Use of Balanced Scorecard Framework to Explore the Key Success Factors in Daily-Rent Based Lodging Houses

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ABSTRACT

Existing literature focused on examining the key success factor (KSFs) and performance measurements in bed and breakfast (B&B), budget hotel, and small motel in western countries (Nuntsu, Tassiopoulos & Haydam, 2004; Brotherton, 2004; Bergin-Seers & Jago, 2007). There are limited researches to investigate the relevant issues in the similar types of lodging industry in Asia. The "daily-rent based lodging house (DRBL)" first emerged in the urban areas of Taiwan during economic downturn since 2008. This study focused on identifying key success factors (KSFs) in DRBL operations through a questionnaire survey designed and by importance - performance analysis (IPA).

Key Words: daily-rent based lodging house (DRBL), performance measurement, key success factor (KSFs), importance-performance analysis (IPA), balanced scorecard (BSC)

INTRODUCTION

In the last several decades there has been many countries respected tourism industry. It is estimated that the global tourism industry, the global tourists will grow to 18 billion passengers by 2030 (World Tourism Organization, 2011), with 4.1% growth rate. The global market share in the Asia and Pacific region will rise to 30%, with 5% growth rate.

Due to the growth of economy, Taiwanese people are now enjoying an increase in average income as well as the better change in consumption habits, lifestyle and. government policies, such as: in 2001, government employee have two-day weekend and national travel card; in 2009, grasp the turning point in mainland Chinese people coming to Taiwan for tourism; in 2010, coordination with the centennial of the Republic of China in the formulation of a "Tour Taiwan and Experience the Centennial" action plan; in 2011,

Taiwan government implementation of "Project Vanguard for Excellence in Tourism", "Tour Taiwan and Experience the Centennial" project. In the Taiwan Tourism Bureau (2010) it is indicated that the estimated number of Taiwanese domestic traveling condition in 2010 is 93.9% which is 0.5% up compared to the previous year. In part of the tourist accommodation, day-tripper in 2010 which is 0.5% down than 2009, the following results were obtained the number of tourist accommodation of visitors had risen.

Taiwan hotel industry can be classified into three main groups: bed and breakfast (B&B), hotel and tourism hotel (Taiwan Tourism Bureau, 2011). There is a new influence not to be compared with B&B and hotel emerged from lodging industry. Most of consumers rent the room just only one day so public denominates it "daily-rent based lodging house (DRBL)". The DRBL is built principally in city skyscraper, apartment building and detached house. The owner will make DRBL indoor decorated into different themes of the room type. The DRBL has been brought to public attention.

LITERATURE REVIEW

Ebony Consulting International (2001) indicated that the tourism industry has great potential to create new markets and small-scale entrepreneurs, employment opportunities, which can support the broader population greater social and economic benefits in the meantime. Micro businesses employ means it has less than 5 workers, small businesses employ between 5 - 20 employees in Australia (Breen et al., 2005). And it also represents 91 % of businesses in tourism- related industry in Australia (Bolin & Greenwood, 2003). The DRBL, small tourism industry in Taiwan, has been gaining popularity recently.

B&B as implied by the name is the accommodation industry which only provides bed and breakfast. Nuntsu, Tassiopoulos & Haydam (2004) study illustrated that the concept, which first appeared in Europe, came from host families. The owners would supply visitors with overnight accommodations in their houses and usually provide breakfast the next day to earn extra incomes. Buhalis & Cooper (1998) suggested the facilities available in B&B are residences or converted residences. According to Zane (1997), B&B's may have remained the substantive as well as positive economic impact in their communities. It revealed that B&B promoted economic growth, economic development and job creation. B&B's attraction for tourists is that its property is small and personal in nature like you are at home, and it offers exceptionally personal service in a quiet, private atmosphere (Zane, 1997; Blignaut, 1997; Dawson & Brown, 1998). The Tourism Bureau (2011) makes it clear that B&B rooms in normal areas are less than 5 rooms, but it can contain less than 15 rooms in special areas.

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In addition, because the global economic was in a slump, most of the industry changed their mode in accordance with the consumer consumption habits and attitudes. Brotherton (2004) found the last reference indicated the economy hotels were also called budget hotels, and economy hotel industry has been the biggest successful case in the UK hotel industry in the past 10-15 years. Deloitte & Touche (2000) agreed on that point, and he thought the economy hotels sector was still the fastest growing hotel sector in the UK. All in all,

although economy hotels were widely distributed over cities and suburbs, they were quite similar to DRBL. It also provided the rooms which conform to its value and limited service.

