

ENHANCING SUSTAINABILITY THROUGH IMPLEMENTATION OF BALANCED SCORECARD: A CASE STUDY OF BEACH RESORTS

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Abstract: Sustainable tourism development has become an increasingly important strategic goal for world class destinations. Global tourism industry leaders realize that sustainable tourism development is critical to the conservation of nature and the preservation of indigenous culture. Tourism destinations often are dependent on natural and cultural/heritage resources to form their attractions bases which are linked to the economic vitality of local communities. It is claimed that sustainable tourism, when properly managed, will provide the economic incentive to preserve natural areas for low-impact use. One of such attractions in the Southeast Asia is the beach resorts. Beach resorts managed to attract the tourists due to the attractive nature and sandy beaches. However, prior studies claimed that these resorts were not properly managed and further actions need to be taken to ensure its sustainability. Thus, this study aims to examine how four perspectives of balanced scorecards are implemented in enhancing the sustainability of these resorts. This study is a qualitative research where data were collected from nine beach resort. Researchers applied face to face in-depth interviews on resorts' owners or/and managers. The interviews were recorded and transcribed. The interview results appear to indicate that the resorts moderately applied the four perspectives of balanced scorecards. Beach resorts focus mostly on financial perspective. Though, attention were also given to the quality of the services given to customers because they realized that customers were important. Cost constraints resulted in the learning and growth perspective and internal business processes were not thoroughly implemented by the resorts. This study contributes to the sustainable tourism literature especially relating to the beach resorts in islands.

Keywords: Sustainability, tourism industry, beach resort, balanced scorecard.

Introduction

It is reported that sustainable tourism development has become an increasingly important strategic goal for world class destinations. Prior studies claimed that sustainable tourism development is critical to the conservation of nature and the preservation of indigenous culture. It is posited that sustainable tourism, when properly managed, will provide the economic incentive to preserve natural areas for low-impact use.

Neto (2003) claims that tourism is one of the largest and fastest growing industries in the world because it is an increasingly important source of income, employment and wealth of many countries. Tourism destinations often are dependent on natural and cultural/heritage

resources to form their attractions bases, which are linked to the economic vitality of local communities. While most of international tourism activity takes place within the developed world, this study focuses on the economic development of the industry in a developing country. It is claimed that new approaches to sustainable tourism development in these countries should not only seek to minimize local environmental impact, but also give greater priority to community participation and poverty alleviation. As a developing country with a beautiful scenery and sandy beaches, Malaysia is chosen as the focus of the study.

Reports from Malaysian Ministry of Tourism indicate that tourism supports the deficit reduction in service sector by contributing to the growth of the nation and assisting in developing

global competitiveness of the nation's tourism industry. This is proven when the Malaysian Eleventh Plan 2016-2020 considers tourism as one of the important sectors. The statistics show that this sector is a vital source of foreign exchange earnings in 2014, where it contributed RM82 billion in 2016, which is 45% increase from RM56.5 billion in 2010. Malaysian tourism sector is expected to contribute about RM168 billion by the year 2020 with 36 million tourist arrivals (Astro Awani, 2013).

Among the popular accommodation offered to tourists in Malaysia are beach resorts. Malaysian attractive beaches trigger the creation of beach resorts with its reasonably spacious ground accompanied by good gradient crystal clear water. Wong (1998) stated that basic resources including sandy beaches, islands and coral reefs possessed by a country like Malaysia helps in the development of a beach resort.

While sustainable development is recognized as an essential requirement for achieving economic goals without degrading the environment, major problems arise in defining methods for formulating and implementing sustainable strategic actions at the macro-level, including islands. Prior studies claimed that these resorts were not properly managed and further actions need to be taken to ensure its sustainability.

