# PERFORMANCE MEASUREMENT SYSTEMS IN FIJIAN SMALL AND MEDIUM ENTERPRISES IN THE TOURISM INDUSTRY

By Lusiana Savuciri Moceiwai Kanainabogi, (B.A, M.A)

A thesis submitted in fulfilment of the requirements for the

degree of Doctor of Philosophy

Department of Accounting and Corporate Governance

Macquarie University

Submitted July 2015

# Table of Contents

# LIST OF FIGURES

# LIST OF TABLES

# LIST OF ACRONYMS

ADB           Asian Development Bank

AVE           Average variance extracted

CBSEM         Covariance-based Structural Equation Modelling

EFA           Exploratory factor analysis

EFTPOS        Electronic funds transfer at point of sale

FBOS          Fiji Bureau of Statistics

FIHTA         Fiji Islands Hotel and Tourism Association

GDP           Gross Domestic Product

GoF           Goodness of fit

GST           Goods and Services Tax

HIES          Household Income and Expenditure Surveys

IFRSs         International Financial Reporting Standards

IT            Information technology

KMO           Kaiser-Meyer-Olkin

LOC           Levers of control

MAS           Management accounting system

MCS           Management control system

MCSs          Management control systems

MSEs          Micro and small enterprises

MSMEs         Micro, small and medium enterprises

NCSMED        National Centre for Small and Micro-Enterprises Development

PAF           Principal Axis Factoring

PCA           Principal Components Analysis

PEDF          Pacific Enterprise Development Facility

| | |
|---|---|
| PEU | Perceived environmental uncertainty |
| PICs | Pacific Island countries |
| PLS | Partial Least Squares |
| PLS-SEM | Partial Least Squares of Structural Equation Modelling |
| PMS | Performance measurement system |
| PMSs | Performance measurement systems |
| PMTs | Performance management techniques |
| RBF | Reserve Bank of Fiji |
| RBT | Resource-based theory |
| RBV | Resource-based view |
| ROI | Return on investment |
| SD | Standard deviation |
| SEM | Structural Equation Modelling |
| SIDS | Small Island Developing States |
| SME | Small and medium enterprise; Small and medium-sized enterprise |
| SMEs | Small and medium enterprises; Small and medium-sized enterprises |
| SPSS | Statistical Package for Social Sciences |
| SPTO | South Pacific Tourism Organisation |
| TMT | Top management team |
| TQM | Total Quality Management |
| UN | United Nations |
| USP | University of the South Pacific |
| VAT | Value added tax |
| WTO | World Tourism Organisation |
| WTTC | World Travel & Tourism Council |

# ABSTRACT

This research examined how performance measurement systems (PMSs) are used by Fijian small and medium enterprises (SMEs) in the tourism industry, specifically in the accommodation sub-sector. The study has three main research objectives: 1) to determine the influence of a number of factors (environmental uncertainty, ownership (by ethnicity), size and strategy) on the use of PMSs by Fijian SME tourism firms; 2) to examine how Fijian small and medium enterprise (SME) tourism firms use PMSs; and 3) to investigate the influence of the use of PMSs on four organisational capabilities (i.e. teaming of resources, organisational routines, entrepreneurship and innovativeness) and overall organisational performance. A new comprehensive theoretical framework was developed for this study, by drawing on three existing frameworks and/or theories, namely contingency theory, Simons' levers of control (LOC) framework and resource-based theory (RBT).

This study adopted a mixed-methods approach using semi-structured interviews and online and postal surveys. Interview data was analysed using NVivo (version 10), whilst survey data was analysed using Structural Equation Modeling with Partial Least Squares (PLS) method. The results showed that the four contextual factors examined (perceived environmental uncertainty, ownership (by ethnicity), size and strategy), all influenced the use of PMSs, diagnostically and interactively and either directly or indirectly. This study found that the use of PMSs had influenced organisational performance indirectly, by way of organisational capabilities, namely the teaming of resources and planning and control routines.

This research contributes to the advancement of the management accounting literature on PMSs in SME tourism ventures, in a developing nation context, using a novel theoretical framework. Practically, this research provides SMEs with an enhanced understanding of the circumstances in which different uses of PMSs are appropriate, to support effective business management. The study's findings also have implications for policy-makers related to SME development and growth in the tourism industry.

# DECLARATION

I certify that the work in this thesis entitled "Performance measurement systems in Fijian small and medium enterprises in the tourism industry" has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree to any other university or institution other than Macquarie University.

I also certify that the thesis is an original piece of research and it has been written by me. Any help and assistance that I have received in my research work and the preparation of the thesis itself have been appropriately acknowledged.

In addition, I certify that all information sources and literature used are indicated in the thesis. The research presented in this thesis was approved by Macquarie University Faculty of Business & Economics Human Research Ethics Sub Committee, reference number: 5201200637(D).

Lusiana Savuciri Moceiwai Kanainabogi

July 2015

# ACKNOWLEDGEMENTS

Last but not the least, I deeply thank my family: my two daughters, Tara and Maraia, and my beloved husband, Josefa. You have travelled this PhD journey with me, through the good and challenging times. The sacrifices that were made to allow me to focus on my thesis is truly appreciated. A big thank you to Tara for helping me with the mammoth task of the final thesis formatting and checking. I couldn't have made it without the tireless support, tolerance, prayers and love that you each gave to me.

# 1 Introduction

## 1.1 Chapter Overview

This chapter provides an overview of this study which examined the use of performance measurement systems (PMSs) in Fijian small and medium enterprises (SMEs) in the tourism industry, specifically in the accommodation sub-sector. It also identifies factors influencing their use of PMSs, and how their use of PMSs influenced their organisational capabilities and overall organisational performance. This chapter is organised as follows: Sections 1.2 provides the background of the study. Section 1.3 discusses the research problem and outlines the key issues that have motivated the study. Section 1.4 outlines the objectives of the study. Section 1.5 discusses the significance of the study, in terms of its research contributions. Section 1.6 describes the research methods underpinning the study. The structure of the remainder of the thesis is outlined in Section 1.7.

## 1.2 Background of the Study

Developing nations, increasingly challenged by the pressures to integrate themselves within the global economy, are embracing small and medium businesses as a vehicle for social and economic development (Arinaitwe, 2006; Fletcher, 2004). The small and medium enterprise (SME) sector is generally regarded as the driving force of economic growth, job creation and poverty reduction in developing nations (Okpara and Wynn 2007). Fiji is a developing and emerging economy where the positive contribution by SMEs[1] towards Fijian economic and social development has been recognised by scholars, government officials and the SME sector. For instance, SMEs have been recognized for their potential to enhance Fiji's growth rate, through their ability to contribute towards employment creation (Gani and Clemes 2010), and to aid in poverty alleviation among disadvantaged communities through self-employment, enterprise initiatives and micro financing

---

[1] Refer to Chapter 2, p. 47-48 for the definition of an SME in this study, based on "number of full-time employees" and "number of rooms".

programs.[2] The Fijian government established in 2002 the National Centre for Small and Micro-Enterprises Development (NCSMED), a statutory organisation whose mission is: "to foster the emergence and development of a strong and sustained national socio-economic movement based on small, micro (and medium) enterprises."[3] The Reserve Bank of Fiji (RBF) has identified micro, small and medium enterprises (MSMEs) as a priority for making economic development more balanced and broad-based. Between 2005 and 2008, the World Bank targeted its assistance to Fiji specifically on SME finance, tourism and financing private sector investments[4] (World Bank, 2009).

The tourism industry has been identified as the fastest growing economic sector in Small Island Developing States (SIDS), primarily comprising African, Caribbean, and selected Asian regions (e.g. the Maldives) as well as Oceania including Fiji, most of which have populations of less than 1.5 million (Ashe, 2005). The potential of tourism as a socio-economic development tool has been acknowledged in prior research (e.g. Saffu et al., 2008; Ashe, 2005). Additionally, the critical role of tourism in achieving several of the United Nation's Millennium Development Goals, such as poverty alleviation and employment creation opportunities (United Nations World Tourism Organisation, 2011; Saffu et. al, 2008), has been recognised. Tourism is well understood to offer potential for growth in SIDs. For instance, according to the World Travel & Tourism Council (WTTC), travel and tourism in the Caribbean in 2005 was expected to generate US$45.5 billion of total demand in economic activity; directly and/or indirectly account for 15.4% of GDP and 2,379,500 jobs (or 15.1 percent of total employment); and is expected to grow by 3.3 percent (and 3.4 percent per annum, in real terms, between 2006 and 2015). For the Oceania region, which includes the Pacific islands and Fiji, comparable figures are: US$128.6 billion of economic activity, with nominal growth to US$221.6 billion by 2015. Demand for tourism was expected to grow by 8.1% in 2005 and by 5.0% per annum, in real terms, between 2006 and 2015 (Ashe, 2005). Furthermore, according to the Tourism 2020 Vision report published by the World Tourism

---

[2] Refer to speech by Minister of Commerce, Mr Tom Vuetilovoni in the Fiji Times, on 16 November, 2005 p. 20
[3] Cited from Strategic Development Plan 2007-2011 at www.mfnp.gov.fj p. 57. In 2003, Cabinet expanded the NCSMED mandate to include medium enterprises.
[4] Financed through International Finance Corporation (IFC) - the private sector arm of the World Bank Group - IFC programme in Fiji is delivered by the Pacific Enterprise Development Facility (PEDF).

Organisation (WTO), international tourist arrivals to the Asia and Pacific region were to increase to 99 million in the year 2000, 205 million in 2010, and 407 million in 2020 (WTO, 2001). By 2020, it was estimated that the region would attract 26 per cent of total international tourist arrivals (WTO 1998). However, this growth potential is overshadowed by sustainable development challenges experienced by SIDS, such as remoteness, susceptibility to natural disasters, excessive dependence on international trade and vulnerability to global developments. In addition, they experience high transportation and communication costs, costly public administration and infrastructure, limited availability of human, institutional and financial resources to manage and use natural resources on a sustainable basis, and ever increasing demographic and economic pressures (e.g. land degradation, industrial pollution, exploitation of marine resources) on existing natural resources and ecosystems (Ashe, 2005).

The Fijian services sector is dominated by the tourism industry, which consists of SMEs contributing directly to household welfare through employment and income opportunities (Gani and Clemes, 2010). It has been recognized that the tourism industry will become a critical pillar of the Fijian economy, evident by its contribution to the Fijian economy, in terms of percentage of GDP (25%) (Duncan et al., 2014); tourism earnings and visitor arrivals figures (see Table 1.1); and employing directly and indirectly an estimated 45,000 people. Table 1.1 revealed that from 2009 - 2012, both visitor arrivals and tourism earnings increased each year, and forecasted figures post 2012 were expected to increase up to 2015. It has the potential to enhance its contribution to the national economy through the promise of greater participation by local people in related commerce and employment (United Nations, 2003). Fiji is therefore committed to strengthening its tourism industry as a significant source of economic and social development, and foreign exchange earnings (Kaynak and Pathak 2006; Narayan 2000). This commitment is evident with the drafting of the Fiji Tourism Development Plan 2007-2016 which identifies, considers and prioritises tourism development, management and marketing strategies for Fiji's tourism industry, in a sustainable manner (Fiji's Fourth National Report to the United Nations Convention on Biological Diversity, 2010).

The statistics in Table 1.1 and the generally positive outlook for Fiji's tourism industry, demonstrate the importance of promoting the development of SME tourism ventures, and how the success of these ventures is vital to the Fijian economy. It is therefore critical to investigate

empirically the status of PMSs among SME tourism ventures in Fiji.

**Table 1.1: Tourism Statistics 2009 - 2015**

|  | **2009** | **2010** | **2011** | **2012** | **2013 (p)** | **2014 (f)** | **2015 (f)** |
|---|---|---|---|---|---|---|---|
| **Visitor Arrivals (000)** | 542.2 | 631.9 | 675.1 | 660.6 | 657.7 | 680.7 | 701.1 |
| **Earnings[5] ($million)** | F$848.9 AUD460.0 | F$976.7 AUD529.1 | F$1286.5 AUD697.0 | F$1300.0 (p) AUD804.6 | F$1318.2 AUD815.8 | F$1392.0 AUD861.5 | F$1433.8 AUD887.4 |

*Source*: **Fiji Bureau of Statistics (website); Ministry of Finance (2014)**
**Note: p – provisional; f - forecast**

## 1.3    Research Problem and Motivation

Fundamental to firms achieving high performance in globalised and turbulent markets is their ability to measure and monitor their performance effectively (Cocca and Alberti, 2010). Effective PMSs play an important role in supporting managerial development in organisations (Garengo et al., 2005). Purbey et al. (2007) summarise the notion of a performance measurement system (PMS) well by asserting that it is a critical organisational process that provides the basis for an organisation to assess how well it is progressing toward its planned and targeted objectives, helps to identify areas of strengths and weaknesses, and facilitate future initiatives aimed at improving organisational performance. For these reasons, several practitioners and researchers have devoted many years of research to this topic. Relevant fields such as accounting, business strategy, operations management, marketing, and organisational behaviour have all discussed and contributed to this field at length (Neely, 1999; Marr and Schiuma, 2003).

A performance measurement system (PMS) is an organisational control system, which consists of "mechanisms (both processes and techniques) designed to increase the probability that people will behave in ways that lead to the attainment of organizational objectives" (Flamholtz et al., 1985 p.38). Flamholtz (1979) describes accounting as an organisational measurement system whose

---

[5] Using currency converter as at 28 December, 2011 of 1.00 F$ = 0.541768AUD (for years 2009 – 2011); and 29 January, 2015 of 1.00 F$ = 0.6189AUD (for years 2012 – 2014).

functions include accountability (stewardship), performance evaluation, and motivation as well as to provide information to management for decision making, planning and control. The "core control system" of an organisation comprises planning, measurement, feedback, and evaluation-reward mechanisms, and together these seek to influence the behaviour of individuals within the organisation. In offering an integrative framework for organisational control, Flamholtz et al. (1985) argue that the core control system is embedded in a wider control context comprising contextual variables like organisational structure, organisational culture, and the relevant external environment. Hence, the control context may either facilitate or inhibit the effectiveness of the core control system in coordinating human efforts toward the attainment of organisational goals. Starting to measure and deciding what to measure, how to measure and what the targets will be, are all acts which influence individuals and groups within the organisation. A PMS is therefore an integral part of the management planning and control system of the organisation being measured (Bourne et al., 2003).

Given the significance of SMEs, it is surprising that relatively little is known about their use of PMSs (Watts et al., 2009). PMSs in SMEs are under-researched and under-developed (Sharma and Bhagwat, 2007; Garengo and Bititci, 2007). SMEs, in general, experience a high failure rate, and their survival and growth can depend to a large extent on the quality of their performance management systems[6] (Perera and Baker, 2007; Davila and Oyon, 2009). There is limited research undertaken on the use of PMSs in SMEs, and the published research exhibited mixed results. For instance, empirical studies on the use of PMSs in SMEs have found that SMEs use: i) a combination of formal and informal control systems[7] (Oriot et al., 2010); ii) few key performance measures (Oriot et al., 2010); iii) more non-financial measures than financial measures, either way linked to few strategic priorities (Oriot et al., 2010; Langfield-Smith, 1997); iv) financial measures more

---

[6] PMSs is a component of performance management systems.

[7] A formal control system consists of rules, procedures and plans to direct and motivate employees to achieve organisational goals. Examples include cost accounting systems, management accounting systems, and human resource systems. Informal control systems are unwritten and implicit. Examples include unwritten policies of the organization, shared values and organisational culture (Langfield-Smith, 1997).

widely used than non-financial measures (Sousa et al., 2006); and v) significantly lower level of PMS use (Sousa et al., 2006; Sharma et al., 2005).

The extant literature on PMSs emphasises a low use of PMSs in SMEs, but little research investigates the reasons why (Garengo and Bititci, 2007). A review of the existing literature indicates that while some research has been undertaken on SMEs in the manufacturing sector, little work has been done on PMSs in the SME service sector (Watts and Preda, 2004; Hudson et Al., 2001). The hospitality industry constituting a component of the service sector is becoming a highly competitive, global industry (Claver et al., 2006). As a result, organisations in this industry are becoming more aware of the need to customise services and service performance to the emerging requirements of the sophisticated global customers. Thus, monitoring, tracking and improving service quality, availability and efficiency are becoming more critical than ever before in hospitality operational service settings (Gomes et al., 2007). Much of the research on PMS use in tourism firms has been conducted in the context of large hotels (e.g. Phillips, 1999; Haktanir and Harris, 2005; Cruz, 2007; Gomes et al., 2007). There is scant theoretical and empirical research to inform us about the nature of PMS use within SME tourism ventures in both developed and developing countries; what there is has been conducted primarily in developed countries. Furthermore, the use of PMSs in the SME sector of developing countries has been a relatively unexplored area in management accounting research. Since a dearth of research exists to inform us about the use of PMSs in SME tourism ventures in Fiji, this study examines the use of PMSs in Fijian tourism SMEs in the accommodation sub-sector.