For several decades, extensive research of business performance measurement in large firms has been undertaken, but there is a greater focus given to small enterprises recently (Bergin-Seers & Jago, 2006). Australian Government considers that the small tourism is important because of their contribution to the economy and employment, but now the message is missing some clearer points, how we can measure which items drive good performance (Department of Industry Science and Tourism, 2002). The value of motel lodging industry is a project called the main driving force "Performance Measurement in Small Motels ". The study was in 2004 - 2005, to explore the management in Australian by the Sustainable Tourism Cooperative Research Centre (STCRC) (Birkin, watching and Jago, 2006).

In order to remain competitive, companies now need to consider nonfinancial aspects, such as quality, flexibility and the implementation of new technologies. Good managers will use the nonfinancial and financial parts in the same time. Patiar & Mia (2009) offers a detailed account of the nonfinancial performance which has a connection with financial performance because the hotel market competition will affect hotel departments.

From the balanced scorecard (BSC) perspective, Denton & White (2000) suggest that performance not only concentrated their attention on short-term performance but also long-term performance. Speckbacher, Bischof & Pfeiffer (2003) also has a similar view, and the results showed that most companies used BSC as the primary performance measurement tools. The BSC is derived from Harvard Business Review (Harvard Business Review, HBR) by Kaplan & Norton (1992). There are four kinds of aspects in BSC: finance, customer, internal business processes, innovation and learning. BSC can be classified into two main groups. The first one is that it can describe the strategy, and the second can help managers implement policies (Kaplan & Norton, 2004).

What is important is although just few hotels clear and definitely use BSC to measure performance, but most of the hotels use the measure system which corresponds to BSC (Evans, 2005). Geuserab, Mooraja & Oyona (2009) tells us about BSC that it is not only the way to measure performance but also the way to promote strategy to implement the organization performance. This clearly shows that Geuserab et al. (2009) development of the balanced scorecard has a positive impact on organizational performance.

We will begin our discussion by considering the success factors. There are many kinds of ways which can make companies success. The first scholar who pays attention to key success factors (KSFs) was Daniel (1964). The following accounts are the opinion and definition about KSFs: Bullen & Rockart (1986) CSFs are generally described as the limited number of areas in which sufficient for the results will ensure prosperous competitive performance for the individuals, departments or organizations. Most of us would accept that the limited number of areas, satisfactory results will ensure the success of the competitive performance of individuals, departments or organizations. Then, Bamberger (1989) considered that the business competitive

advantage must establish two major basic driving forces, one is the key success factors and the other is internal industrial core competitiveness. KSFs are the factors that must be accomplished if the company's overall objectives are to be arrived (Brotherton & Shaw, 1996). Basically, the key success factor is the factor that can achieve the company's overall goal. They may be from a particular company's internal environment function derivative, such as: products, processes, people, possibly structures, and a company-specific core competencies and competitive advantage competitiveness

We may now proceed to the discussion of the lodging industry, the first scholar to used KSFs in United States hotel information system is Geller (1985). Then, Griffin (1995) used it in the hotel management system; next, it is also used in United Kingdom (Brotherton & Shaw, 1996). In addition, France and Spain also believed that make good use of KSFs to increased dramatically ability of hospitality industry to face the future (Berry, Seider & Gresham, 1997). Table 1 lists the KSFs in the lodging industry based on the literature review.

Table 1

The literature review for KSFs in the hotel industry during 2005 - 2011

Scholars	Year	KSFs
Singh & Kasavana	2005	Room technology equipment
Ottenbacher, Shaw & Lockwood	2005	Market attractiveness, process management, market responsiveness and empowerment predicted the successfulness of new service development in chain hotels while employee training, behavioral evaluation, effective marketing communication, marketing synergy, employee commitment
Kim & Okamoto	2006	Location, additional facilities, development systems
Pavia & Rubelj	2006	Volume, clearly defined roles, specialization and control
Di Pietro, Murphy, Rivera & Muller	2007	Single management operating processes, independent, strategic plans, social responsibility, travel tours to units, relationships, effective leadership at all levels, financial,
Beldona & Cobanoglu	2007	Room technology equipment, high-speed internet
Cevdet , Huseyin & Mehmet	2011	Communication, services, facilitation, coordination, innovation, leadership, support, employee relations, human resources

Martilla & James (1977) introduced the importance - performance analysis (IPA) to understand customer expectations and satisfaction. IPA is an effective analytical tool to address the two core research questions. This technique allows us to create a two-by-two matrix of the relative positioning of the factors, stood on high or low importance and high or low performance (Beldona & Cobanoglu, 2007). According to the position, hotels can understand clearly that which items should command more attention and which may be consuming too much wealth (Martilla & James, 1977).