In addition, with the rapid growth of tropical beach resorts, it is claimed that there is an increased competition in hotel sector because the services provided are relatively homogeneous (Smith, 1991). Hence, hotels have to adapt themselves to this competitive environment and find ways to improve their performance and sustain in the business by differentiating themselves from other competitors. These accommodations, resorts also must find ways to survive as some of them may not be operating 12 months a year due to the seasonal monsoons. Furthermore, Mohamed-Shaffril *et al.* (2014) reported that climate change has resulted in serious problems to Malaysian beaches such as coastal erosion and extreme powerful waves. These natural elements and monsoon disrupt the

tourists' activities on the beach. It is reported that the northeast monsoon faced by beach resorts in east coast of Peninsular Malaysia forced the owners to temporarily close their businesses in certain months of the year (The Star Online, 2016).

It is reported that the number of tourists decline during the monsoon northeast season, which happens every year from November until March of the following year. Chan (2011) reported that the east coast islands of Malaysia are closed during this season due to heavy rain and rolling seas. Thus, it is very crucial for the resorts to manage their performance well to sustain in the business. Harris and Mongiello (2001) stated that with increase competition and unfavourable seasonal climate surrounding the resorts, the resorts must ensure effective operations and business decision-making tasks.

Most resorts may focus on financial return only to ensure they will stay relevant in the business such as stressing on increasing their sales and profit. Kaplan and Norton (1996) suggested that other aspects should be given attention as well in an organization in achieving a holistic strategy as they are as important as financial return. Kaplan and Norton (1996) further recommended the use of scorecards which comprises of both financial and non-financial performance measures which are categorized into four elements; financial, customers, internal business process and learning and growth. This is supported by Bharadwaj and Menon (1993) who claimed that it would be inadequate to measure an organization's success, in service sector particularly, on financial return only. This is because the service sector would involve giving service to customers and repeat request for services will only occur if the customers are satisfied with the services rendered to them. This notion is supported by Davis and Albright (2004) who posited that financial performance of an organization can be improved greatly when non-financial measures are considered and given attention on. One of the aspects of non-financial measures would be the customers. Abu Kassim and Minai (2009) stated that

relationship between providers and customers should be established based on mutual trust and understanding so that it gives a long-term effect benefiting both parties. They stated that hotels must focus on customer differentiation as relying on products only do not seem to help in retaining and attracting customers.

In addition, the relationship between customers and employees are also important in an organization and it is one of the major factors determining the success or failure of the said organization (Jerome & Kleiner, 1995). Jerome and Kleiner (1995) further claimed that employees should be given special employee programmes to show organization's commitment in its relationship with its fellow employees as well as to keep employees satisfied with the reward given in return for their hard works. This is because job satisfaction is vital in uplifting employee's morale and motivation, as satisfied employees would do good job to satisfy the customers. Kaplan and Norton (1996) suggested organisations to implement a score card which is called "Balanced Scorecard" as performance management system to help organization translating its financial and non-financial measures into strategies and manage these strategies in the long run.

Thus, this study aims to explore how performance management system assist beach resorts to sustain in the industry. Specifically, it seeks to examine how the four perspectives of balanced scorecard being implemented and contributed to the management of island beach resorts in Terengganu as to date and how it can further provide assistance for beach resorts to continue flourish and sustain in the industry. This study aims to contribute to the existing literature relating to beach resorts. It also helps the resort owners/management to understand the attributes of competitiveness in the industry as well as the means to sustain in the industry during a downturn in the economy.

Tourism Industry

In 1990, Visit Malaysia programme was launched, and the number of tourist arrivals

tremendously increased from neighbouring countries and that urged the government to plan for the nation's future economic growth through promotion (Picard & Wood, 1997). The popularity of the country as a tourist destination can be seen from the increasing number of tourist arrivals to Malaysia which increase from 15.70 million tourists arrival which resulted in RM29.7 billion receipts in the year 2004 to 26.76 million tourists arrival with RM82.1 billion receipts in 2016 (Tourism Malaysia, 2017).