An essential starting point to understanding the use of PMSs in SMEs is to consider the factors that may influence a firm's use of a PMS. This approach is not, however, very common in the PMSs literature (Garengo and Bititci, 2007). The contingency theory of management accounting argues that there is no universally applicable system of management control but that the choice of appropriate control techniques will depend upon the circumstances surrounding a specific organisation (Otley, 1999, Chenhall, 2003). Accordingly, there is no universal "best" design for a management accounting information system, but "it all depends" upon situational factors (Otley, 1999; p.416). Therefore, based on the assumption that various factors influence the use of PMSs in SMEs, the contextual factors deemed relevant to this study's contextual setting and studied were the environment, ownership (by ethnicity), size and strategy.

As previously indicated, the Fijian environment in which the tourism SMEs operate has been affected by political instability, national and global economic challenges, and natural disasters. The prevalence of these contextual factors may create uncertainty within the environment external to the SMEs. Given the importance of the tourism industry to Fiji, the development plans and their inherent policies may also influence the environment in which these SMEs operate, and in turn may influence their use of PMSs. Ownership (by ethnicity) has been considered as another contextual factor, relevant for examination in this study. Studies in the accounting literature have examined various accounting issues related to cultural differences, and in some instances, culture has been operationalised as one's ethnic background (e.g. Cable and Patel, 2000; Chand and White, 2006; Chand, 2012). The multi-cultural setting of this study presents an opportunity to examine whether the ethnicities of the SME tourism Owners/Managers influence their business operations, and particularly their use of PMSs. There are two major ethnic groups in Fiji, namely, Indo-Fijians and Indigenous Fijians. A third but minority ethnic group consists of individuals of European descent. These three ethnicities of SME Owners/Managers are examined in this study, which have yet to be examined in the contingency theory literature. Choosing size as a contextual factor in this study is relevant given that Fijian tourism SMEs in the accommodation sector are predominantly small in size. This is likely to influence their business operations and their use of PMSs. The adoption of a well-formulated strategy aligned with a dynamic business environment is important for an organisation's survival and prosperity (Pechlaner and Sauerwein, 2002). Given, the importance and utilisation of a well-formulated strategy for organisations, there has been scant research on strategy in SMEs, as most studies have been conducted in large firms (Singh et al., 2008; Garengo and Bititci, 2007; Garengo et al., 2005). In their review of the SME literature, Singh et al. (2008) concluded that SMEs lacked the developing of effective strategies in the past, and that most of the strategies they did develop were formulated for short-term goals. Specifically, in the Fijian context, there are very few studies that investigate strategy, including the strategic planning practices of SMEs (including tourism SMEs) (Singh et al., 2007). Examining strategy as a contextual factor in this study is deemed relevant as the type of strategy developed by the Fijian tourism SME Owners and/or management may also influence their use of PMSs.

Drawing on Simons' levers of control (LOC) framework, this study also argues that PMSs can be used in two different ways, namely, diagnostically and interactively, depending on the context

within which they operate. Drawing on resource-based theory, it is argued here that such use of PMSs can influence various organisational capabilities (innovativeness, entrepreneurship, teaming of resources and organisational routines[8]), which would in turn affect organisational performance. The management control system (MCS) and PMS literature has devoted little attention to examining the influence of MCS, including PMS use on organisational capabilities and organisational performance (Henri, 2006a). The literature has acknowledged the small but growing body of management accounting literature on MCS and PMS use, and its influence on organisational performance (e.g., Abernethy and Brownell, 1999; Bisbe and Otley, 2004; Widener, 2004; 2007). Simons (1995) classifies the levers of control into beliefs systems, boundary systems, diagnostic control systems, and interactive control systems. The diagnostic and interactive uses of PMSs are deemed relevant to this study, given the nature of SMEs. According to Simons (1995), diagnostic control systems represent the traditional MCS, designed to ensure the achievement of predictable goals. They are the formal information systems that managers use to monitor organisational outcomes and correct deviations from preset standards of performance, commonly referred to as *ex post* monitoring. On the other hand, interactive control systems are formal information systems managers use to involve themselves regularly and personally in the decision activities of subordinates (p. 95). Consequently, a diagnostic use limits the role of PMSs to a measurement tool, while an interactive use expands its role to a strategic management tool (Henri, 2006a; Kaplan & Norton, 2001). Haas and Kleingeld (1999) point out that the diagnostic use of PMSs may not be an end in itself but a necessary means to initiating strategic dialogue and interactive use of PMSs. Hence, this study determines how Fijian SME tourism firms use PMSs diagnostically or interactively, or a combination of the two.

Henri (2006a) has made one of a few studies to explore the relationship between MCS and strategy with the application of resource-based theory (RBT). The two uses of PMSs – diagnostic and interactive  are examined to determine their effect on the development of capabilities that, under the RBT, is a fundamental factor in enhancing organisational performance. The resource-based view of the firm suggests that its unique resources and capabilities lead to a sustained competitive

---

[8] Organisational routines are defined and discussed in Chapter 3, p. 86.

advantage, which in turn contributes to improved firm performance. The findings provided by the MCS-strategy stream of research remain ambiguous. These ambiguous results, according to Henri (2006a), can be attributed in part to the absence of a theoretical framework founded on the resource-based view, and to the limited attention devoted to the different ways management makes use of MCSs, including their uses of PMSs. This study fills this gap by examining the influence of PMS use on organisational capabilities (e.g. innovativeness, entrepreneurship, teaming of resources and organisational routines) from a resource-based view, and overall organisational performance perspective.

In summary, the important socio-economic development roles of SMEs in the Fijian tourism industry in play at both the national, community and individual level have provided the impetus to undertake this study. This research is motivated by the fact that SMEs play an important socio-economic development role in developing countries, including Fiji. Secondly, it is motivated by the importance of the tourism industry to Fiji's economy and the important contribution that SMEs in the tourism industry can provide to enhance the growth of the Fijian economy. Thirdly, the understanding of PMSs in the SME sector of developing countries has been a relatively unexplored area in management accounting research. Even in developed countries, management accounting research has focused more on large firms, as researching SMEs appeared unattractive or 'unfashionable'. This perception of SMEs by accounting researchers has been influenced by their small size, and variation in their characteristics and capabilities. Further, many SMEs do not have formal accounting systems nor the resources to implement them, resulting in no or little formal management accounting to research (Mitchell and Reid, 2000). Fourthly, there is a dearth of research to inform us about how PMSs are used in SME tourism ventures in developing countries. Finally, this study contributes to the PMSs literature in the context of service industry in a developing country.

Hence, in the present era of globalisation, characterised by dynamic and competitive business environments, this research is timely for a developing nation like Fiji, as it explores and evaluates the PMSs of tourism SMEs. Being a critical business function, if PMSs are designed and implemented effectively in tourism SMEs, their operational performance may improve, and their ability to survive, grow and contribute to the well-being of the country may be realised. The primary motivation of this study therefore, is to extend or refute the international literature on PMSs

9

in SMEs. Additionally, no study has been conducted to inform us about the nature of PMS use by SMEs in the Fijian environment, which makes this research a worthwhile undertaking. In being able to measure their performance, it is argued that Fijian SME tourism ventures will have a clearer pathway to channel their resources and efforts towards their goals and objectives and, hence, enhance their survival and growth.

Based on the issues previously discussed, and our lack of understanding of PMS use among SMEs in Fiji's tourism industry, the aim of this research is to examine how PMSs are used by SMEs in Fiji's tourism industry. Therefore, the research question posed by this research is: How do Fijian SMEs in the tourism industry use performance measurement systems?

## 1.4    Research Objectives

The current study attempts to fill the literature gaps mentioned in the previous section, especially, in the context of a developing county, in Fijian tourism SMEs.  Firstly, it extends previous contingency-based research by using three generic contingent variables and one new contingent variable (i.e. ownership (by ethnicity)), and assesses their influence on PMS use. Secondly, this study extends previous management accounting research by examining how Fijian tourism SMEs in the accommodation sub-sector use PMSs. Thirdly, the study extends previous MCS, including PMS literature, and previous RBT literature by examining the influence of the use of PMSs on four organisational capabilities, two of which are novel capabilities (i.e. teaming of resources and organisational routines) and their influence on organisational performance.

Therefore, this study has three main research objectives:

1.    To determine the influence of the four factors (environmental uncertainty, ownership (by ethnicity), size and strategy) on the use of PMSs by Fijian SME tourism firms;
2.    To examine how Fijian SME tourism firms use PMSs;
3.    To investigate the influence of the use of PMSs on four organisational capabilities (i.e. teaming of resources, organisational routines, entrepreneurship and innovativeness) and overall organisational performance.

## 1.5    Contribution of the Study

The contributions of this research are empirical, theoretical, practical and policy in nature.

**Empirical and Theoretical Contributions**

This research makes a contribution to the advancement of the management accounting literature on PMSs in SME tourism ventures, using contingency theory, Simons' levers of control (LOC) framework, and resource-based theory (RBT), in a developing nation context. With respect to using RBT, this research has the potential to evaluate how the relationships between the use of PMSs and organisational capabilities influences organisational performance of SMEs in Fiji's tourism industry. While previous research has used RBT as a lens to research entrepreneurship (e.g. Alvarez & Busenitz, 2001) and is an influential framework in the strategic management literature (e.g. Barney et al., 2001; Hoopes et al., 2003), only a few researchers have used RBT in a management accounting setting (e.g. Henri, 2006a). In particular, Henri explored the relationship between capabilities and MCS for the first time, in particular the diagnostic and interactive use of PMSs, and its influence on organisational performance. Hence, this research has the potential to build on Henri's study and to explore the relationship between PMS use and organisational capabilities, which itself influences strategy and firm performance among SMEs, using RBT in the tourism sector of a developing country.

This research will also redress the paucity of research on PMS use among SMEs in the tourism industry, in a developing and emerging country context.  It fills the empirical literature gap.

Very few empirical studies have been conducted on the performance of SMEs in developing country contexts. These include a study of performance of micro-enterprises in Ghana by Masakure et al. (2009); one study on the contribution of human capital and RBT to SME tourism venture performance in Ghana by Saffu et al. (2008); and two studies on the performance of small hotels in Tanzania (e.g. Sharma and Sneed, 2008 and Sharma and Upneja, 2005). None of these studies evaluates the nature and use of PMSs in SMEs in a developing and emerging country context. Hence, this study may propose a theoretical model based on RBT and its influence on PMSs among SMEs in Fiji's tourism industry.

**Practical and Policy Contributions**

This research has the potential to determine the factors that may influence the adoption and use of PMSs by Fijian SME tourism ventures, which have yet to be determined. It provides deeper insights into the effects of various internal and external factors on PMS use by SME tourism ventures in the Fijian context. Government officials, tourism agencies, accounting professionals, donor agencies, training providers and financial institutions may be alerted to develop policies and programmes, and to direct resources to empower SME tourism ventures with the requisite capabilities and/or resources to enhance their ability to measure and manage effective PMSs.

## 1.6    Research Method

To answer the research question and accomplish the objectives of the study, the researcher has taken a mixed methods approach, specifically case studies and a survey. Management accounting research conducted within the positivist paradigm has shown increasing recognition of the need to complement established quantitative methods (e.g. surveys) with a greater or lesser element of qualitative method (e.g., case study-based research), known also as 'method triangulation'. The combined use of case study and survey methods is the most common form of mixed methods research in management accounting research (Grafton et al., 2011; Modell, 2005).

The data collection for this research was conducted in two sequential stages. Stage one was the qualitative approach using in-depth semi-structured interviews (i.e. three case businesses). The use of multiple case studies is becoming a popular research method in SME PMSs research (see Garengo and Sharma, 2014; Garengo and Bititci, 2007; Phillips and Louvieris, 2005; Sharma and Bhagwat, 2007). This stage was conducted between September and November, 2012. The data was analysed using NVivo software (version 10). Stage two was the quantitative approach using an online survey. There were 65 respondents to the survey. The survey was conducted between November, 2012 and January, 2013. The data was analysed using Statistical Package for Social Sciences (SPSS) version 21 and Partial Least Squares of Structural Equation Modelling (PLS-SEM).

## 1.7 Organisation of the Thesis

This thesis consists of eight chapters. This chapter, Chapter one, presented the background of the study, described the research problem and purpose of the study. It also identified the research question and the associated research objectives, and the contributions of this study.

Chapter two concerns the context of the study and provides insights into the Fijian setting. Firstly, a description of the Fijian economic environment is provided. Secondly, an overview of the Fijian tourism industry environment ensues, followed by the contribution of tourism SMEs, government policies, development plans and the programs relating to tourism. A description of the SME environment is then presented, followed by a discussion on the characteristics of Fijian tourism SMEs, specifically related to environment, ownership (by ethnicity), size and strategy.

Chapter three provides a review of the literature relevant to the research question and research objectives of this study. These include literature on PMS use in service industry and in developing countries, as well as the influence of PMSs on business performance, in particular to SMEs. The discussion of the extant literature culminates in the development of a theoretical framework, which draws on contingency theory, Simons' levers of control (LOC) framework and resource-based theory (RBT).

Chapter four discusses the mixed methodology approach used in this research, the design of the research instruments, the data collection process and the approach to data analysis.

Chapters five and six present the results of the case studies and survey respectively. Chapter seven provides a discussion of the findings based on the overall results of this study.

Finally, Chapter eight provides a summary of the study's key findings. It then discusses its empirical, theoretical, practical and policy contributions. Finally, to complete the thesis, the limitations of this research and possible directions for future research are presented and discussed.

# 2    The Context of Fijian Tourism SMEs

## 2.1    Introduction

The importance of the tourism industry to the Fijian economy and the vital contribution small and medium-sized enterprises (SMEs) in this industry could make to enhance the growth of the Fijian economy is the motivation of this study. SMEs have been found to play a significant role in the socio-economic development of developing countries (Okpara and Wynn, 2007), including Fiji (Prasad and Singh, 2013). This chapter provides the context for the study, and offers insights into the Fijian setting. The chapter, firstly, provides a description of the developments and recent changes affecting the Fijian business environment. Secondly, it provides an overview of the nature of the Fijian tourism industry, the contribution of tourism SMEs to this industry, and government policies, development plans and programs relating to tourism. Thereafter, a description of SME tourism ventures is presented, followed by a discussion of the characteristics of Fijian SMEs in the context of environment, ownership (by ethnicity), size and strategy.

This chapter is organised as follows. Sections 2.2 and 2.3 describe the Fijian economic environment and the Fijian tourism environment respectively. In discussing the Fijian tourism environment, Section 2.3 highlights the benefits of the tourism industry and the impediments it faces. Additionally, the section discusses the policies, development plans and programs related to tourism in Fiji, in addition to outlining the sub-sectors in the tourism industry in Fiji. Section 2.4 of the chapter discusses the SME environment in general, and more specifically the Fijian SME environment. Section 2.5 discusses the context of the Fijian tourism SMEs. Section 2.6 provides a summary of the chapter.

## 2.2    The Fijian Environment

The Fijian economy, which is heavily dependent on trade in goods and services, with imports and exports averaging one quarter and over half of GDP respectively during the period 2003–2008, is the second largest economy in the South Pacific region (World Trade Organisation, 2009). Since

1989[9] Fiji has adopted an export-oriented, outward-looking approach with regards to trade relations (i.e. Fiji's main trading partners are Australia, New Zealand, the United States, the United Kingdom and Japan), and as a result, it has a more open economy with increased volumes of both exports and imports (Fiji Trade and Investment Bureau, 2011). Fiji is dependent on a few exports such as sugar, tourism and garments. While the sugar trade has been at the forefront of Fiji's economic development, in recent times the garment and tourism industries have emerged as major businesses (Narayan and Prasad, 2003). Moreover, with the influx of tourists and increased urban drift, the small, micro and medium industries in the commercial sector have increased and have played a major part in the development of Fiji's economy (Kinivuwai, 2005). Sub-section 2.4.1 provides an overview of the Fijian SME environment and the issues affecting this environment.

Fiji's economic growth has been erratic, and generally sluggish, averaging less than 1 percent annually during the period 2004–2009 (see Figure 2.1). Amongst other factors, Fiji's economic stability was also affected by challenges to global economic trends (e.g. the global financial crisis).

**Figure 2.1: Fiji GDP Growth (percent) 2004–2009**
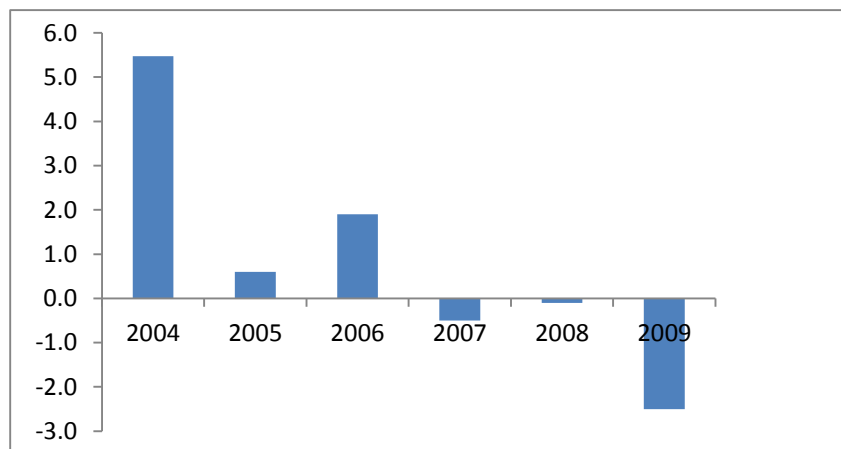


*Source*: **ADB Outlook (2010)**

---

[9] In 1989, the government instigated a policy change as it attempted to diversify away from traditional export markets (e.g. sugar), continue with its economic reforms and attract higher levels of foreign investment (World Trade Organisation, 1997).

