 1985, p. 77). The nature of the external environment within which an organisation operates determines the CSFs to some extent (Boardman & Vining, 1996; Brotherton, 2004, p. 20). Within the tourism industry, there are different sectors, which are summarised in Fig. 1.

The sectors within the tourism industry include transportation; public sector support services; recreation, leisure, and attractions; travel, wholesale, and retail; events; accommodation and catering; private sector support services (see Fig. 1). The sectors within the tourism industry also differ in nature, operations, and external environment, and thus the CSFs within each sector and type of operation could also differ (Manners, 2011, p. 7). Furthermore, critical success factors can be related to tangible physical elements or intangible service elements (Wang & Hung, 2015, p. 93). Other main classifications include:

- Situation or context specific (Geller, 1985);
- Generic to a given combination of industrial/market/broader environmental conditions (Geller, 1985);
- Short-term (monitoring) and longer-term (building) activities (Rockart, 1979);
- Conjunctive/compensatory and perceived/actual CSFs (Grunert & Ellegaard, 1993, pp. 245–274);
- Industry/strategic and operational CSFs (Ketelhohn, 1998); and
- Viewpoints: organisation perspective and user perspective (Lee, 1989); this is similar to supply and demand approaches often referred to more recent studies.

By studying literature, it is evident that similar classifications were used but with different terminology. One additional

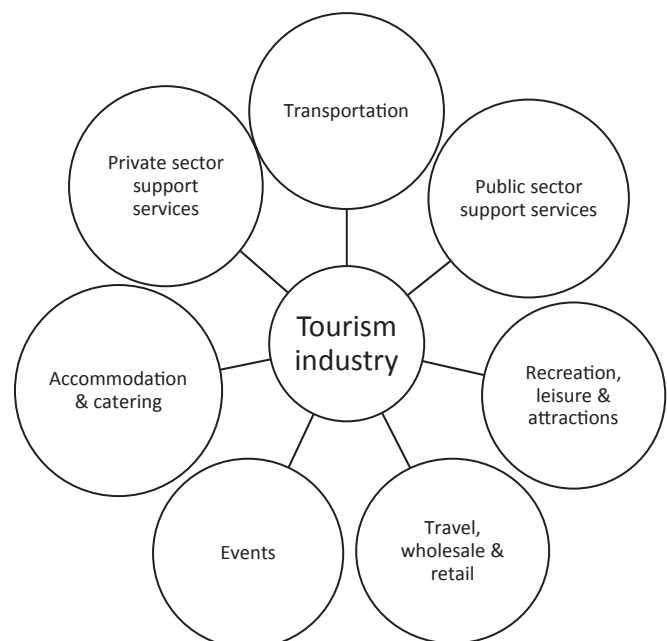


Fig. 1. Areas within the tourism industry. Source: Jordaan, 1994; Cooper, Fletcher, Gilbert, Shepherd, & Wanhill, 1999.

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