Hotel sector as part of the tourism industry was aimed to help government in realizing its economic benefit that would ultimately lead to the country's growth (Abu Kassim & Minai, 2009). Smith (1992) stated that with rapid increase of tourism in Southeast Asia, beach resort has been receiving increase attention in planning and design for individual hotel projects. Integrated resorts were given attention as early as in the 1970s. Investigations on beach resorts were mainly on the North American and British soil and only a minor studies were carried out focusing on the Mediterranean and Middle East regions that had prospered even better than the British resorts (Shoval *et al.*, 2007). Chan (2014) found that only limited number of research or studies had been done regarding the beach resorts in Malaysia even when the arrival of tourists had been growing steadily and the tourism industry showing its importance in the country's economic growth.

Coastline has been an attraction for tourists and it is vital for a country to manage its beaches in a sustainable way (Jennings, 2004), thus resulting in worldwide development of beach resorts (Wong, 1989). Beach resort is defined as one or more of the individually managed tourist lodgings with direct access to the beach at a specific location regardless of the quality of the accommodation (Wong, 1989). It is claimed that tourism resources encompass more than nature's endowment, it attracts tourists, support tourist activities and the physical and social settings, including the hospitality of the community. The transformation of these resources into an effective tourism product would require good

performance management to be applied in the organizations. It is posited that coordinated and balanced development of all components are critical to achieve these objectives (Liu, 2003).

A prior study claimed that performance management is an important element when assessing a success of an organization and it reflects the factors used by managers in assessing the functions of an organization (Abu Kassim & Minai, 2009). Performance levels achieved create information for managers, which will then stimulate them to adjust and modes of operation. One of the famous tools used by managers is Kaplan and Norton's Balanced Scorecard (Awang *et al.*, 2008). It provides managers with the instrument they need to achieve success in a competitive industry (Kaplan & Norton, 1996). Organization's mission and strategy are translated into a set of performance measures that provides a picture for a strategic measurement and management system.

Balanced Scorecard comprises of both financial and non-financial performance measures, which are categorized into four elements; financial, customers, internal business process and learning and growth. According to Cobbold *et al.* (2004), it retains financial measures that confirm the results of past actions and decisions as well as adds leading indicators for factors that will drive future financial and operating performance. Sordo *et al.* (2012) also supported this notion that financial measure alone is insufficient to help determine and evaluate an organization's performance holistically. The main concept of Balanced Scorecard is that no single measure can properly evaluate an organization's progress to strategic success but multiple measures typically grouped in the four elements provides the desired comprehensive evaluation of the organization's performance.

Kaplan and Norton (1996) claimed that employee satisfaction, employee continuation and productivity of employees should be taken into consideration by organizations and performance appraisal indices should be developed based on the criteria. They stated that to attain excellent outcomes from the

three scorecard perspectives is possible when organizations consider learning and growth perspective and set it as a driver in the strategy used by organization.

Ying (2012) agreed that employees are the resources and assets of an organization and organizations should always keep in mind to look or search for strategies that will help in encouraging, evaluating and improving employees' motivations to work and perform better. She further emphasized that it is necessary for organizations to keep ensuring employees to focus on their works that help contributing to the goals of the organizations. Kaplan and Norton (1996) stated that employee's morale and satisfaction about the job in an overall view play a significant role in increasing productivity, responsiveness, quality and customer service. Job satisfaction, according to Jerome and Kleiner (1995) is referred to as one set of attitudes that he or she has about specific aspects of the job. Learning and growth gave a strong effect to customers and it should be deeply and thoroughly focused by management (Turuduoglu *et al.*, 2014).

Heskett *et al.* (2008) mentioned in their research that there exist relationships between profitability, customer loyalty and employee satisfaction in the service-profit chain. Value of services provided by employees when servicing customers creates customer loyalty which is a direct result of customer satisfaction. Customer loyalty then stimulates profit and growth of the service organizations. Value of services provided is motivated by the satisfaction, loyalty and productivity that employees gain, and those factors will in turn influenced the quality of support service and policies that permit employees to deliver results to customers.

Kaplan and Norton (1996) listed the elements of employee satisfaction could include participation in making decisions, acknowledgment for doing an admirable job, access to adequate information to perform the job well, active support to be creative and use initiative, support level from staff functions and total satisfaction with the company. From

satisfaction of employees, they further pointed out, would help with retention of employees to avoid organizations from losing intellectual capital of the business.