Nevertheless, in more recent times, economic growth has improved considerably. In 2013 the GDP growth was 3.6 percent (see Figure 2.2) as the Fijian economy rebounded from poor performances in agriculture and mining, and the damages caused by severe flooding in early 2012.

It has also been suggested that the positive economic performance of the Fijian economy in 2013 was stimulated by an expansion of government expenditure to rehabilitate and upgrade the country's road network, and furthermore by increased domestic investment and consumption. Additionally, business confidence continued to strengthen as clear progress had been made toward the country's impending general elections, which were scheduled for September 2014 (Fiji Bureau of Statistics, ADB estimate c.f. Asian Development Outlook, 2014).

**Figure 2.2: Fiji GDP Growth (%) 2009–2015**
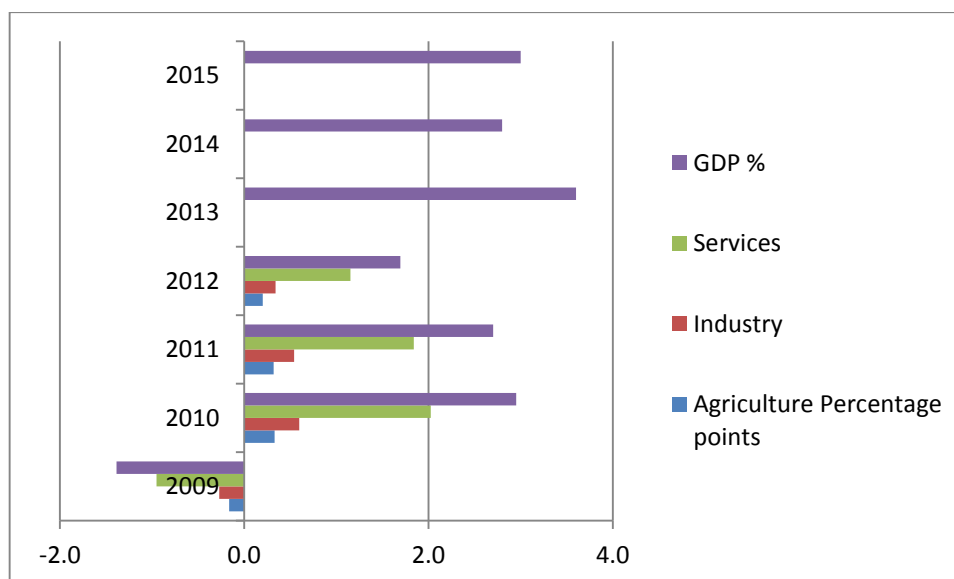


*Source*: **ADB Outlook (2014)**
**Note: GDP % for 2014 and 2015 are forecasts.**

However, compared to most other Pacific Island countries (PICs) such as Kiribati, the Solomon Islands and Vanuatu, Fiji's economic performance over the years, measured by GDP, has been poor (World Bank, 2009)[10]. Factors that have contributed to Fiji's dismal economic performance

---

[10] Sourced at: http://siteresources.worldbank.org/INTPACIFICISLANDS/Resources/PacificIslandsbooklet2009.pdf; and http://data.worldbank.org/indicator/AG.LND.TOTL.K2 (20 January, 2011)

between 2004 and 2009 include the effects of political turbulence (i.e. two political coups in 2000 and 2006) and poor performances in most sectors of the economy. For instance, the effect of the military coup in December 2006 resulted in low investor confidence and a loss of assistance from traditional donors and multilateral agencies (ADB Outlook, 2010). Additionally, the global financial crisis severely affected Fiji's trading partner economies (including the United States, Europe and Asia), suppressing visitor arrivals and leading to poor performance in most of the tourism-related sectors of the economy. The other major contributors to the sluggish growth rate include underperforming exports, lower foreign currency remittances, reduced investment levels and increasing imports (Fiji National Assessment Report, 2010). Furthermore, Fiji, like other PICs, is susceptible to natural disasters, and the country experienced severe flooding in January 2009 (and again in early 2012), resulting in damage to crops and infrastructure that cost around 5.3 percent of GDP (ADB Outlook, 2010). Such disasters have had further negative effects on various industries, including tourism.

The extended decline in GDP and constraints to Fiji's economic growth are also attributed to problems with access to land, weaknesses in the public sector and a decline in the important sugar industry. Growth projections for Fiji in 2010–2013 were estimated at a further reduction of 0.5 percent, a slight increase of 0.5 percent (later revised up to 1.2 percent), 1.2 percent and 1.7 percent respectively (ADB, 2010, 2012). The expected positive growth from 2011 was due to improved performances in tourism and exports in 2011. Despite the severe floods in the first quarter of 2012, stronger growth in the mining sector and increased outlays from infrastructure projects funded by Fiji's development partners were contributing factors to Fiji's positive economic growth rate. In 2013, GDP growth was forecasted at 1.7 percent as a result of expected continued growth in construction, mining and tourism (ADB, 2012). In contrast, actual GDP growth rates surpassed projections in 2010–2013 (i.e. 3 percent (2010); 2.7 percent (2011); 1.8 percent (2012); and 3.5

percent (2013)) (Data.worldbank.org, 2015; Fiji Bureau of Statistics, 2014). Hence, these GDP figures indicate that the Fijian economy had performed better than expected.[11]

While Gani and Clemes (2010) found that the overall economic performance of PICs measured in terms of GDP growth has been less than impressive over the last two decades, compared to other PICs, the growth forecasts for Fiji in 2010–2012 were particularly unfavourable. Table 2.1 presents forecasted and actual GDP growth rates in selected PICs over the period 2010–2012. As shown in Table 2.1, the growth forecasts for Fiji during this period were lower than for almost all other PICs, who were expected to grow at a higher rate over this period. However, as previously established, in Fiji's case, actual GDP growth rates surpassed forecasted rates.

**Table 2.1: Real GDP Growth Forecasts for Selected PICs (percent)**

|  | 2010 | 2010 | 2011 | 2011 | 2012 | 2012 |
|---|---|---|---|---|---|---|
|  | **Forecast** | **Actual** | **Forecast** | **Actual** | **Forecast** | **Actual** |
| **Fiji** | 0.1 | 0.1 | 1.5 | 1.9 | 1.0 | 2.3 |
| **PNG** | 7.1 | 8.0 | 8.0 | 9.0 | 6.0 | 8.0 |
| **Samoa** | 1.4 | 0.4 | 3.0 | 1.4 | 2.2 | 2.9 |
| **Solomon Islands** | 3.6 | 7.0 | 6.0 | 9.0 | 8.5 | 3.9 |
| **Tonga** | -1.2 | 3.3 | 1.0 | 2.9 | 1.2 | 0.8 |
| **Vanuatu** | 2.8 | 1.6 | 4.2 | 1.4 | 4.4 | 2.3 |

*Source*: **Forecast data: ANZ Pacific Quarterly (February 2011, p. 9)**
**Actual data: World Bank Development Indicators Database (2010–2012)**

An important issue relating to socio-economic development in Fiji is the way income is distributed. This has been the most difficult challenge facing Fiji and its people and also the greatest obstacle to the pursuit of sustainable socio-economic growth (Fiji National Assessment Report, 2010). Currently, Fiji is ranked 88th (out of a total of 187 countries) on the United Nations (UN) Human Development Index (Hdr.undp.org, 2015), compared to 2005 when it was ranked 96th. Subsistence livelihoods were still common, especially in rural areas, where some 50 percent of the population live. Fiji was ranked 50th out of 108 developing countries in 2005 on the UN Human Poverty Index

---

[11] The positive trend in Fiji's economic growth in 2010–2013 is important to note, as these years would have influenced the performance of the respondent firms investigated in this study. Further, a majority of the fieldwork was carried out in the latter part of 2012 and January 2013.

(World Trade Organisation, 2009)[12]. The data on poverty in Fiji are captured by the Household Income and Expenditure Surveys (HIES), with the two most recent surveys having been conducted in 2002–2003 and 2008–2009.

On the basis of the 2008–2009 HIES, 31 percent of the population (19 percent in urban regions and 43 percent in rural areas) were estimated to be living in poverty. When compared to the 2002–2003 HIES, where 35 percent of the population (28 percent in urban regions and 40 percent in rural areas) were estimated to be living in poverty, this is not a significant improvement. Further, Fiji remains a society with deep income inequalities (Fiji National Assessment Report, 2010). These social issues exacerbate the Fijian economy's poor economic performance, and pose additional challenges for the developing island nation.

The key macroeconomic issues addressed by the Fijian government include: restoring its economy to include the maintenance of macroeconomic stability; increasing exports; advancing domestic production, and foreign and domestic investment; and making more land available for social and economic development (Fiji National Assessment Report, 2010). To support these initiatives, the Reserve Bank devalued Fiji's currency in April 2009 to protect its foreign reserve position and to improve the competitiveness of Fiji's exports and services, particularly tourism.

In summary, Fiji's economic and political environment has undergone much turbulence, shaped by both external and internal events. SME development in Fiji's tourism industry has the potential to play an important role in rehabilitating and enhancing Fiji's economy, and fulfilling several of the government's objectives. The next section provides an account of the importance of the tourism industry to the Fijian economy, and the contribution that SMEs in the tourism industry could make to enhance the growth of the Fijian economy. It also provides background information on the Fijian tourism industry to establish a context for this study.

---

[12] Figures for later years were not available. In 2010, the UN Poverty Index was replaced by the Multidimensional Poverty Index (MPI), for which data on Fiji were unavailable (Hdr.undp.org, 2015).

## 2.3    The Fijian Tourism Environment

The Fijian economy is mostly a services economy, where the services sector has emerged as a key driver of economic growth and development (Narayan and Prasad, 2003; WTO, 2009). According to Table 2.2, the services sector is important to Fiji as it contributes significantly to Fiji's GDP, with an aggregate contribution of 57 percent.

**Table 2.2: 2009 Contribution to GDP by Sector (Constant 2005 Prices)[13]**

| Sector | Percentage of Total GDP Contribution |
|---|---|
| Agriculture and forestry | 10 |
| Fishing | 3 |
| Mining and quarrying | 0 |
| Manufacturing | 14 |
| Electricity and water * | 1 |
| Construction * | 3 |
| Wholesale and retail; Repair of motor vehicles, motor cycles and personal and household goods * | 11 |
| Hotels and restaurants * | 5 |
| Transport, storage and communication * | 15 |
| Financial intermediation * | 9 |
| Real estate and business services * | 10 |
| Public administration and defence | 9 |
| Education | 5 |
| Health and social work | 2 |
| Other community, social and personal service activities * | 3 |
| **Total** | 100 |

*Source*: **Fiji Bureau of Statistics (2010)**
**Note: * These sub-sectors represent Fiji's services sector.**

The services sector is also important because of its contribution to national employment, where, in 2006 alone, it employed 77 percent of total paid employment (see Table 2.3).

---

[13] The Fiji Bureau of Statistics (FBOS) revised GDP data for 2006–2008 under a new base year of 2005. The 2005 GDP rebase takes into account structural changes to the economy from 1995 (previous base year) to 2005. In real terms, GDP is now reported in 2005 prices (Fiji National Assessment Report, 2010*).*

**Table 2.3: 2006 Paid Employment by Sector[14]**

| Sector | No. of Workers (Wage and Salary Earners) | Percentage of Total Contribution |
|---|---|---|
| Agriculture, forestry and fishing | 1,604 | 1.2 |
| Mining and quarrying | 2,154 | 1.6 |
| Manufacturing | 27,199 | 20.2 |
| Electricity and water * | 2,258 | 1.7 |
| Construction * | 9,337 | 6.9 |
| Wholesale and retail trade * | 30,226 | 22.4 |
| Transport and communication * | 10,828 | 8.0 |
| Financial and business services * | 9,388 | 7.0 |
| Community, social and personal services * | 41,860 | 31.0 |
| **Total** | 134,854 | 100 |

*Source*: **Fiji Bureau of Statistics (2012)**
**Note: * These sub-sectors represent Fiji's services sector.**

It should be noted that the nature of tourism within the services sector is fragmented. The tourism sub-sector consists mostly of retail trade, hotels and restaurants, personal services and, to some extent, transport. These sub-sectors of the tourism industry are revisited later in this chapter. However, while tourism is a vital component of the Fijian services sector with significant benefits, it also faces various challenges and obstacles.

## 2.3.1   Benefits of Tourism

There is literature exemplifying the importance of tourism and the reliance thereon by governments that it will lead to economic growth and development (e.g. Ashe, 2005; Markandya et al., 2005; Jayawardena and Ramajeesingh, 2003). For instance, Ashe (2005) proposes that investment in tourism should be mobilised in small island developing states (SIDS) as a priority in their sustainable development and poverty reduction strategies. This call comes amidst the World Tourism Organisation's prediction of growth in the tourism market across Asia and the Pacific, Africa and the Americas in the short, medium and long term. According to Ashe (2005), the tourism sector is the fastest growing economic sector in SIDS. Further, the economic outlook for small,

---

[14] As at January 2015, there were no updated statistics on paid employment on the FBOS website. Rather, 2006 figures were the latest statistics available for paid employment in Fiji (see http://www.spc.int/prism/fjtest/Social/paid_employment.htm) (28 January, 2015)

tourism-dependent island countries looks promising given the direct relationship between the growth of international tourism arrivals and the growth of economic output as measured in GDP. Furthermore, tourism is a major driving force for economic development because of its large potential multiplier and spill-over effects on the rest of the economy, that is, via the tourism supply chain. Tourism supply chains involve many components, not only accommodation, transport and excursions, but also bars and restaurants, handicrafts, food production, waste disposal and the infrastructure that supports tourism in destinations (Tapper and Font, 2004, p. 1).

Fiji is the largest tourist destination in the South Pacific region (Scheyvens and Russell, 2010; Becken, 2005), and the Fijian economy benefits in a number of ways from tourism. Tourism's direct economic contribution is realised as visitors spend money on accommodation, food and drinks, and on local transportation. It also significantly contributes to governments' tax bases and supports government revenue through other fees and charges (Allcock, 2006). Tourism generates employment, stimulates the supplying sectors of tourism (e.g. accommodation, transportation, entertainment, retail, and food and beverage services), and enhances access to foreign direct investment (Markandya et al., 2005). If carefully managed, tourism also offers a sustainable alternative to logging, mining and other extractive industries. Additionally, the benefits of tourism extend well beyond its direct contribution. For instance, it provides income for infrastructure development, supports facilities and services for local communities, develops a local skills base, and encourages conservation of cultural and natural assets. Tourism also provides an opportunity for people to stay on their land and in their own communities. Tourism activities affect cross-sectoral links as it has been recognised to create new markets and new opportunities in, for example, agricultural policy and crop diversification (Allcock, 2006). In this respect, tourism has the potential to stimulate demand in other major economic sectors, including agriculture, fishing and transportation. Its integration into national development plans that highlight the development of inter-sectoral linkages can encourage growth in these other major economic sectors (Ashe, 2005).

Fiji depends on tourism to a large extent for its growth and development (Scheyvens and Russell, 2012; Narayan, 2000). The tourism industry, which is mainly private sector driven, is currently the country's largest source of economic growth and investment, and is the greatest foreign exchange earner. It is also the largest creator of employment, surpassing the traditional export sector of sugar

(Ministry of Finance and National Planning, 2008; Kaynak and Pathak, 2006; Narayan, 2000). Tourism contributes approximately 30 percent to GDP and provides employment directly and indirectly to an estimated 45,000 people (Ministry of Finance, 2011). The industry surpassed its target of 600,000 visitor arrivals in 2010 with revised figures reaching 631,860, as Fiji's Tourism Minister, Mr Aiyaz Saiyed-Khaiyum explained:

> *Fiji tourism enjoyed a bumper year, according to official data, with 631,860 tourists travelling to the country, a 17% increase on the previous year. The figures mean Tourism Fiji hit its 600,000 target two years ahead of schedule* (Travel Weekly, 2011).

With this positive trend, the industry is expected to reach the one billion dollar mark in terms of foreign exchange earnings in 2011 (Ministry of Finance, 2011). In 2011, the actual tourism earnings of F$1286.5 million (A$697.0) surpassed forecasted earnings (see Table 1.1 on p. 4). This result signals positive growth for the tourism industry, despite the challenges it faces, which will be elaborated on in the next sub-section.

The tourism industry has been identified as a key enabler for the Fijian economy to surmount its current challenges. Like other small developing nations, Fiji has traditionally relied on the production of agricultural goods for export and employment generation. However, deteriorating terms of trade, coupled with fluctuating primary commodity prices, have disadvantaged Fiji's bid to export. In addition to this, Fiji has a very narrow resource base and a relatively underdeveloped industrial sector (Narayan, 2000). The failure to diversify its export base, contrary to the expectations of policy makers, has meant that the emphasis has had to be shifted to those sectors in which Fiji has a comparative advantage. In the past, Fijian hopes for economic growth and development have centred on only three sectors, namely sugar, garments/textiles and tourism. However, since the late 1990s, with problems escalating in the sugar and garment/textile sectors, tourism has been identified and hailed as the cornerstone of growth and development. This has been reflected in the actions of government where increasing amounts of government resources have been allocated in favour of tourism (Narayan and Prasad, 2003). To reaffirm its commitment to promoting Fiji as a prime tourism destination, the government doubled its budget allocation to Tourism Fiji in 2009 and has increased its marketing grant from F$13 million (A$7.1 million) in 2005 to F$23.5 million (A$12.8 million) in 2012. A further operating grant of F$3 million (A$1.6 million) was also allocated in its 2011 budget (Ministry of Finance and National Planning, 2009–2013).