Those factors through the IPA model were divided into four quadrants: Quadrant I: Keep up the good Work – which factors of high importance and high performance. Quadrant II: Possible overkill - which are of low importance but high on performance. Quadrant III: Low priority - are both low in importance and performance. Quadrant IV: Concentrate here - which exhibiting the area for important factors that are not meeting expectations. As for this point, see Figure 1:
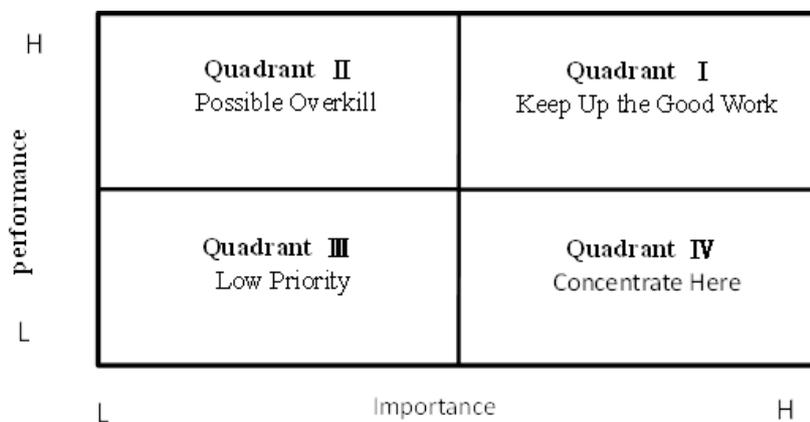
Figure 1

Important performance analysis model diagram

RESULTS

Based on the survey for the owner and manager from DRBL, this paper gives a clear definition of DRBL: The lodging industry which at the low price provided theme rooms and limited dining in the city. Here we refer to the framework in Nuntsu et al. (2004), Brotherton (2004) and Taiwan Tourism Bureau (2011), listed the items in Table 2 as follow:

Table 2

The Definition of DRBL in Taiwan

(1) They usually serve breakfast or breakfast coupons.
(2) Accommodation is usually built in city skyscraper, apartment building and detached house.
(3) They are advertised mostly through Internet marketing.
(4) The lodging usually provided theme rooms.
(5) The business is usually not the owner's sole or primary source of income.
(6) This lodging industry must be strictly observed the law of fire control and immovable.
(7) Convenient transportation.
(8) Provided relatively limited room service.

From the above literature, a more reasonable and comprehensive construct for the DRBL KSFs can be obtained. By incorporating the KSFs by IPA, the final KSFs construct is formed. In this study was found

from the result of IPA Quadrant I: Keep up the good Work. The KSFs can be classified into four main constructs based on BSC framework. Figure 2 shows the result from IPA: (1) Finance: Return on Asset (ROA) and cost reduction; (2) Customer: value for money, warmth of guest welcome, and customer loyalty; (3) Internal process: convenient location, Internet reservation system and promotion, hygiene and cleanliness, Added value facilities; (4) Innovation and learning : Innovation strategy, State-of-art Tech, staff empowerment .

Customer	**Finance**
Value for money	ROI
Warmth of guest welcome	Cost Reduction
Customer loyalty	
Learning & Growth	**Internal Process**
Innovation strategy	Convenient location
State-of-art Tech	Internet reservation system
Staff empowerment	and promotion
	Hygiene and cleanliness
	Added value facilities

Figure 2

KSFs in DRBL in Taiwan

CONCLUSION

The DRBL first emerged in the urban areas of Taiwan during economic downturn since 2008. This study used the BSC framework to identify KSFs in DRBL through a questionnaire survey and IPA approach. The IPA suggested that Return on Asset (ROA) and cost reduction in finance, value for money, warmth of guest welcome, and customer loyalty in customer, convenient location, Internet reservation system and promotion, hygiene and cleanliness, Added value facilities in internal process, innovation strategy, state-of-art tech, staff empowerment in innovation and learning are the KSFs to derive DRBL in Taiwan to achieve competitiveness.

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