This notion is also supported by another study by De Geuser *et al.* (2009) which claimed that dimensions of balanced scorecards integrate the management processes and encourage empowerment. This would give the employees a sense of being part of the organization, thus they will have a greater sense of responsibility. This sense of responsibility would be translated into good services provided to the customers by these employees. Satisfied customers would order/purchase again from the organizations (Phillips & Louvieris, 2005).

Methodology

This study used a qualitative approach. Nine resort owners/operation staffs of island beach resorts in Terengganu were interviewed. They were randomly chosen from the three islands in Terengganu, namely Pulau Kapas, Pulau Perhentian and Pulau Redang. These three islands were chosen because they were listed as top 10 best islands in Malaysia to be visited (Touropia, 2016). In 2014, Terengganu was one of the worst states affected by the monsoon rain. Main roads were closed due to flood and a total number of 36,410 people were evacuated (Ahmad *et al.*, 2014).

Prior to the interviews, the samples chosen were contacted via telephone to obtain their agreement to participate in the interviews. Before starting each interview, the interviewee was informed about the purpose of the interview and the related research objectives. A permission to record the interview was put forward before the interview session began. The interviewees were also assured of the confidentiality of the information.

A semi-structured questionnaire was utilized as a guideline for the interview, where the questions revolved on how the four perspectives of balanced scorecards assisted the resorts in managing their operations. It is

claimed that using the interview guide is a good interview protocol. When information collected are recorded in a predesigned form, it helps interviewer to take notes during the interviewee's response as well as helps interviewer to organize his or her thoughts before starting, during and when ending the interview (Creswell & Creswell, 2013). The interviews which were conducted in February until April 2016, ranged in duration from 45 minutes to one hour. The interviews were recorded using a digital recorder and transcribed. Axial coding was performed on the transcriptions. This give rise to themes. Personal observations on these resorts triangulate data from in-depth interviews.

Results and Discussion

Profile of Respondents

Nine beach resort owners/managers/supervisors were interviewed. Out of nine interviewees, three are resort owners, two are resort managers and four are supervisor in-charge of the resorts. Eight are males and one is a female.

Two of the resorts are family businesses. Their employees range from 3 employees to 17 employees. The number of rooms that they have ranged from 9 to 72 rooms. Three of these resorts are in Pulau Redang, another four in Pulau Perhentian and two in Pulau Kapas.

Interview Results

Learning and Growth Perspective

Kaplan and Norton (1996) emphasized on the importance of employees as an asset to an organization especially in learning and growth perspective. Employee's satisfaction would lead to a continuation of good service and increase productivity. Employees are considered as one of the important resources of an organization and organization must encourage, evaluate and improve employees' motivation in order to get an excellent outcome or result from employees (Ying, 2012).

The owners and supervisors of these beach resorts were asked about the training that

they had provided for their employees. They commented that the employees were given on-the-job training, job rotation and mentoring.

“The existing employees will teach the new employees how to do work.”
(Supervisor, Beach Resort 5)

“We give them on-the-job training as that appears to be very effective and we have been using it since we started our operation.” (Owner, Beach Resort 1)

“The old employees will assist the new ones by giving on the job training.”
(Owner, Beach Resort 7)

All the interviewees also claimed that working environment on an island is different compared to those on the mainland. Working in an island would require the employees to devote to their work, live in isolation and away from entertainment or other community. Sometimes when the employees expressed their intention to resign, the resort just had to let them go and did not want to force them to stay as this might affect their work at the resorts. Consequently, this may cause occasional shortage of employees at the resorts. Thus, these resorts made various initiatives to ease the uneasiness of new employees by creating friendly culture where all employees were considered as members of one big family in the resort. They commented that:

“Working on an island is not as easy as it sounds. If you are unable to cope with being on an island, far away from the mainland, then that would be a problem. We provide food and living space for all our employees. To avoid employees feeling boring with their job, we would do rotation of job so all of the employees are practically capable to do any work from housekeeping to waitressing. We allow them to take days off during normal season”. (Owner, Beach Resort 1)