**Table 2.4: Visitor Arrivals by Country**

| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Australia | 203,250 | 206,529 | 207,001 | 247,608 | 248,589 | 318,185 | 344,829 | 337,291 |
| New Zealand | 112,932 | 107,277 | 99,744 | 100,018 | 90,898 | 97,857 | 103,181 | 106,122 |

*Source*: **Fiji Bureau of Statistics (2011, 2014)**

Historically, Australia and New Zealand have been Fiji's major markets, supporting the supply of over 40 percent of its tourist arrivals. Other key and potential growth markets include Japan, North America, the United Kingdom, Continental Europe, South Korea and other Pacific neighbours. Emerging tourism markets for Fiji are India, China, Russia and the Middle East (Kaynak and Pathak, 2006). Table 2.4 shows Australia as Fiji's largest market from 2005–2012, followed by New Zealand. The tourism earnings reflected in Table 1.1 saw steady increases in 2009–2011, with a slight reduction in earnings (2.1 percent and 1.6 percent) anticipated for 2012 and 2013 respectively. Despite the expectation of a slight drop in number of tourist arrivals in these latter years, tourist arrivals and tourism earnings are expected to increase in 2014 and 2015 respectively. These statistics confirm the positive growth of the tourism sector in Fiji. Furthermore, these trends reveal how important it is for the suppliers of tourism products, which include SME tourism ventures, to ensure a sustainable supply of services for the various tourism product markets (such as accommodation, tours and ecotourism).

The Fijian government's devaluation of the Fiji dollar is anticipated to result in more positive economic benefits for the tourism industry in terms of Fijian holidays being relatively cheaper and more competitive compared to similar tourist destinations. Other incentives for tourism investors include the tourism tax-free region and tourism tax refund schemes. The adverse impact of devaluation is that it increases the cost of food and beverages at hotels. This presents an opportunity for the agriculture sector to supply hotels with local food in place of imported food items. With the turnaround in the global economy, coupled with massive discounting by hotels and operators, and the exchange gains from the devaluation of the Fijian dollar, both tourism earnings and visitor arrivals are expected to rise in future years (Fiji National Assessment Report, 2010).

These benefits of tourism and the development of tourism enterprises are intended to address the Fijian government's development challenges of poverty reduction and income creation for its people, especially its disadvantaged communities, and help improve their standard of living.

However, despite such benefits, Fiji's tourism industry experiences certain challenges and problems, which in turn appear to negatively influence the potential benefits of tourism (Scheyvens and Russell, 2012).

### 2.3.2 Impediments to the Growth of Fiji's Tourism Industry

There are several key impediments to the growth of the Fijian tourism industry. These include a sustained period of political instability, misguided tourism policies (Narayan and Prasad, 2003) and natural disasters. It is widely known that political instability has a direct and negative impact on tourism activity (Hall, 2010; Thapa, 2004). Since 1987, Fiji has undergone four coups and 15 changes of government (Narayan and Prasad, 2007). Such negative incidents have both economic (e.g. drop in visitor arrivals, tourism earnings and economic growth in an economy heavily dependent on tourism) and social (e.g. increased unemployment as tourism businesses experience low occupancy) implications. According to Fletcher and Morakabati (2008), "the winners from the political instabilities of places such as Fiji … are their competitor destinations" (p. 554). Other tourist destinations in the South Pacific such as Samoa and Vanuatu would gain from tourists' decisions not to visit Fiji due to the political instability. Additionally, the global tourism market is vulnerable to many external factors (e.g. world recession, terrorist attacks and wars). According to Mahadeven (2009) the recovery of the Fijian tourism industry from the effects of the December 2006 coup was stifled by the world recession. Nevertheless, this damaging effect may be short-lived as demands on tourism increase once the crisis is overcome (Coshall, 2003). Despite Fiji's sustained period of political instability and the economic and social consequences, researchers have found that tourism industry stakeholders have been able to launch recovery strategies such as heavy promotion and restoring investor confidence (King and Berno, 2002; Fletcher and Morakabati, 2008).

Tourism is also vulnerable to natural disasters, such as earthquakes, tsunamis, floods, droughts and cyclones (Becken, 2005). Although flooding is common in Fiji, the incidence of such events, particularly in the Western Division, has increased in "magnitude and duration over the past five years" (Nunn, 2010, p. 245). In late March 2012, severe flash flooding caused loss of life and widespread damage to property, businesses and community infrastructure in and around Fiji's main international tourism destination, Nadi. This presents a significant challenge to the long-term

25

sustainable development of the country, especially in high-risk locations such as Nadi, which is home to the core pillars of the Fijian economy (McNamara, 2013).

Another major challenge affecting the industry relates to high-income leakage out of the country. About 60 percent of tourists' expenditure is estimated to leave Fiji (Levett and McNally, 2003). A common reason for this outflow of income is the high proportion of foreign ownership in accommodation (e.g. hotels) and tourism-related activities. For instance, the bulk of tourism-related food consumed is imported (Narayan and Prasad, 2003). According to the Ministry of Finance and National Planning (2009), the tourism industry imports around 80 percent of its total food supplies. This represents a significant outflow of foreign income and denies local farmers and food producers the opportunity for potential employment and income (p. 87). Minimising this foreign exchange leakage is a challenge for many tourism-dependent developing nations, and Fiji is no exception. However, such challenges present opportunities for local investors and SMEs to engage in tourism businesses (Scheyvens and Russell, 2012).[15]

Despite these difficulties, the tourism industry continues to thrive and meet its anticipated benefits, which are important for Fiji's economic and social development. The Fijian government has realised that sustaining tourism growth is critical for the economy, and over the years the government has introduced various policies and initiatives to promote the tourism industry in Fiji. The next sub-section provides an overview of government policies and initiatives pertaining to the tourism industry.

---

[15] In their study on tourism and poverty alleviation in Fiji, the authors argue for equitable development of tourism in Fiji through policy by the Fijian government to engage the local population in ownership of tourism businesses or provide a voice for them in tourism planning and management, so that the pro-poor potential of tourism is significantly impeded.

### 2.3.3    Tourism Policies, Development Plans and Programs

Given the importance of the tourism industry to the Fijian economy, since 1970 (the "post-independence era") the government has continuously increased its emphasis on the development of the industry through various policies, development plans, targeted programs and budget allocations. Historically, in the Fijian context, government policies in almost all areas at the national and sectorial levels have been directed at facilitating tourism development (Economic and Social Commission for Asia and the Pacific, 2003). In general, these government policies have focused on five main objectives: i) the encouragement and facilitation of tourism development through the provision of incentives and infrastructure; ii) the maximisation of the value of tourism earnings for the Fijian economy; iii) the promotion of greater local participation in all sectors within the tourism industry; iv) the utilisation of integrated planning of tourism development; and v) the promotion of education and training relevant to the tourism industry (Economic and Social Commission for Asia and the Pacific, 2003). The emphasis of the Fijian government on tourism development as a key issue in its development policies and programs highlights the importance of undertaking a study of the tourism industry.

Currently, the Fiji Tourism Development Plan 2007–2016[16] provides the strategic directions for Fiji's tourism development over a ten-year period. Specific tourism policies forming part of this development plan include: marketing Fiji tourism to boost visitor arrivals and diversify source markets through the Fiji Visitors Bureau (now called Tourism Fiji); strengthening linkages with the rest of the economy (particularly the agriculture and fisheries sector) to increase the retention of the tourist dollar through greater local participation and greater use of local inputs; and enhancing Fijian participation, particularly in rural areas, through the encouragement of small business commercial activities focusing on secondary tourism activities with direct links to established tourism plants (Ministry of National Planning, 1997; Ministry of Tourism Annual Report, 2002–2003). These tourism policy initiatives continue to be pursued at the time of writing. The Fijian government has been criticised for not expediting this process, in particular the building

---

[16] The current Tourism Development Plan 2007–2016 was prepared on the basis of two phases, which includes a recovery period for 2007–2009. The military coup occurred on 5 December 2006 so the recovery period is necessary to combat the effect of the coup on the tourism sector.

of links between tourism and associated sectors such as construction and agriculture, if it wishes to increase the benefits of tourism for the poor, and across local communities (Scheyvens and Russell, 2010; Mahadevan, 2009).

With respect to targeted tourism programs and/or assistance schemes, the Fijian government has targeted the development of ecotourism through various initiatives such as grants for local people. For instance, the Fijian government's support for ecotourism was reported in an excerpt from a newspaper media release, quoting Fiji Visitors Bureau's (now Tourism Fiji) Chief Executive, Mr Viliame Gavoka:

> *… ecotourism was a growing segment and the government has adopted five principles to guide ecotourism development which requires sustainable, culturally sensitive, ecologically sound and nature based, educational and importantly involves local people. In 2003 the government funded 44 projects from the ecotourism grant of AUD278 000 (F$500 000)[9], 12 projects from Integrated Human Resources Development Program for Employment Promotion (IHRDPEP) and 15 projects from Tourism Seed Capital Revolving Fund (SCARF)of AUD381 325 (F$691 169)[17]. The IHRDPEP provides assistance to resource owners wanting to establish tourism businesses. Government has set up SCARF through the Fiji Development Bank (FDB), to finance small, indigenous ecotourism projects* (Fiji Times, 2005).

Furthermore, many incentives are provided for the development of tourism projects, particularly for large-scale hotel projects or capital expenditure, together with duty concessions granted to new hotel developments. Table 2.5 lists several tax incentives targeted at the Fijian hotel industry (Fiji Revenue and Customs Authority, 2014). Income tax exemptions are also available for SMEs in selected sectors, with a maximum turnover threshold of F$500,000 (A$295,000). Those relevant to tourism SMEs include sea cruise and river tour operators, and supportive tourism industry projects (encompassing flora, fauna and other natural characteristics of Fiji, and the history, traditions, culture and ways of life of its peoples). Therefore, targeted tourism development policies, plans and incentives promoted by the Fijian government provide opportunities for potential SMEs to be formed and operate in the tourism industry.

---

[17] As at 16 November 2010 using Google's currency exchange rate conversion calculator.

In 2011, the budget allocated to the tourism industry rose to F$23.5 million (A$12.38 million). During 2001–2005, the Fijian government provided an estimated total direct budgetary assistance of F$74.59 million (A$41.07 million) to strengthen indigenous businesses with appropriate supporting policies and financial assistance. Another incentive for tourists has been the introduction of a Tourist VAT Refund Scheme (TVRS), which took effect from 1 February 2010. This scheme allows foreign passport-holding departing tourists to claim a refund of 12.5 percent (15 percent from 2011) VAT paid on purchases of goods in excess of F$500 (Fiji Government Budget Address, 2010). Hence, the Fijian government has been very active in developing the Fijian tourism industry in terms of infrastructure development, offering incentives and channelling resources to enhance local participation in various entrepreneurial activities.

**Table 2.5: Fijian Hotel Industry Tax Incentives**

| Types of Incentive | Description | Criteria |
|---|---|---|
| 1. Standard allowance | • Investment allowance of 55 percent of total capital expenditure is allowed as a deduction provided there is no shift of tax revenue to other countries.<br>• Losses carried forward extended to eight years. | Applicable to building of new hotels, including renovations or refurbishments or extensions of existing hotel and international retiree facilities. |
| 2. New Short Life Investment Package (SLIP) | • Ten-year tax holiday for capital investments not less than F$7 million (A$4.1158 million).<br>• Import duty exemption on all capital goods (including capital equipment, plant and machinery) not available in Fiji but this does not include furniture or motor vehicles that are used in carrying out the investment. | SLIP incentives also available for retirement facilities and hospital resorts. |
| 3. Backpacker operations | • Income tax exemptions for locally owned backpacker operators with annual sales turnover of F$1 million (A$0.5880 million) or less.<br>• Duty exemption on the importation of raw materials and equipment used for the establishment of a backpacker hotel. | This incentive will only be available to backpacker businesses that are granted the income tax holiday. |

*Source:* **Fiji Revenue and Customs Authority (2014)**

A measure taken by tourism industry stakeholders to mitigate threats caused by natural disasters, which cause environmental uncertainties to tourism SME operators, was the formation of the

Tourism Emergency Management and Communication Taskforce in January 2012. The Taskforce performs two functions. Firstly, it channels information between the tourism industry and government emergency agencies (e.g. the National Disaster Management Committee) and other services. Secondly, it oversees a second group, which comprises global public relations partners who have been given the responsibility for the dissemination of accurate and timely information to international trade and consumer media. The Taskforce is comprised of top management from the various key tourism stakeholder agencies and was in full operation during the 2012 March flood and tropical cyclone in December 2012. Such an initiative reflects the importance placed on a coordinated effort to see the tourism industry through such disasters, and to promptly disseminate information during crises to their customers, namely tourists, travel agencies, airlines and tourism accommodation operators (Ministry of Tourism, 2012).

Improving safety and security has been another priority for minimising risk to industry stakeholders, especially tourists. The first ever consultation between the Ministry of Tourism, key tourism industry stakeholders and the Fiji Police Force was held in June 2012. The objective of these consultations was to ensure the provision of a continually improved safety and security environment for guests, employees, investors and other tourism stakeholders. The resulting Memorandum of Understanding between the Ministry of Tourism and the Fiji Police Force has established a framework for improved tourism safety and security (Ministry of Tourism, 2012).

The next sub-section provides an overview and description of Fiji's tourism sub-sectors and tourism products, which are predominantly supplied by the private sector, including SMEs.

### 2.3.4   Fijian Tourism Sub-sectors

Tourism products offered in the international market are varied, and major categories include transport services (air, land, sea), accommodation, food and beverage services, sports and recreation, retail sales of souvenirs and handicrafts, travel agency services and retail of other goods such as travel handbags, suitcases and alcohol (Department of Tourism, 2007). The tourism sector encompasses a large number of different travel-related activities, including hospitality enterprises, souvenir and craft businesses, travel agencies, transport enterprises, tour operators and tourist guides (UN, 1999). Thus, tourism is seen to overlap with other sectors of the economy, and as such, is treated as a non-clearly identifiable industry (Doessel and Gounder, 1996; Sica, 2005).

Figure 2.3 shows the diverse categories or sub-sectors and range of businesses that exist within Fiji's tourism sector. The sector consists of traditional accommodation-type businesses, retail, wholesale and travel-related businesses, as well as emerging non-traditional ventures such as ecotourism and village-based tourism, where local participation by individuals or communities in the tourism sector is promoted.[18] It is likely that well over 100 indigenous Fijian communities have at least some direct involvement in the country's tourism industry (Harrison and Brandt, 2003).[19] The four key tourism sub-sectors identified in Figure 2.3 form the basis from which the SME tourism ventures for the current research were selected.

Tourism in Fiji is largely resort-based; hence the accommodation sector is the predominant tourism sub-sector in Fiji (Becken, 2005). Like many other tourist-competing destinations, Fiji mainly supplies a resort-style, sand and sea product, as these are relatively easy to develop and service (Department of Tourism, 2007). This standard tourism product has been diversified over the years to include diving, snorkelling, sailing, surfing, water sports, beach activities, and tour or day cruises of surrounding areas. In addition, Fiji has developed some niche activity-based tourism products, such as specific catering for weddings and honeymoons, meetings, incentives, conventions and expositions (MICE), shopping, diving, sports, and cultural event tourism or ecotourism (Fiji Trade and Investment Bureau, 2011). This range of tourism services in Fiji is largely provided by the private sector, and represents a major source of income for the people of Fiji. For instance, high sales of souvenir and handicrafts to tourists indicate the importance of tourism to the rural population given that it is a major source of their income and livelihood (Department of Tourism, 2007). The wide-ranging tourism products that have been discussed in this section illustrate the wide scope of SME tourism ventures that exist for local investors or Fijians to start and grow their tourism businesses.

---

[18] Ecotourism has been defined as "community-based tourism activities" that will enrich tourism and make Fiji a more attractive destination for many tourists (Ministry of Transport and Tourism, Tourism Council of the South Pacific, and Deloitte and Touche, 1997).

[19] All major hotels in Fiji have close links with nearby villages, and usually draw on them for workers (often a condition of leasing land from native landowners) and frequently promoting "village visits" to one or more local communities.

**Figure 2.3: Fijian Tourism Sub-Sectors and Related Tourism Products and/or Activities**

| Nature Tourism or Community/ Village-based Tourism | Hotels and Restaurants | Transport | Retail / Wholesale |
|---|---|---|---|

| **Ecotourism** | **Accommodation** | **Land** | **Water** | **Air** | **Travel agencies and Tour Operators** | . Handicrafts |
|---|---|---|---|---|---|---|
| . Trekking<br>. Bamboo raft rides<br>. Thatched hut accommodation<br>.Cultural performances | . Hotels<br>. Resorts<br>. Apartments<br>. Motels<br>. Guest houses<br>. B&B units incl. food and beverage services,<br>. Recreation & conference facilities | **.** Bus and coach, incl. transport activities of sightseeing buses Taxi, mini vans, rental and hire cars. Chartered land transport tour operators and chartered buses | . Sea and coastal water transport<br>. Inland water transport (via rivers, canals) | . Scheduled and non-scheduled air transport | (a.k.a. tourist assistance activities)<br>e.g. Tour guides | . Souvenirs<br>. Duty free shops<br>. Gift shops<br>. Consumer goods |

*Source* : **Fiji Standard Industry Classification (2004 & 2010); Harrison (2003 p.144); (Bricker and Kerstetter, 2000); (Becken, 2005).**

There is little statistical information available on each of the four tourism sub-sectors shown in Figure 2.3. Only the hotels and restaurants sub-sector has published information released by the FBOS. Since 2006, the FBOS has carried out annual surveys of hotels and restaurants defined by the Fiji Standard Industrial Classification (FSIC) and releases an economic survey report, with the most recent survey having been conducted in 2008, and results published in January 2011. Examples of information released include the legal status of the establishments surveyed, the ownership of these establishments, their size (according to number of persons employed), number of persons employed, including by race and gender, and macroeconomic aggregates such as income from sales. According to the FBOS, the need for statistics relating to accommodation and food service activities is justified since:

> *"they account for a substantial proportion of the total economic activity, whether in terms of the sector to the GDP or in terms of its share of total employment ... statistics is therefore needed for the preparation of national accounts so that a meaningful study of the whole economy can be made."* (FBOS Hotels and Restaurants Economic Survey Report, 2011, p. 2).

The recognised importance and contribution of the hotels and restaurants sub-sector in Fiji's tourism industry provides a motivation to further explore this sub-sector in this research. Figure 2.4 shows room occupancy by geographical area, which clearly indicates the regions or areas in Fiji that are popular for tourists, namely the Coral Coast, Suva (the capital city), Mamanuca (in the Nadi off-shore region) and Nadi (in the western side of the country). These popular tourist areas were targeted when selecting the research participants for this study.

## Figure 2.4: 2011 Room Occupancy by Area (percent)



*Source*: **Fiji Bureau of Statistics, 2011**

33
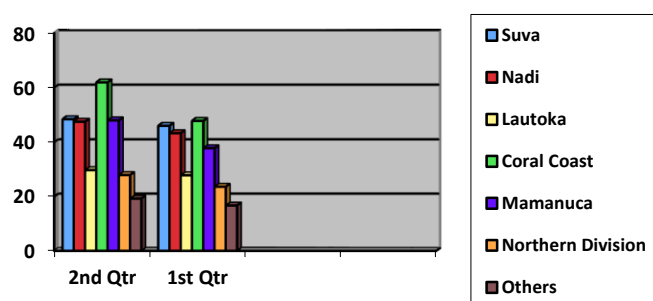
Since this study focuses on tourism SMEs, the next section briefly discusses the characteristics of SMEs and their environment, and is followed by a discussion of the nature of the environment within which Fijian SMEs are operating.

## 2.4    The SME Environment

According to the SME literature, SMEs are defined by their firm characteristics (Seidel et al., 2008). Some of the commonly used definitions are based on a continuum of size (e.g. number of employees, total net assets, sales and investment level). However, the most common basis for definition is employment (Ayyagari et al., 2007). The majority of SMEs: are privately owned and managed by their Owner/entrepreneur (Seidel et al., 2008); have severe resource limitations in terms of management, manpower and finance (Hudson et al., 2001; Berry, 1998); have informal modes of control (Collier, 2005; Davila, 2005; Davila et al., 2009); have flat, flexible structures (Yusof and Aspinwall, 2000); are owned by someone who has a major influence on most strategic decisions (Seidel et al., 2008); are significantly impacted by the Owner-Manager's background, character, values, beliefs and education (Vives, 2005); have simple systems with fewer, less-structured procedures in place for strategic development (Singh et al., 2008); often have an intuitive, implicit short-term focus with little thought for longer-term strategic initiatives (Epstein and Roy, 2000; Julien, 1993); and are characterised by simple and informal communication and information flows (Singh et al., 2008; Julien, 1993).

The firm-specific characteristics of SMEs do affect their business operations and their ability to survive and grow, but environmental factors exacerbate the issue. SMEs in many countries face numerous challenges (Arinaitwe, 2006; Saleh and Ndubisi, 2006). In spite of their many contributions, SMEs are "plagued by high failure rates and poor performance levels" (Jocumsen 2004, p. 659). To ensure sustained development of the sector, it is vital to understand why some SMEs are more successful than others. The SME literature suggests that the challenges faced by SMEs are influenced by both the internal and external factors surrounding the SMEs' operating environment (e.g. Ahmad et al., 2010). The studies that focus on external factors typically examine the role of government in creating an environment that is conducive to SME success. For instance, Benzing et al. (2009) assert that the problems facing entrepreneurs in developing countries are often quite similar. In their view, entrepreneurs in most developing countries face an unstable,

34

highly bureaucratic business environment, and the laws governing private enterprise, especially business registration and taxation systems, are overly complex and difficult to understand. Other problems faced by entrepreneurs in developing economies include a generally weak economy, limited access to financial capital, an inability to hire reliable employees and too much competition (Benzing et al., 2005; Arinaitwe, 2006; Chu et al., 2007; Pratt, 2001). Furthermore, despite many governmental and nongovernmental programs promoting SME development in developing countries, Arinaitwe (2006) highlights that these problems continue to exist and must be overcome in order for SMEs to be successful in today's globalised economy.

In the management accounting research literature, the most widely studied aspect of the environment is uncertainty (e.g. see Chenhall, 2003; Sharma, 2002; Hartmann, 2000; Chapman, 1997; Govindarajan, 1984). The intensity of competition faced by a firm has also been associated with environmental uncertainty (e.g. Khandwalla, 1972). Hence, in the context of SMEs, the effect of the business environment on entrepreneurial activities is important, with evidence suggesting that the way entrepreneurs run their businesses is affected, to a considerable extent, by the environment in which they operate (Gnyawali and Fogel, 1994). In facing changes in the business environment (SME) firms need to have an effective control system to facilitate (Owner)-Managers in managing internal and external factors (Gordon and Narayanan, 1984; Chong and Chong, 1997; Abdel-Kader and Luther, 2008). Moreover, a control system should help the Owner-Manager monitor, control and make decisions pertaining to business operations by providing a broader scope of relevant information to enhance organisational performance (Abdel-Kader and Luther, 2008).

Alternatively, while influences external to the SME environment are relevant to SME development, they alone do not explain why SMEs succeed or fail. The internal factors peculiar to a firm are equally important, and these predominantly relate to the business Owner as the key decision maker influencing business outcomes (Baum and Locke, 2004). Other examples of internal factors identified in the literature include managerial planning and skills (Gaskill et al., 1993), and organisational and individual variables that could affect a firm's performance, which include the organisation's resources and competencies, the organisation's culture, and the way in which the organisation is structured (Covin and Slevin, 1991). Covin and Slevin argue that the availability of organisational resources and competencies such as "monetary resources, plant and equipment, personnel, functional-level capabilities (e.g. manufacturing (g flexibility), organisational-level

capabilities (e.g. ability to get a new product to the market in a timely fashion), and organisational system (e.g. marketing research systems)" (p. 15) can all enhance the likelihood of a firm succeeding. Although organisational variables may be vital to firm performance, it is important to acknowledge that the entrepreneur, especially in SMEs, acts as a gatekeeper, enabling the internal resources of the organisation to be utilised in order to improve firm performance. The critical nature of this gate-keeping role highlights the importance of examining the knowledge, skills, attitudes and behaviours of the entrepreneur, and how these impact upon firm performance (Ahmad et al., 2010). Markman (2007) argues that entrepreneurs are those who possess the knowledge, skills and abilities to be a strategic leader for their ventures, in which their actions influence the ventures' success. They formulate strategy, recognise opportunities and transform these opportunities into business activity (Beaver and Jennings, 2005). Based on the contention that a skilled entrepreneur (Owner-Manager) is one who can manage environmental challenges, this study further explores, in Chapter 3, four specific organisational variables or capabilities in the context of influencing SME tourism ventures' performance: entrepreneurship, teaming of resources, innovativeness and organisational routines.

The next sub-section provides an empirical overview of the Fijian SME environment. It will provide further context for the external environment of tourism SMEs in this study.

### 2.4.1    The Fijian SME Environment

This sub-section provides a discourse on the vibrant nature of the Fijian SME environment and the role of the Fijian government and their initiatives that support the tourism industry. It also provides an evaluation of the current empirical studies that provide further insights for this research.

Tourism SMEs in Fiji are influenced not only by the Fijian economic environment (see Section 2.2) and the Fijian tourism environment (see Section 2.3), but also by the environment of the SME sector in general. As previously discussed, challenged with concerns about employment, job creation, economic growth and international competitiveness in global markets, policy makers in developed and developing countries, including Fiji, have responded by promoting the creation of small and medium-sized businesses as the engine of growth (Prasad and Singh, 2013; Singh et al., 2008). A vibrant SME sector helps promote competition and a culture of entrepreneurship, which

are both conducive for economic growth (Economic and Social Commission for Asia and the Pacific, 2009). Small businesses in the South Pacific dominate the retail, road transportation, tourism and handicraft sectors (Yusuf, 1995). An SME Business Survey held in 2003 found that the SME sector in Fiji reflects the overall structure of the Fijian economy with a bias towards the services sector (50 percent), with manufacturing (20 percent) and trade (18 percent) also important sectors (PEDF, 2003). This suggests that like other developing countries, the Fijian economy consists predominantly of SMEs, with most SMEs operating in the services sector. Prasad and Singh (2013) state that Fiji's SME sector is still at a developing stage, and assisting existing SMEs in the marketing of their products/services could contribute to the growth of the sector.

In 2002, the Fijian government established the National Centre for Small and Micro-Enterprises Development (NCSMED) as a statutory organisation under the Small and Micro Enterprises Act, to coordinate assistance to micro and small enterprises (MSEs) and to support, promote and build the capacity of MSEs to generate income, reduce poverty, improve livelihoods, create employment and contribute to Fiji's economic growth. In 2003, NCSMED received a mandate to include medium-sized enterprises. Services provided by NCSMED include the provision of entrepreneurship and business management training, and facilitating access to funds for small and micro enterprises. Improving access to finance is one of the most common interventions by policymakers and development partners in their efforts to support SME development (Economic and Social Commission for Asia and the Pacific, 2009), with micro financing a key strategy for reducing poverty in many developing countries, including Fiji. Hence, Fijian SMEs have been and are at the forefront of government policy for both previous and current governments, and government resources are allocated in an effort to provide an enabling environment for SMEs to start and grow their businesses.

In addition to the institutional setup via NCSMED, government commitment to strengthening the micro, small and medium-sized enterprise (MSME) environment has evolved with appropriate supporting policies and financial assistance. For instance, there is a forum where MSME stakeholders, including enterprise Owners, service providers and financial institutions meet annually to discuss issues and make appropriate recommendations for policy directions. Since 2009, the Reserve Bank of Fiji (RBF) has been proactive in implementing micro-financing policies. Furthermore, in its 2011 budget address, the Fijian government raised a concern that many Fijian

SMEs are not accommodated by mainstream commercial banks, and it asked banks to reconsider their policy in this respect and to provide the impetus and recognise these enterprises. The recent lobbying by government for commercial banks in Fiji to lend to SMEs is a positive step in addressing the difficulties faced by Fijian SMEs in accessing finance (e.g. Sharma and Gounder, 2011); however, progress is slow (Prasad and Singh, 2013). Adapting Fiji's financial system to also cater for the financing needs of SMEs will further enhance the sustainability of Fijian SMEs, including Fijian tourism SMEs, which is the focus of this study. Such initiatives indicate progressive efforts made by the Fijian government towards enhancing the Fijian SME environment. This trend will benefit the development of new and/or existing SMEs, including tourism SMEs.

An important study commissioned by NCSMED over the period 2008–2010 examined the legislative/regulatory environment in the development of small and micro enterprises in Fiji.[20] The study, which was carried out by a team of consultants, was administered to 164 randomly selected (micro, small, medium, grey (unregistered)) businesses throughout Fiji. The report cites the 2004 economic survey of Fiji by the FBOS, which found that, of the 7,061 enterprises covered, some 48 percent were micro enterprises and another 24 percent were registered as small enterprises, making the small and micro enterprise sector 72 percent of the total. These figures do not include the "grey market" activities carried out across the country by those who engage casually in the cash economy to supplement their income or to obtain money for an otherwise subsistence lifestyle. When medium-sized enterprises were included, the percentage of registration increased to 79 percent. These statistics, although based on available data for one year (2004), confirm the importance of MSMEs in the Fijian economy. The data also provide a useful insight into the potential size of businesses operating in the context of this study.

The critical role of government in creating a more conducive environment for SME development and growth in Fiji is constrained by the lack or non-availability of SME data. While SMEs play a pivotal role in the national economies of both developed and developing countries (Karpak and Topcu, 2010), there is no available data on the percentage make up of SMEs in Fiji and their

---

[20] "Regulatory Impacts on Small and Micro Enterprise Success: Streamlining Legislation and Processes: Fiji 2010", Fiji Institute of Applied Studies for NCSMED.

contribution in terms of employment and GDP. Though some progress has been made in stimulating the MSME sector of the economy, more empirical research is required in order to assist the Fijian government and SME stakeholders in developing effective SME policies, such as SME sectoral policies in key sectors, including tourism (Narube, 2008; Ali, 2008). While some progress has been made in terms of policy initiatives to support SME development, there is a great need to consolidate information about SMEs and have this information fed back to the policy makers to assist them in planning and reviewing policies and programs to foster SME development and growth. This is one of the factors that has motivated this study, and its findings will contribute towards addressing the empirical research gap in relation to SMEs.

The Fijian government has also recognised the potential for SMEs to contribute towards the export of goods and services and to earn foreign currency for the country. In the promotion of exports, Fiji's National Export Strategy (NES) has been implemented to achieve sustainable growth by encouraging exports, competitiveness, value adding and export diversification in areas where there are competitive advantages. The Fijian government has identified 13 key areas within the product and services sectors: agro-business, sugar, forestry, marine products, mineral water and garments in the product sector; and tourism, ICT, audio-visual, financial services, health services, education and training, and labour mobility in the services sector (Fiji Trade and Investment Bureau, 2011). The NES reaffirms the Fijian government's target of making economic growth more broad-based across several key economic sectors, as opposed to being dependent on only a few sectors, which was the case in the past.

Empirical studies into the difficulties faced by SMEs in Fiji are limited, and some studies are dated (e.g. Hailey, 1985; Fairbairn, 1988). Many of the challenges are generic in nature, while others may be unique to the local environment. This is consistent with the notion that the socio-economic and political situations in developed economies like the United States and Australia are quite different from the situations in developing countries (Singh et al., 2007). In the case of PICs, including Fiji, researchers have identified internal and external barriers to business growth and sustainability. External factors include transportation problems, a small domestic market, lack of capital, availability of markets, government support and traditional obligations (Fairbairn, 1988). A recent study by Prasad and Singh (2013) sought to identify the challenges faced by SMEs in Fiji. They found that the main challenges were pricing of goods, production cost, labour cost, insurance

cost, advertising cost, government regulation, threat of new entrants, barriers to entry and bargaining power of suppliers. The increase in costs (e.g. rent, rates, telephone, supplies and bank charges) in recent times was highlighted as disadvantaging small businesses more than large businesses. Findings also reveal that political instability, limited marketing information and high advertising costs weakened the marketing practices of SMEs. Further, the SMEs studied lacked marketing skills and knowledge, with no strategies in place to overcome these problems. Prasad and Singh (2013) suggest that to address these issues, SMEs need to be empowered with the necessary competencies for creating a competitive edge so they are able to achieve sustainable growth in the future. Competition also poses a major threat to small business operators in Fiji (Singh, 2006). Such challenges identified by the Fijian studies may be overcome through the use of PMSs, which is the focus of this study.

The discussion in this section provides further insights into the context of the Fijian SME environment, and contributes to our understanding of the export potential and assistance that exists for SME development and growth in the Fijian economy. Furthermore, tourism is identified as a key player in the services sector. The government policies, strategies and initiatives identified will no doubt provide an environment in which partnerships and dialogue by SME stakeholders will enable further SME development in Fiji. The continued pro-activeness of the Fijian government towards championing SME development policies and programs across key economic sectors of the Fijian economy and liaising with industry stakeholders will contribute to the realisation of the social and economic benefits anticipated by the government and its people. Furthermore, it is expected that these initiatives will address some of the uncertainties that plague the external environment of SMEs in Fiji. The empirical studies, albeit limited, portray an uncertain business environment for SMEs in Fiji, caused by both external and internal factors (e.g. competency of Owner-Managers). Such uncertainty would require regular information to be available to the SME Owner-Managers, so they can develop effective strategies and make informed decisions when situations affecting the businesses change. The use of a PMS can address this.

While the current section provided an overview of the SME environment in Fiji, the next section describes the context within which Fijian tourism SMEs operate, with a special focus on their environment, ownership, size and strategy.