“Living on an island is a unique situation where the employees live and work together. So, you are with them 24 hours. You cannot be formal or as

structured in a structured environment. You have to be very flexible and employee friendly. The boss cannot walk around scolding people and lecturing people... because then they will leave you. Getting people to work on an island is not easy. Some are okay for 1 or 2 months. They cannot stand the loneliness, the isolation, the lack of entertainment.” (Owner, Beach Resort 2)

“We have on the job training and we make it fun for them. We want the new employees to feel at home and not to feel burdened by the task. We make the training interesting. We do not pressure them. We would train them bit by bit.”
(Supervisor, Beach Resort 6)

“The resort provides us with food and accommodation. In a way we save some of our salary, we do not have to pay for all those.” (Supervisor, Beach Resort 4)

The employees were also given the opportunity to give opinion and provide suggestions in the development of the resorts or working routines. They were also given chances to improve themselves in adjusting to the island life. These indicate that the resorts value their opinion and consider them as valuable assets of the resorts. They commented that:

“We listen to their problems and suggestions. We would sit together and discuss any problems we face. We are all here working as a family, we can talk it out and fix any problem we encounter.” (Owner, Beach Resort 1)

“During meetings they usually ask how we are doing and if there are any problems with our current task.”
(Supervisor, Beach Resort 4)

“Yes, we are evaluated from time to time. We are given more or less 3 chances and if we keep screwing up, we will have to explain our action.”
(Supervisor, Beach Resort 3)

The employees also claimed that they also being rewarded by the resorts. They commented that:

"...every year the owner would sponsor us to go on a vacation. The expenses for accommodations to activity fees are covered. We only have to bring money for souvenirs." (Supervisor; Beach Resort 6)

"We do get bonus, not every year, depends on resort performance" (Supervisor; Beach Resort 8)

"... we did receive bonus last year. Hopefully this year too!!". (Supervisor; Beach Resort 6)

The interview results indicate that employees at the beach resorts were treated as family members. Dissatisfaction or problems would be discussed in order to get immediate solutions, answers or alternatives. Initiatives are also taken by the resorts to motivate the employees to adjust to island life and in turn deliver good service to the customers, which would then be translated to repeat visits of customers to the resorts. This finding is consistent with previous studies which found that organisation's ability to innovate, learn and improve would tie directly to its value (Ying, 2012; Turuuoglu et al., 2014). This would help to lead to better growth and performance of the organisations.

Internal Business Perspective

Internal business process includes complete internal process value chain that starts with the innovation process, operations process and ends with post sale services (Kaplan & Norton, 1996). The process is carried out by understanding customer requirements, after-sales services, innovation and operating processes and customer requirement achievement (Shafiee et al., 2014).

Earlier studies claimed that it is important for an organization to carry out its own research and development before doing or performing certain steps to improve its product or services. In this study, interviewees were asked whether

research and development were carried out when new facilities or new activities are planned to be introduced. These are their comments:

"We would discuss among family and we would take suggestions from our employees. I do not think it is necessary to outsource an expert since this island is small and we already know the business here." (Owner; Beach Resort 1)

"No formal research. The new cleaning solution, the new mattress, how to keep the termites away. We do our own research of that but no real R&D." (Owner; Beach Resort 2)

"The owner will discuss with his family first and show us the plan. The employees here mostly graduated in Engineering. So we use our knowledge to help with the upgrading or construction of new facilities." (Supervisor; Beach Resort 6)

Besides research activities, the interviewees were also asked whether they differentiate the services that they offer to their customers compared to those offered by other resorts. These were their responses:

"The kind of activities that offered by resorts in this island are quite similar, not much different. However, we would do promotions and offers." (Owner; Beach Resort 1)

"We offer beach clean ups, jungle clean ups, we do take people to snorkeling trip. Everybody offers snorkeling trip. We just focus more on the conservation effort, environmental-friendly activities. That is how we differentiate our service" (Owner; Beach Resort 2).