## 2.5    Context of Fijian Tourism SMEs

The context within which various organisations operate affects not only their functioning, but also the effectiveness of their control systems and their overall performance (Otley, 2003). This section discusses the context of Fijian tourism SMEs in terms of their environment, ownership, size and strategy.

### 2.5.1    Environment

The environment in which Fijian tourism SMEs exist and operate is complex. It is encompassed and influenced by factors and events in a three-tiered environment, namely: the Fijian environment (Section 2.2), the tourism industry environment (Section 2.3) and the SME environment (Sub-section 2.4.1). Hence, in addition to the factors identified in the previous stated sections, this sub-section will focus on the environment and challenges faced by Fijian tourism SMEs *per se*. Most of the literature related to management and economic issues in tourism defines the organisational environment as increasingly hostile, volatile, competitive and complex (Chon and Olsen, 1990; Olsen, 1999). Similarly, researchers have primarily described the external environment of hotels as turbulent (Phillips, 1999), unpredictable (Sharma, 2002), unstable (Bergin-Seers and Jago, 2007) and competitive (Phillips and Louvieris, 2005; Sharma, 2002). Consideration of the environment is relevant in this study, as the perceived environmental uncertainty by the Owner-Managers of Fijian tourism SMEs is likely to influence their use of PMSs, and their ability to survive and grow.

The social and economic multiplier effects of tourism (including ecotourism development) have contributed to and improved the standard of living of individuals through local ownership of SME tourism ventures, employees and community (Scheyvens and Russell, 2009). Such are the benefits of promoting local SME tourism businesses; however, they do have their challenges, both at the national and firm levels. Despite the dominance of foreign-owned high-end resorts, these large businesses do co-exist with smaller-scale and locally owned enterprises, which are predominantly owned and operated by Fijian nationals, often of Indian descent (Harrison and Brandt, 2003). Large tourism businesses (e.g. hotel chains, tour operators) are vital to the success of the tourism industry in Fiji, as their branding and marketing alone bring in large numbers of tourists. Ideally, smaller tourism enterprises can benefit from working closely with such businesses by, for example,

providing auxiliary services (e.g. taxi services and supplying local Fijian produce). However, in some instances, these larger businesses exert their power in ways that exploit smaller businesses. For instance, a large transport provider to a popular tourist region consisting of backpacker resorts transports scores of tourists to these islands on a daily basis. However, only backpacker resorts (many of which are owned by indigenous Fijians) that are prepared to pay a 30 percent commission are actively promoted by the transport company. For many small-scale enterprises operating with small margins, this commission is simply not feasible, and so they miss out on potential customers (Scheyvens and Russell, 2010). Hence, it is problematic for local tourism SMEs to market their resorts on their own and attract tourists, and this problem is exacerbated by the difficulty in meeting operational costs and other business obligations.

Fiji's political climate, together with global pressures that affect tourism throughout the world (as indicated in Section 2.3), is a major cause of business uncertainty for tourism SMEs. Further, the commitment of the Fijian government for tourism development to be broad-based and amicable for the start-up and strengthening of local tourism businesses is yet to materialise. Hence, one can expect local tourism businesses to face difficulties and be prone to failure unless such issues are addressed. Such are the complexities faced by Fijian tourism SMEs, making their business environment unpredictable and uncertain.

Researchers have recently called for political stability to secure sustained interest from investors and tourists in Fiji, an integrated government policy in which the government links growth of tourism directly to poverty alleviation across multiple sectors, and the creation of linkages between tourism, agriculture and fisheries to promote the utilisation fresh Fijian produce (Scheyvens and Russell, 2010, 2012). Having a conducive environment in which SME tourism businesses can be formed and continue to be sustainable fits well with this study, as its objective is to enhance the growth of tourism SMEs with the use of PMSs. This includes government providing the means for more local people to have ownership and management roles within the tourism industry, for example, through starting their own small businesses and through joint venture arrangements (Scheyvens and Russell, 2010; Tosun, 2000).

## 2.5.2 Ownership

Ownership is a factor that influences the way in which tourism SMEs in Fiji are operated and managed. Ownership of SMEs is commonly discussed in terms of the legal form of ownership of a business entity (e.g. sole trader, partnership, private company, public company) and ownership based on ethnicity. The SMEs that are considered in this study operate in the formal sector. The formal sector includes enterprises (government and private) that are registered, officially recognised, nurtured and regulated by the state. The formal sector in Fiji constitutes: i) incorporated businesses that comprise private and public limited companies that are registered with the Registrar of Companies; and ii) unincorporated businesses such as cooperatives, sole proprietorships, partnerships and hawkers that are not required to register with the Registrar of Companies but are required to pay a business licence fee annually to the appropriate authorities for the operation of their businesses.[21] SMEs in Fiji have a range of legal forms, including sole traders, partnerships and private limited companies. In contrast, the informal sector operates outside the benefits and regulations of government (Weeks, 1975). It broadly refers to a wide range of economic activities including street food or market vendors, small automotive and machine repair shops, small-scale manufacturing of garments, shoes or handicrafts carried out by single operators outside the regulatory framework of the state (Reddy et al., 2003). However, governments worldwide have begun to see themselves as facilitators in the development of the informal sector (Overy and Piamonte, 1996), and Fiji is no exception. Therefore, the informal sector provides an opportunity for tourism activities that is currently untapped; however, this is beyond the scope of the present study.

In terms of ownership by ethnicity, there are two major ethnic groups in Fiji, namely the indigenous or *iTaukei* group, and the Indo-Fijian group (as confirmed by the 2007 population census).[22]

---

[21] Sourced from "Country Paper: Fiji" prepared by Ms Litia Drodrolagi, Senior Statistician, National Accounts Unit, Fiji Islands Bureau of Statistics for OECD/ESCAP/ADB Workshop on Assessing and Improving Statistical Quality: Measuring the Non-observed Economy, 11–14 May 2004, Bangkok.

[22] The 2007 population census revealed that out of Fiji's total population of 837,271, Fijians totalled 475,739 (57 percent); Indo-Fijians totalled 313,798 (37 percent); and other groups totalled 47,734 (6 percent).

Indigenous-owned businesses consist of two types: family-owned and community-owned. Community-owned resorts (referred to as ecotourism) are common in village-based resorts (McMaster et al., 2004). Otherwise known as *mataqali*-owned resorts, they employ their own members of respective *mataqali* or clan. The resorts are operated according to the decisions of the elders of the *mataqali*. Some critical and important decisions are made by the elders, particularly about the management of the business. The resort management team is usually drawn from members of the *mataqali*. This management structure influences communication channels, information flow and decision making on business matters. Such community-based Fijian businesses, entrenched in indigenous culture, have been criticised for the failure of indigenous peoples to run successful enterprises (Fairbairn, 2006; Saffu, 2003; Hailey, 1985). For instance, Fairbairn (2006) reports that a shortage of entrepreneurial skills, prevalent among indigenous Pacific Islanders, is exacerbated by several factors, namely: i) the absence of an entrepreneurial tradition (and instead, a historical focus on subsistence agriculture in the communities); and ii) community pressures (e.g. demand for financial contributions to meet customary obligations and other village activities, such as building of village churches and schools), heightening the risk of business failure. Owing to the scarcity of indigenous entrepreneurs, Fairbairn (2006) notes that the business community in the Pacific region is dominated predominantly by expatriates, mainly of European and Asian descent, many of whom are associated with foreign-owned companies. This indicates that many of the large businesses in the Pacific region are predominantly foreign-owned, while the Pacific (including Fiji) SME sector is more likely to be predominantly locally owned, with opportunities for its local ethnic communities to start SME business ventures. Interestingly though, Hailey's (1985) study on indigenous business in Fiji stresses that a prerequisite for success is a continued respect for the obligations and communal commitments inherent in the local culture. While Hailey's (1985) findings contradict several empirical studies on this issue (e.g. Fairbairn, 2006), they do strengthen the present study's argument that ownership (by ethnicity) or the cultural orientation of Fijian SME Owner-Managers is a factor that can influence the business practices of firms, including the types of controls and PMSs they adopt.

Over the years, government and the media have examined the failure of indigenous businesses in comparison to those of Indo-Fijians and other local businesses. In her study on the cultural challenges faced by indigenous-owned small to medium tourism enterprises in Fiji, Gibson (2012)

categorises the challenges for indigenous Fijian entrepreneurs as: those relating to conflict in the combination of traditional and western entrepreneurship and business values and culture; and the general lack of business and management skills and experience, lack of training, increased competition and lack of planning, organisation and sustained effort (p. 106). These empirical findings indicate that indigenous-owned tourism SMEs are more susceptible to failure and do face challenges in managing their businesses and competing globally, as a result of their cultural orientation and lack of business competencies. Nevertheless, indigenous family-owned businesses are similar to those of Indo-Fijians and other ethnic groups (e.g. European-owned) in structure, where the immediate family owns the business, and the management team are the Owner(s) and their children. In the case of indigenous family-owned businesses, additional employees (if required) are usually recruited from the members of the *mataqali*, or clan.

Table 2.6 shows the percentage of businesses registered in Fiji that are locally owned, based on the 2004 economic survey.[23] The results of the survey undertaken for this study also show that hotels attract more foreigners or overseas investors compared to the other major economic sectors. This finding provides empirical evidence for the potential of the Fijian hotel sector to have more local investors, and thus provide opportunities for SMEs to exploit business opportunities in this sub-sector.

While there is a lack of published data on the Fijian SME sector (e.g. Devi, 2008), there have been several studies undertaken regarding the characteristics of the SME sector, including ownership type. For instance, a 2003 SME Business Survey was commissioned by the Pacific Enterprise Development Facility (PEDF) across 12 PICs, with the purpose of expanding its understanding of the SME sector and to identify problem areas for targeted assistance. The Fijian SME survey of

---

[23] The researcher found a lack of data on ownership of businesses in Fiji; hence, the FBOS 2004 Economic Survey data, cited in the 2010 study on "Regulatory Impacts on Small and Micro Enterprise Success: Streamlining Legislation and Processes" was used.

301 firms[24] (conducted in April–May 2003) revealed that Indo-Fijians dominated firm ownership amongst the sample (58 percent), followed by foreigners (15 percent) and indigenous Fijians (13

**Table 2.6: Business Ownership**

|  | Hotels | Construction | Electricity | Manufacturing | Mining | Transport |
|---|---|---|---|---|---|---|
| No. of establishments | 471 | 215 | 12 | 682 | 17 | 1519 |
| Local ownership | 190 | 206 | 12 | 639 | 13 | 1503 |
| Local ownership (percent) | 40.0 | 96.0 | 100.0 | 94.0 | 76.0 | 99.5 |
|  | Wholesale/Retail | Finance | Education | Other Comm. | Real Estate | TOTAL |
| No. of establishments | 1658 | 189 | 728 | 391 | 1179 | **7061** |
| Local ownership | 1569 | 127 | 726 | 363 | 1169 | 6517 |
| Local ownership (percent) | 95.0 | 67.0 | 99.7 | 92.8 | 99.2 | 92.3 |

*Source*: **Fiji Bureau of Statistics, 2004 Economic Survey *cited in* Regulatory Impacts on Small and Micro Enterprise Success: Streamlining Legislation and Processes: Fiji 2010 (conducted by Fiji Institute of Applied Studies for NCSMED)**

percent).[25] This finding was also confirmed by Harrison and Brandt (2003) who state that, in contrast to the large foreign-owned tourism accommodation operators, the smaller-scale and locally owned tourism accommodation businesses were owned and operated by Fijian nationals, often of Indian descent (i.e. Indo-Fijians).

Similar ownership distribution in relation to MSEs is reported by Sharma and Gounder (2011) in their survey of 77 MSEs. In terms of business ownership, 69 percent were owned by Indo-Fijians, which in their view "is hardly surprising as it is common knowledge that the Indian community

---

[24] The sample was selected from the following sectors: textile, clothing and footwear, small hotels and guesthouses, private education and indigenous-owned businesses. These segments were selected because they are important to the Fiji economy in terms of employment, prospects for growth and foreign exchange earning potential.

[25] The report highlights that these figures reflect the sampling structure chosen by PEDF for Fiji and not the ownership structure for the entire population of SMEs. It also suggests that indigenous ownership, according to anecdotal evidence, could be as low as 2 percent of the total SME population (http://www.value-chains.org/dyn/bds/docs/323/Country%20Report%20FIJI%20-%20IFC%20PEDF%202003.pdf, (viewed 20 February 2013)

dominates commerce in Fiji" (p. 10). Furthermore, almost half (45 percent) had tertiary education, with the remaining 55 percent having at least secondary education. These findings provide further empirical evidence that Fijian MSME Owner/Managers are predominantly of Indian ethnicity, and education and training has played a critical role in improving the capacity of Fiji Islanders to venture into business.

The present study specifically examines whether ethnicity (i.e. foreign-owned, indigenous-owned or Indo-Fijian-owned tourism SMEs) influences the use of control systems and organisational performance of SME tourism firms. Ownership issues relating to this study will be further discussed in the theoretical framework in Chapter 3. The next sub-section discusses another contextual factor that could influence PMS use in Fijian tourism SMEs, namely the size of SMEs in Fiji.

### 2.5.3 Size

Definitions of what constitutes an SME vary quite widely from country to country. There is no clear definition of size in the context of tourism SMEs in Fiji. While there is a definition of SMEs in the Fijian context in terms of number of employees and total assets and/or revenue, there is no official SME definition as to what constitutes the size of tourism SMEs, and in particular, SME accommodation ventures. In Fiji, the Small and Micro Enterprises Act (2002) defines micro and small enterprises as follows:

> *Micro business*: any enterprise which has a turnover or total assets not exceeding F$30,000[26] and employs not more than 5 employees.
>
> *Small business*: any enterprise which has a turnover or total assets between F$30,000 and F$100,000[27] and employs between 6 and 20 employees.

---

[26] Equivalent to A$17,270 and US$15,401 as at 31 August 2010 using Google's currency exchange rate conversion calculator.

[27] Equivalent to A$57,568 and US$51,339 as at 31 August 2010 using Google's currency exchange rate conversion calculator.

While medium enterprise is not defined in the Act, NCSMED has a "working definition" for a medium-sized enterprise as follows:

> *Medium business*: any enterprise which has a turnover or total assets between F$100,000 and F$500 000[28] and employs between 21 and 50 employees.

The criteria of number of employees and number of rooms are commonly used for classification and/or selection of different accommodation types in the SME tourism literature (e.g. Saffu et al., 2008; Bergin-Seers and Jago, 2007; Sharma, 2002; Sharma and Upneja, 2005). For instance, Saffu et al. (2008) use number of employees, and Sharma (2002) considers both number of rooms and number of employees as size parameters. A review of several Fijian tourism empirical studies reveals that many of the locally owned tourism businesses are relatively small in size and are Owner-Managed (e.g. Scheyvens and Russell, 2010; McMaster et al., 2004). In their study on the economic impact of e-commerce on small tourism enterprises in Fiji, Samoa and Tonga, McMaster et al. (2004) found that the small and micro-sized enterprises in the tourism sector mainly targeted backpackers or budget travellers. They were defined as having up to 30 rooms with a maximum nightly rate of F$80 (A$49.88) for single-room accommodation. The existence of small-scale, family-owned tourism operators (e.g. ecotourism and backpacker establishments) is also reported by Scheyvens and Russell (2010).

Hence, in light of these studies and the Fijian definition of an SME (under the SME Act), the present study will also use the parameters of "number of full-time employees" and "number of rooms" to measure size. This will be further discussed in the methodology chapter (i.e. Chapter 4). Choosing size as a contingent factor in this study is relevant given that Fijian tourism SMEs in the accommodation sector are predominantly small in size, which is likely to influence their business operations and their use of PMSs. The issue of size will be further discussed in this study's theoretical framework in Chapter 3.

---

[28] Equivalent to A$287,840 and US$256,696 as at 31 August 2010 using Google's currency exchange rate conversion calculator.

## 2.5.4 Strategy

It is a significant challenge for SMEs to sustain their competitiveness in domestic as well as global markets, and Fijian SMEs are no exception. Research has shown that SMEs that link operations to their business strategies outperform their competitors (Singh et al., 2008). Also, adopting a clear strategy that best fits a firm's rapidly changing business environment is important for an organisation's survival and prosperity (Pechlaner and Sauerwein, 2002). Strategy has been defined in many ways (e.g. Mintzberg, 1978; Miles and Snow, 1978; Porter, 1980; Johnson, 1987). For example, strategy has been described as a pattern of decisions about the organisation's future (Mintzberg, 1978), which assumes meaning when it is implemented through the organisation's structure and processes (Miles and Snow, 1978). According to Porter (1980), strategy is about the firm creating for itself a market position whereby it can defend itself from competitive forces and/ or influence them in a way that places it at an advantage compared to its competitors and suppliers. Researchers have found that, although there is a large body of literature that talks about strategy in large businesses, there is very little research found in this area regarding small and medium-sized firms (e.g. O'Regan and Ghobadian, 2002). In the small business literature, researchers have found that few small firms have a well-formulated strategy (e.g. Watts et al., 2009; Knight and Knight, 1993; Sexton and Van Auken, 1985). Vos (2005) has observed that managers of SMEs have poor skills in reflecting upon their companies strategically. This may explain why some SMEs do not have well-formulated strategies.

In the Fijian context, there are very few studies that investigate strategy, including the strategic planning practices of SMEs (including tourism SMEs) (Singh et al., 2007). Two studies on Fijian small business entrepreneurship (i.e. Hailey, 1985; Fairbairn, 1988) indicate that most of the firms focus on routine, day-to-day administration, and hence manipulate the Owner-Manager's time. Decision-making is often *ad hoc* or reactive to changing situations. A Fijian study by Van Gelder et al. (2007) on Owners of 71 existing businesses and 20 failed businesses[29] found evidence that detailed and long-term planning was carried out by Owners of existing businesses, whereas the

---

[29] All participants were (former) Owners of formal and registered businesses that employed between one and 50 people, indicating the businesses were SMEs.

failed business Owners more often pursued a reactive strategy. Also, existing business Owners set more specific and more difficult goals, and they have a higher degree of human capital than failed entrepreneurs. These findings suggest that in some instances, Fijian small business Owners do not always have a well-developed strategy, and decision making is assumed by the Owner-Manager. In such cases, these businesses are at risk of failing. Alternatively, those Owner-Managers who have the human resources and plan and monitor their business performance are more successful.

While very little is known about the types of strategies used by Fijian tourism SMEs (e.g. cost conscious or product differentiation focus), the researcher's interpretation of strategy in the Fijian context, based on the few empirical studies described above, is that Fijian tourism SMEs do not have a formal strategy, since many of the firms are small in size. Owner-Managers may be cost conscious because of their limited resources. However, since tourism is a highly competitive industry, the practice of identifying and maintaining a niche market (e.g. backpackers or business travellers) suggests that some of the Owner-Managers would, in addition, develop (formally or informally) targeted strategies to serve the differing needs of the market or tourist group(s), with less emphasis on costs, to gain a competitive advantage. In such instances, firms' pricing strategies will reflect their emphasis on delivering a quality service. A further discussion on strategy as it relates to PMSs in this study will be discussed in the theoretical framework in Chapter 3.

## 2.6    Summary

This chapter has provided a brief overview of the context of the present study, beginning with the Fijian environment, the tourism industry environment and the SME environment. This three-tiered environment is intertwined, and positive economic progress has been made in recent years, despite the challenges caused by sustained periods of political instability, global recession and poverty, to name a few factors. Tourism is the backbone of the Fijian economy, and the efforts that have been made by all stakeholders are encouraging. Recognition of the role SMEs, including tourism SMEs, can play in the economic and social development of Fiji has also been discussed. In addition, the chapter discussed the context of Fijian tourism SMEs according to environment, ownership (by ethnicity), size and strategy.

The tourism SME environment is still at an early stage of development. It is also quite complex and there are areas for improvement if there is to be a stable environment in which Fijian tourism SMEs can operate and grow. Fijian tourism SMEs in the accommodation sub-sector are predominantly family-owned businesses, with local ownership predominantly Indo-Fijian. Indigenous Fijians and Europeans make up the minority of local ownership. The accommodation businesses are largely small in size. Participation of indigenous Fijians is encouraging; however, the high failure rates of businesses owned and run by indigenous Fijians imply that cultural as well as business competencies are lacking. Many of these competencies are related to business management and accounting skills. However, these skills are also needed if other local SME tourism Owner-Managers are to ensure sustainable growth. Finally, given the competitive nature of the tourism industry (where there is competition from both local and overseas operators), the proper development of strategies among local tourism SME businesses is important and needs to be strengthened.

# 3 Literature Review and Theoretical Framework

## 3.1 Introduction

This chapter examines and discusses the extant literature to inform and support the development of a theoretical framework. This framework, which draws on contingency theory, Simons' levers of control (LOC) framework and resource-based theory (RBT), is used in this study to examine the use of PMSs and their relationship to organisational performance in small and medium-sized enterprises (SMEs) in Fiji's tourism industry. The theoretical framework will guide the subsequent investigation of the study's research question via a number of hypotheses to be tested. The absence of a comprehensive theoretical framework to examine the research question of this study has motivated the development of a new framework.

The remainder of the chapter is organised as follows. Section 3.2 provides a brief outline of the use of PMSs. Section 3.3 reviews the literature on the use of PMSs in SMEs and tourism SMEs. Section 3.4 discusses the theories applicable to the study. Section 3.5 integrates the ideas developed in the previous section and presents the theoretical framework developed for this study. The hypotheses that will be tested in this study relating to the use of PMSs by SMEs in the Fijian tourism industry are developed in Section 3.6. The conclusion follows in Section 3.7.

## 3.2 Use of PMSs

Historically, PMSs were developed as a means of monitoring and maintaining organisational control (Wilson and Chua, 1993; Nanni et al., 1990). The notion of organisational control has been defined as "attempts by the organisation to increase the probability that individuals will behave in ways that will lead to the attainment of organisational objectives" (Flamholtz et al., 1985, p. 35). Organisations can achieve this by using a combination of control mechanisms, including personal supervision, standard operating procedures, job descriptions, PMSs and reward/incentive systems, which, according to Flamholtz et al. (1985) constitute the organisational control system.

The management control and PMSs literatures have acknowledged the critical role PMSs play in the effective management of organisations. For instance, several studies refer to PMSs as an essential tool that enable a company to achieve and control its desired objectives and goals (e.g.

Purbey et al., 2007; Pun and White, 2005; Simons, 2000), while other studies view PMSs as serving an active role in organisations undergoing strategic change (Abernethy and Brownell, 1999; Shields, 1997; Simons, 1990, 1991, 1995; Argyris, 1990; Dent, 1990). Franco-Santos et al. (2007) summarise the main purposes of PMSs as follows:

1. measuring business performance, specifically, monitoring the progress of performance achieved;
2. introducing and deploying strategic management philosophies into a company by developing, formulating and implementing strategies, and providing alignment between processes and objectives;
3. facilitating communications within the company as well as with parties outside the company (i.e. internal and external communications), and benchmarking with different criteria;
4. influencing behaviour through deciding and monitoring rewards and compensations; and
5. learning and continuous improvement function, which is accomplished by conducting feedback processes in order to improve future performance.

Purbey et al. (2007) summarise the notion of the PMS well by asserting that it is a critical organisational process that provides the basis for an organisation to assess how well it is progressing toward its planned and targeted objectives, helps to identify areas of strengths and weaknesses, and facilitates future initiatives aimed at improving organisational performance. PMSs allow managers to balance growth and control, short-term and long-term performance, as well as opportunities and threats (Simons, 2000). For these reasons, several practitioners and researchers have devoted many years of research to this topic. Relevant fields such as accounting, business strategy, operations management, marketing and organisational behaviour have all discussed and contributed to this field at length (Neely, 1999; Marr and Schiuma, 2003). This study will contribute to the PMSs literature in the context of the services industry in a developing country, Fiji.

In distinguishing PMSs from performance measurement and performance measures, Neely et al. (2005, p. 1229) describe a performance measure as "a metric used to quantify the efficiency and/or effectiveness of an action", and performance measurement as "the process of quantifying the

efficiency and effectiveness of action". Additionally, performance measures are an effective means for communicating on which dimensions performance is desired and also in drawing a line of acceptable behaviour (Merchant, 1985). A PMS is "the set of metrics used to quantify both the efficiency and effectiveness of actions" (Neely et al., 2005, p. 1229). Franco-Santos et al. (2007) seek to provide more clarity on the definition of PMSs by outlining a reference framework encompassing the structure and characteristics of PMSs. Based on their review of extant PMSs literature, they argue that researchers can better define the specific focus of their research in terms of three broad aspects, namely, PMS features, roles and processes. In doing so, researchers define the boundaries of their studies and improve the generalisability and comparability of PMSs research (Franco-Santos et al., 2007). For the purposes of this study, discussions will be focused solely on how PMSs are used to aid management in their planning and control functions, and enhance better decision making. The next section provides a review of the literature on the use of PMSs in SMEs in general, and in tourism SMEs in particular.

## 3.3   Use of PMSs in SMEs

Given the significance of SMEs, it is surprising that relatively little is known about their management control structures, specifically their use of PMSs (Watts et al., 2009). A review of the existing literature indicates that while some research has been undertaken in the manufacturing sector of SMEs, little work has been done on PMSs in the SME services sector (Watts and Preda, 2004; Hudson et al., 2001). It has been suggested that PMSs can play a key role in supporting managerial growth in SMEs (Biazzo and Bernardi, 2003; Garengo et al., 2005). However, the literature on business performance measurement emphasises poor use of PMSs in SMEs, but little research investigates the reasons for this (Garengo and Bititci, 2007). The adoption of formal management control systems (MCSs) has been labelled as critical in the life of small firms (Davila, 2005; Davila and Foster, 2005). SMEs, in general, experience a high failure rate, and their survival and growth can depend to a large extent on the quality of their performance management systems (Perera and Baker, 2007; Davila and Oyon, 2009), of which PMSs are a component. Limited research undertaken on the use of PMSs in SMEs shows mixed results. There is empirical evidence that reveals the use of: i) a combination of formal and informal control systems (Oriot et al., 2010); ii) few key performance measures (Oriot et al., 2010); iii) more non-financial measures than financial measures, and linked to few strategic priorities (Oriot et al., 2010; Langfield-Smith,

1997); iv) financial measures more widely used than non-financial measures (Sousa et al., 2006); and v) a significantly lower level of PMSs (Sousa et al., 2006; Sharma et al., 2005).

In their study of three French family-owned SMEs in the manufacturing sector, Oriot et al. (2010) found that the SMEs used a combination of formal (e.g. use of performance measures) and informal (e.g. discussion with customers; direct contact with employees) control systems. Additionally, a strategic score carding system – *tableau de bord* – and budgets were used. The SMEs used a smaller number of key performance measures, predominantly non-financial measures, not because of a lack of resources or data availability, but to focus management attention on "strategic priorities" (Langfield-Smith, 1997). In contrast, Sousa et al. (2006) found a significantly lower level of use of PMSs in their survey of 48 English SMEs from both the service and industrial sectors, and financial measures were the most widely used. While SMEs in their study recognised the importance of PMSs, the results indicate a gap between theory and practice. A similar finding was revealed in the Sharma et al. (2005) study on SMEs in India. The study shows that while SMEs acknowledged the importance of PMSs in managing the day-to-day operations in today's dynamic and complex business environment, they were yet to implement, operate and exploit it fully in a formal and professional manner, so as to enable them to derive maximum business gains out of it. This low level of PMS use in SMEs has been exacerbated by a lack of empirical research assessing the evolution of the PMSs adopted in both SMEs and big companies (Garengo et al., 2007).

In the context of PMS use in developing countries, the literature shows that there is a gap concerning the use of PMS in developing countries compared to developed countries (Andersen et al., 2006; Georgise et al., 2013). Reasons and/or main challenges cited for PMS use in developing countries included: lack of research and literature, lack of professional expertise, cultural context, and low level of infrastructure (e.g. information and communication technologies). According to Georgise et al. (2013), there is very little research on the application of performance measurement concepts in the context of developing nations such as Africa. PMSs studies in other developing countries have raised the same sentiments (e.g. Amir (2011) in the context of Malaysia; Sharma and Bhagwat (2007) in the context of Indian SMEs). No PMSs studies have been conducted in the context of developing countries in the Pacific region, including Fiji, which is the context of this study.

Concerning lack of skills and expertise to adapt and use PMSs and PMS frameworks from developed countries, the major challenge is to identify, evaluate and select the key performance indicators, which are appropriate to assess performance. Although the existing performance measurement frameworks are highly helpful, their adoption and implementation in the developing nation's scenarios are often constrained by different business operation environment. Also, the cultural context of developing countries are different from developed countries. Hence, while PMSs are created in the context of developed countries, when they are applied directly in the cultural context of developing countries, there are challenges faced as the PMS may not be designed to include all cultural aspects that influence individual and organizational behaviour in the less developed countries (Georgise et al., 2013). Because of these potential difficulties, the implementation of PMS in diverse environments is beginning to receive attention from researches (Karuhanga, 2010; Waal, 2007). Andersen et al. (2006) stated that the lack of basic information technologies infrastructure creates tremendous barriers for the smooth flow of information. This challenge is exacerbated by the costs associated with purchasing, operating and maintenance of such systems. In turn, the performance measures data collection, analysis and decision becomes difficult for firms in developing countries.

The apparent gap between theory and practice on the use of PMSs in SMEs, particularly in developing country context, has motivated this study. The next section will discuss the use of PMSs in tourism SMEs.

### 3.3.1   Use of PMSs in Tourism SMEs

As services industries such as hospitality and tourism are becoming increasingly important in most economies, there have been calls for further research into them (Chenhall, 2003; Sharma, 2002). The hospitality industry is becoming a highly competitive, global industry (Claver et al., 2006). As a result, organisations in this industry are becoming more aware of the need to customise services and service performance to the emerging requirements of sophisticated global customers. Thus, monitoring, tracking and improving service quality, availability and efficiency are becoming more critical than ever before in hospitality operational services settings (Gomes et al., 2007). Very little is known about PMSs in tourism enterprises and especially in hotels (Pellinen, 2003), when compared to manufacturing industries (Yilmaz and Bititci, 2006; Yasin and Gomes, 2010), and

56

there is a call for more research into this area in order to offer services organisations better approaches to the measurement and management of their performance.[30] Much of the literature on PMS use in tourism firms is in the context of large hotels (e.g. Phillips, 1999; Haktanir and Harris, 2005; Cruz, 2007; Gomes et al., 2007). There is scant theoretical and empirical research about the nature of PMS use among SME tourism ventures in both developed and developing countries. The existing limited research has been predominantly conducted in developed countries (e.g. in the United States and Europe). Moreover, many of the studies have been published in non-accounting journals (e.g. management and tourism journals such as the *Journal of Small Business Management*, and the *International Journal of Contemporary Hospitality Management*). This further justifies one of the motivations of this study, which is to redress research paucity on PMS use in SMEs in the tourism industry, in a developing country context, and to add to the management accounting literature.

The limited empirical studies on the use of PMSs in tourism SMEs, predominantly in the accommodation sector, have provided useful insights into how PMSs have been implemented. For instance, Bergin-Seers and Jagos's (2007) study on selected successful small motels in Australia suggests a balanced use of performance measures. This balanced approach involved the gathering and analysis of both financial and non-financial measures. Other key findings include: i) only a small number of key measures were used to monitor results and review management activities; ii) the types of measures used appear to be based on the strategy firms employed; iii) the Owner-Manager regularly monitored business activities to identify problems before they became unmanageable. Finally, there is evidence to suggest that these good performance management practices were learnt by experience (a trial and error approach) as well as via formal training. In their study of ten best-practice tourism, hospitality and leisure SMEs in the United Kingdom, Phillips and Louverius (2005) found that their PMSs were focused on four key concepts, namely: i) budgetary control with a view to increasing total revenue; ii) customer relationship management as a means of improving quality of service and customer retention; iii) necessity for strategic

---

[30] See Yasin and Gomes (2010) for a detailed review of the literature related to performance measurement in the services sector.

management in managing internal business processes; and iv) collaboration (both inter and intra) to drive innovation and learning. They also report that an effective PMS should incorporate digitisation, holistic approaches, and well-trained and motivated staff into the process. Alternatively, PMS use was tied more to operational matters in Chand's (2009) study of 72 Indian leisure SMEs, where the hotels surveyed had a short term focus without any strategic or long-term focus, aided by their use of PMSs.

In summary, a review of the literature on PMS use in SMEs and tourism SMEs has revealed a paucity of research and knowledge of PMS use in SMEs in the services industry, and in a developing country context. This study seeks to address this gap in the empirical literature. The next section discusses the theoretical framework adopted in this study.

## 3.4 Relationships between the Use of PMSs, Capabilities, and Organisational Performance

The main aim of the present study is to examine the relationships between the use of PMSs, capabilities and organisational performance. To that end, the research focuses on three areas, namely: i) factors influencing the use of PMSs; ii) different uses of PMSs; and iii) the influence of PMS use on organisational capabilities and organisational performance. In each of the following sub-sections, the theory that each of the three areas draws on will be explained briefly prior to examining the literature pertaining to these three areas.

### 3.4.1 Factors Influencing the Use of PMSs

This section discusses the factors that influence the use of PMSs by drawing on contingency theory. An understanding of such factors could help improve the use of PMSs in organisations. Notwithstanding the criticisms contingency research[31] in MCSs has received over the years, it has

---

[31] Otley (1980) criticises the fact that contingency theory studies examine the relationship between contextual variables and MCSs design, but fail to consider how these relationships impact on organisational or other measures of effectiveness. A common criticism found in the MCSs–contingency theory literature relates to the methodological and theoretical weaknesses presented by a significant number of these studies. (e.g. Chenhall, 2003; Fisher, 1995; Chapman, 1997; Ferreira and Otley, 2010). One of the issues with these studies is their failure to evaluate the effect of "fit" between MCSs design and contingency factors on effectiveness (e.g. Macintosh and Daft, 1987; Rockness and Shields, 1984; Simons, 1990), which then has to be assumed to be intrinsic to the studied organisations (Fisher, 1995;

made significant contributions toward our understanding of the relationship between contingency variables and the effectiveness of various aspects of MCSs, and it continues to remain a relevant theory in explaining organisational change in an increasingly dynamic and complex context in which companies' MCSs operate (Ferreira and Otley, 2010).