"We take them snorkeling using wooden boats and shoot a video of their trip. That video will be a complementary service and it is free of charge for our guests." (Owner; Beach Resort 7)

Prior study found that technology can also help organizations to improve services that offered to customers (Hamzah & Hampton, 2012). Thus, the interviewees were asked about the use of technology at their resorts in their daily operations such as handling of bookings and promotions. The responses were:

“Yes, we do have a website. Sometimes we receive bookings from the website and sometimes via calls.” (Supervisor, Beach Resort 5)

“Yes they can book rooms through the website. We have a person in charge for the website.” (Supervisor, Beach Resort 6)

“Promotion is usually done through website, Facebook and Instagram. We are informed about the promotion, so we are prepared to handle the customers.” (Supervisor, Beach Resort 9)

“Management usually do promotion on our online website.” (Supervisor, Beach Resort 3)

The interview results appear to suggest that these island resorts did not do much research in their product development. Further probe on the issue showed that this is due to limited financing given to activities/development on island by banks/financial institutions. However, they tried to differentiate their existing products/services/activities with other resorts in their own unique way which did not involve much cost. Most of them also started to make use of technology to do promotions, handling customers' bookings and answering customers' inquiries. This is a smart move by the resorts as with technology they can reach more people which cover a bigger geographical area and at the same time ease their operation processes with lower costs. An earlier study considers this as a smart move taken by proactive management which operates in a competitive environment by critically analyse its situations with regards to economic, social and technological changes (Mia & Patiar, 2001).

Customer Perspective

Mooraj *et al.* (1999) stated that organization targets customers with the identification of their needs and expectations. Customer measures indicate the importance of customer perspective in an organization and how well an organization is performing in terms of serving its customers (Perera *et al.*, 1997).

Customer loyalty, customer retention and profitability of potential and new customers are taken into account for the customer perspective. Hence, the interviewees were asked regarding the customer aspect during the interview sessions. First, the interviewees were asked about how do they get feedback from their customers about the services rendered to them. The interviewees' answers were as follows:

“Customers usually would leave a review or comment on our Facebook. They tag us on their photos, and we will read the response from there.” (Owner, Beach Resort 1)

“People talk to us a lot and we talk to them. We ask some questions; we interact a lot. But we do not have customer feedback form, we are not really formalized in that way. if something does not work, they come to discuss with us.” (Owner, Beach Resort 2)

“No feedback forms. We only ask directly before they check out and the customers also leave their comments on TripAdvisor.” (Supervisor, Beach Resort 9)

In addition, they were also asked about their evaluation of customers' satisfaction. They responded that:

“Based on the reviews they gave on our Facebook. We read the comments and take note on what they wish for us to improve and brainstorm the best way to do that.” (Owner, Beach Resort 1)

“From word-of-mouth. Verbal feedback. Yeah verbal interaction. We like to talk to our customers a lot.” (Owner, Beach Resort 2)

“We do have customers leaving comments on TripAdvisor regarding their stay here.” (Supervisor, Beach Resort 3)

“We read the comments left on TripAdvisor. The customers mostly share their satisfaction and dissatisfaction there for everyone to read. So that way we can also have an insight of their experience staying at the resort.” (Supervisor, Beach Resort 6)

The interviewees were also asked about the initiatives taken by the resorts to retain their loyal customers. The interviews revealed that only one of the resorts maintained a list of loyal customers, the others do not keep such record. They also do not practice giving special discount to these loyal customers.

In addition, the interviewees were also asked about the type of food offered by their restaurants because their customers vary from locals to foreigners. Different customers would normally want different kind of food and these meals are basic necessities to the customers. The meals available at the resorts may be an important determinant for the customers to choose their resorts over their competitors. These are their responses:

“We have a fixed menu where we mostly serve local foods. The foreigners are interested in trying our foods, so here, we try to give the best Malaysian experience that they can have. ... sometimes we must make it less spicy since some do not like eating too spicy food. We also would have to be extra cautious when taking their order as some are vegetarian, and we do not want to mess up their meals and ruin the holiday experience for them.” (Owner, Beach Resort 1)

“We have western food and local food. All are listed in the menu. If customers request for food not in the menu, we will try our best to prepare the food but if we cannot then we will tell them straightaway.” (Supervisor, Beach Resort 6)

“We do breakfast and dinner. It is pretty much a fixed menu. Not really a place with too much choice. But on the island, you can go to other places for that.” (Owner, Beach Resort 2)

The interview results appear to indicate that the resorts give a lot of attention to the food that they serve to their customers. It is apparent that customer’s experience is given priority by the resorts. Even though they have fixed menu, but they would try to fulfil the demand of the customers if it is within their capability. However, for small resorts, they may not be able to cater to some of the request due to their limited resources. Thus, in those cases, they tried to direct the customers to other restaurants available on the islands.

These results appear to suggest that these resorts gave high priority to customer perspective. Customer’s demand, preference and satisfaction were monitored and evaluated using social media or online website. They realized that customer’s perspective had direct link to their performances. Loyal, satisfied and well served customers would book again or may also recommend the resorts to their friends, which would contribute to their bottom line (Kandapully & Suhatanto, 2000).

Financial Perspective

Financial perspective is the focus or goal for the other scorecard perspectives. In financial perspective, organizations aim to achieve increase in revenues, improve cost saving and productivity, enhancing asset utilization and reducing risk (Kaplan & Norton, 1996). Interviewees were asked about the overall measurement of beach resort’s performance and whether sales were given higher priority compared to others. Majority of the interviewees

claimed that financial aspect is a priority to the resorts. These are their comments:

“We basically focus on our sales..” (Owner, Beach Resort 1)

“We always aim for higher profit than before, but we do not have an exact figure. We try to make more sales to cover the expenses.” (Owner, Beach Resort 7)

“Sales. It is important to attract customers so we can get higher profit.” (Supervisor, Beach Resort 8)

“Focus on financial We must meet our target every month.” (Supervisor, Beach Resort 3)

However, there are also responses which highlights that besides financial aspects, they also concerned about the quality of the services provided to the customers.

“What we focus on... the financial or the service? The service definitely! It is not really a financially minded place. Kapas does not encourage you to think that way (financially).” (Owner, Beach Resort 2)

“The owner usually asks about the sales. He is also focused on the quality of service we give to customers.” (Supervisor, Beach Resort 4)

“We have to generate sales to cover our costs and the profit is to keep the money rolling. We focus on our quality of service as well, so that we can keep our existing customers.” (Supervisor, Beach Resort 5)

These findings clearly indicate that financial perspective is given priority by beach resorts. Even though there were responses stating that both sales and quality of services are given attention, it is apparent that financial aspect is still the main focus of the beach resorts. This finding is consistent with the finding of an earlier study by Turuduoglu *et al.* (2014) which concluded that even though financial

perspective was advised as not to be the only method for performance assessment, results of studies always show that financial perspective is the first priority to an entity.

Conclusion

Overall, these island resorts only moderately implemented the four perspectives of the balanced scorecard. The findings of the study appear to suggest that beach resorts focus most on financial perspective. However, they also realized that customers were important, thus attention was also given to the quality of the services rendered to the customers. The Learning and Growth perspective and Internal Business Process perspective were not thoroughly implemented by the resorts, especially due to cost constrain. However, they practiced high trust and family-like relationship between the employers and employees.

The government, through the Ministry of Tourism and Culture can help to derive policies which are friendlier towards accessing capital especially in the early stage of resorts' growth. These would facilitate better planning and execution at the ground level. Professional hiring and training of resorts' employees can also be achieved. These would ensure the sustainability of the resorts and the tourism industry in the long run.

This study is exploratory in nature, which gives an overview of balanced scorecard implementation in island beach resorts. Due to difficulties in getting the respondents to be interviewed, only nine resort owners/employees were interviewed, hence, the results cannot be generalized. Future studies can include more samples from other beach resorts located on other islands in Malaysia.

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