### 3.4.1.1 Contingency Theory

The contingency theory of management accounting argues that there is no universally applicable system of management control but that the choice of appropriate control techniques will depend upon the circumstances surrounding a specific organisation (Otley, 1999). Contingency theory helps identify specific aspects of an accounting system which are associated with certain defined circumstances and demonstrate an appropriate matching (Otley, 1980). Accordingly, there is no universal "best" design for a management accounting information system, but "it all depends" upon situational factors (Otley, 1980, p. 416). Furthermore, the appropriate design(s) of MCSs will be influenced by the context within which they operate (Chenhall, 2003; Otley, 1980).

The existing contingency theory literature has examined several key contextual variables relating to the design of MCSs. These variables include the external environment (e.g. Ezzamel, 1990; Gordon and Narayanan, 1984; Khandwalla, 1972); technology (e.g. Merchant, 1984; Khandwalla, 1977); organisational structure (e.g. Gul and Chia, 1994; Chenhall and Morris, 1986; Merchant, 1981; Bruns and Waterhouse, 1975); size (e.g. Merchant 1981; Bruns and Waterhouse, 1975); strategy (e.g. Chenhall and Morris, 1995; Simons, 1987; Govindarajan and Gupta, 1985); and national culture (e.g. Harrison, 1992; O'Connor, 1995). In his review of MCSs research since 1980,

Otley, 1980; Chenhall and Chapman, 2006; Van de Ven and Drazin, 1985). A second issue is the consideration of too few contingency variables at a time (e.g. Fisher, 1995; Govindarajan, 1984; Govindarajan and Gupta, 1985; Chia, 1995; Mia and Clarke, 1999), which has resulted in model under-specification and potentially spurious relationships (Chenhall, 2003; Fisher, 1995; Dent, 1990). Both the lack of a test of "fit" and the omission of important variables are likely factors that explain the frequency of conflicting findings and the fragmentary nature of research in the field (Chapman, 1997; Fisher, 1995; Stringer, 2007; Chenhall, 2003).

Chenhall (2003) found that many studies have focused on contemporary aspects of the environment, technologies and structural arrangements, and have developed arguments that help explain how the effectiveness of MCSs depends on the nature of contemporary settings. Also, additional contextual variables to the design of MCSs have evolved as a result, such as an organisation's life-cycle stage (e.g. Auzair, 2010; Moores and Yuen, 2001); customers' power and product perishability (Abdel-Kader and Luther, 2008); and corporate governance structure (e.g. Speckbacher and Wentges, 2012).

Although the findings of research informed by contingency theory are varied, they generally support the existence of a relationship between contextual variables and MCSs (Chenhall, 2003). Chenhall and Chapman (2006) argue that the search for contingency fit is a continuous, dynamic process. The present study aims to contribute to the contingency literature by examining the fit between a number of contextual variables and use of PMSs in SMEs in the Fijian tourism industry context. A review of the literature that has examined various contextual factors that influence the use of PMSs in SMEs will be discussed next, followed by an examination of the four contingent factors deemed relevant for this research.

### 3.4.1.2 Contingent Factors and the Use of PMSs in SMEs

Although there has been an increase in the number of contingency-based studies on MCS and PMS use in large firms, there have been very few empirical and theoretical studies on the factors that influence performance measurement practices in SMEs (Garengo and Bititci, 2007; Garengo et al., 2005, 2007). In their review of the PMSs literature, Garengo and Bititci (2007) note that in-depth empirical investigations of the factors influencing performance measurement in SMEs based on a contingency approach are scarce. Subsequently, they identify six main contingency factors that may influence the implementation and use of performance measurement in SMEs, namely: corporate governance structure; management information systems (MISs); strategy; organisational culture and management style; external environment; and company size.

Studies using the contingency approach to examine MCSs, including PMSs in the services and tourism industry (e.g. hotels), are also limited (Auzair, 2011; Haktanir and Harris, 2005; Sharma, 2002; Mia and Patiar, 2001). Moreover, literature on the performance of SME tourism businesses

60

in a developing and emerging country context has also highlighted the lack of empirical research to improve our understanding of the performance of SME tourism businesses (e.g. Avci et al., 2011; Saffu et al., 2008; Sharma and Upneja, 2005) For instance, in their empirical study of 18 small hotels in Tanzania, Sharma and Upneja (2005) argue that "even though factors related to small hotel performance may appear to be similar to those faced by larger and chain properties, their underlying dynamics remain unclear" (p. 514). In their view, this is exacerbated by the fact that there is limited or no reliable data on such businesses.

The four contingency factors selected to investigate their influence on the use of PMSs by Fijian SME tourism ventures are: external environment, ownership (by ethnicity), size and strategy. The rationale for using these four factors is as follows. Firstly, two of the factors (i.e. external environment and size) constitute two of the generic[32] contingent factors considered under contingency theory, which is the theory this study is drawing upon in this part of the study (i.e. factors influencing the use of PMSs). Also, strategy is considered as a new contingency factor (see Chenhall, 2003). Ownership (by ethnicity) is also a new contingency factor proposed by this research, which extends the ownership variable beyond legal form of ownership to that of ethnicity of the SME Owner-Managers. Secondly, given the context of this study is SMEs, these four factors serve to capture the characteristics and challenges of SMEs more distinctly (e.g. Garengo and Bititci, 2007) than the other generic contingent factors of national culture, organisational structure and technology, for instance. Thirdly, due to the comprehensiveness of this study's theoretical framework (see Figure 3.1, p.89), the notion of practicality comes into play, hence, the decision to choose only four contingent factors most suited to the context of this study. These four factors are explained in the next sub-section.

*Environment*

The external environment is an influential factor that determines the suitability of PMS practices for organisations (Chenhall, 2003; Hoque, 2004). PMSs vary in their ability to support

---

[32] The other two generic contingent factors were technology and structure.

organisations to work under different environments. Therefore, an important task for management accounting researchers is to identify the relative effectiveness of PMSs in different environments. Prior contingency-based MCSs research has investigated a number of dimensions of the external environment, including perceived environmental uncertainty (PEU) (Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Gordon and Narayanan, 1984; Chapman, 1997; Hartmann, 2000; Sharma, 2002; Chenhall, 2003; Auzair, 2011); turbulence (risky, unpredictable, fluctuating, ambiguous); hostility (stressful, dominating, restrictive); diversity (variety in products, inputs, customers); and complexity (rapidly developing technologies) (Khandwalla, 1977). The external environment dimension used in the current study is PEU, which will be hereafter referred to as environmental uncertainty.

Numerous studies have examined how the degree of uncertainty influences the way in which MCSs, including PMSs, are used. For example, the degree of uncertainty has been found to be related to the usefulness of broad scope information (Chenhall and Morris, 1986; Chong and Chong, 1997; Gordon and Narayanan, 1984; Gul and Chia, 1994); timely information (Chenhall and Morris, 1986); evaluation style (Govindarajan, 1984; Moores and Sharma, 1998; Ross, 1995); reliance on incentive-based pay (Bloom, 1998); and the use of participative budgeting (Govindarajan, 1986). Some studies suggest combinations of traditional budgetary controls and more interpersonal and flexible controls in conditions of environmental uncertainty. For instance, Ezzamel (1990) examined 81 large firms industry-wide in the United Kingdom, and found that high environmental uncertainty was associated with an emphasis on budgets for evaluation and also high participation and interpersonal interactions between superiors and subordinates. Merchant (1990) found that environmental uncertainty was linked to pressure to meet financial targets but there was some flexibility by way of higher manipulation of information. In his literature review of MCSs and contingent factors, Chenhall (2003) also found that a consistent number of research studies confirm that uncertainty has been associated with a need for more open, externally focused, nonfinancial MCSs.

Previous researchers have established the importance of competition as a factor that influences MCSs, including PMSs (e.g. Lee and Yang, 2011; Hill, 2000; Khandwalla, 1972; Otley, 1978). Khandwalla (1972) examined the effect that the type of competition faced by a firm had on its use of management controls, and concluded that the sophistication of accounting and control systems

was influenced by the intensity of the competition it faced. Moreover, different types of competition, for example, price, marketing or product competition, had very different impacts on the use made of accounting controls in manufacturing organisations. A similar conclusion was arrived at by Otley (1978) who studied the effect of differences in the environments faced by unit managers within a single firm. By distinguishing between a tough operating environment (in which it was difficult for a unit manager to show accounting profits) and a liberal operating environment (in which it was relatively easy to maintain profitable operations) he showed that senior managers used budgetary information to evaluate managerial performance in very different ways in the two situations. Alternatively, Hill (2000) found a positive relationship between the adoption of a costing system and increased competition in the hospital sector.

## *Environmental Uncertainty in the Tourism Industry*

Environmental uncertainty is a significant factor that influences the performance of services firms, including hotels (Sharma, 2002). External environmental factors that are seen to cause uncertainty for firms in the tourism industry include competition, government regulation, political stability, economic stability, global economic conditions and natural disasters (Oreja-Rodríguez and Yanes-Estévez, 2007). Many of these factors are generic to other industries, but in varying degrees of effect. The operating environment in hotels is characterised by increased competition, and consequently demands effective operational decision-making processes based on sufficient performance information (Zigan and Zeglat, 2010).

This study considers eight issues comprising environmental uncertainty facing Fijian tourism SMEs. These are competition, customer demands, political stability, economic stability, government regulation, tourism industry policies, global economic trends and natural disasters. It is anticipated that these factors will influence the use of PMSs by SMEs in the Fijian tourism industry, specifically in the accommodation sub-sector.

## *Ownership*

Ownership is an important contingent variable as Owner-Managers may use PMSs depending on their ownership characteristics. Ownership has been examined in the management accounting, entrepreneurship and SME literatures within the context of family firms versus non-family firms

or family firms versus corporate governance in family firms, drawing on agency theory (e.g. Speckbacher and Wentges, 2012; Bartholomeusz and Tanewski, 2006) and RBT (e.g. Carney, 2005; Zahra et al., 2004). SMEs are predominantly family-controlled or family-owned businesses, as evidenced in the literature. For instance, in their study on small business performance in the tourism sector in Glasgow, Morrison and Teixeira (2004) reveal that the majority of their sample was family-owned businesses with partnerships shared among spouses, immediate and extended family members. Reijonen and Komppula (2007) found that most of the rural tourism businesses in their small firm study in Finland were run by a family or by a couple, while a few of the small firms hired workers from outside the family. Hence, family ownership of SMEs influences the nature of their control systems, including their use of PMSs. Specifically, family-owned firms have been found to use more informal, social, personal and clan controls, in addition to using formal controls (e.g. Merchant, 1985; Ouchi, 1980).

However, ownership as it relates to ethnicity has not been examined in the contingency theory literature. Based on this, there seems to be a gap in the literature on ownership (by ethnicity) as a potential contingent factor. The literature indicates a relationship between family-owned businesses and ethnicity (i.e. many of the local SME businesses in Fiji are family-owned, and owned predominantly by Indo-Fijians, followed by foreigners and, to a lesser extent, indigenous Fijians). Hence, ownership in this study has been operationalised as the SME Owner-Manager's ethnic background or ethnicity. Also, owing to Fiji's multicultural society, the use of ownership (by ethnicity) as a contingent factor was justifiable in this study (see Chand and White, 2006; Chand, 2012).

Management style and the use of control systems, including PMSs, can also be influenced by the cultural background or ethnicity of the Owner-Manager. Studies in the accounting literature have examined various accounting issues related to cultural differences, and in some instances, culture has been operationalised as one's ethnic background (e.g. Cable and Patel, 2000; Chand and White, 2006; Chand, 2012). According to Chenhall (2003), research into national culture has been limited and is somewhat exploratory, with mixed findings. Earlier studies have been criticised on the grounds that national and cultural identities have been assumed to be synonymous. It is necessary to consider the different cultures within nations, as cultures do not equate with nations (Baskerville,

2003). Similarly, Wildavsky (1989, p. 71) point out that cultures are not countries, and there is generally more than one culture in one country at any one time.

Societal culture may throw light on the notion of ethnicity in a multicultural society and can be defined as the values, attitudes, beliefs and behaviours that are shared by the vast majority of people in a group or nation. Hofstede (2001) defines culture as "the collective programming of the mind that distinguishes the members of one group or category of people from another" (p. 9). The dominant notion of culture employed in MCSs culture research has been Hofstede's (1980) societal values of power distance, individualism–collectivism, masculinity–femininity and uncertainty avoidance. Power distance is the extent to which the less powerful members of society accept that power is distributed unequally. In individualism people look after themselves and their immediate family versus collectivism where people belong to in-groups (families, clans or organisations) who look after them in exchange for loyalty. Masculinity refers to the dominant values of achievement and success versus those of femininity, which is caring for others and quality of life. Uncertainty avoidance refers to the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations. Given that most contemporary societies are multicultural in nature, "ethnicity" is also an important dimension to be considered in cross-cultural accounting research. The existence of three distinct cultures (indigenous Fijians, Indo-Fijians and Europeans/part-Europeans) in Fiji provides the opportunity to examine the effects of the Owner and top management demographic characteristics and culture/ethnicity on the use of PMSs in the context of Fijian SME tourism ventures.

The literature also points to several key research studies, which support the notion that societal culture has an influence on management accounting system (MAS) and MCS adoption (Tsui, 2001; Etemadi et al., 2009). Tsui (2001) tested the influence of managers' budget participation on managerial performance among Chinese and Western (Caucasian expatriate) managers from China and Hong Kong respectively. She concludes that Chinese managers do not react positively to budgetary participation because of their cultural background. On the other hand, she suggests that Western managers show positive (negative) performance in response to high (low) levels of budgetary participation. Chinese managers were used to represent managers from a high-collectivist, large-power distance and long-term orientation culture while Caucasian/western expatriate managers were used to represent a culture that is low-collectivist, small-power distance

and of short-term orientation. These results have implications for the design of effective control sub-systems and suggest that the management accounting theories developed in the context of Western economies may not be generalisable to the Chinese environment. A similar conclusion was arrived at in Etemadi et al.'s (2009) study in the Iranian context. This suggests that the cultural characteristics of the three dominant ethnic groups studied in this research may also influence their use of PMSs and their management style.

Prior MCSs literature has found a relationship between culture and MCSs. Many of these studies examined the influence of national culture on MCSs design in different countries (see Harrison and McKinnon, 1999 for a review of this literature; Tsui, 2001; Chow et al., 1999), while other studies have researched the effect of organisational culture and MCSs and PMSs (e.g. Eker and Eker, 2009; Henri, 2006b; Dent, 1991). Chow et al. (1999) compared national cultural influences on informal information sharing between Chinese and Australian (proxy of Anglo-American) manufacturing firms. They found differences in the information sharing behaviour between the two firms, which is consistent with the cultural characteristics of Chinese and Anglo-American cultures. Based on these empirical findings, it can be stated that in the context of SMEs, the ethnicity of the Owner-Manager can influence their management styles, including their use of MCSs and PMSs. A review of the MCSs, including PMSs, literature found that the effect of the ethnicity of SME Owner-Managers on their use of MCSs and PMSs was almost non-existent. For instance, Hosen et al. (2011) state that national culture has not been examined in the use of management accounting information in SMEs. Hence, this study will address this research gap.

Criticisms about the study of national culture in multicultural societies have emerged in the accounting literature (e.g. Efferin and Hopper, 2007; Baskerville, 2003; Chow et al., 2002; Harrison and McKinnon, 1999). Such studies have been criticised on the grounds that national and cultural identities have been assumed to be synonymous, and there are calls from the said literature for researchers to go beyond the aggregate cross-national level of analysis and explore cultural differences at organisational and within-national levels. According to Efferin and Hopper (2007), multiculturalism is often associated with ethnic differentiation. Ethnicity is a source of group identity that not only attributes characteristics (whether founded or imaginary) to members' focal group but also to other ethnic groups. Ethnicity defines the self in relation to others and can be a source of action and meaning.

Given that most contemporary societies are multicultural, Chand and White (2006) assert that this issue had to be addressed as an important dimension in international accounting research, more so for researchers working with culture as a variable. In the Fijian (multicultural) context, Chand and White (2006) responded to this call with an empirical study examining the influence of culture on judgements of professional accountants from two ethnic groups in Fiji (indigenous Fijians and Indo-Fijians) while applying selected International Accounting Standards/International Financial Reporting Standards (IFRSs) equivalents of Fijian accounting standards. Additionally, Chand (2012) investigated the impact of both ethnic culture and organisational culture on the judgements of accountants in Fiji. The study provides empirical evidence to support the view that both ethnic culture and organisational culture have a significant effect on the manner in which accountants within a country interpret uncertainty expressions contained in the IFRSs.

The existence of two dominant ethnic groups (indigenous Fijians and Indo-Fijians) and a minority group (Europeans/part-Europeans), with their distinct cultures, provides an opportunity to extend the influence of ethnicity (as a contingent variable) to the Owners of Fijian SME tourism ventures and how they use PMSs in a developing country context. Given the scant research on PMSs in tourism SMEs, and in particular, contingency-based empirical research that evaluates the effect of ownership on PMS use by SMEs, this study extends the ownership parameter to include "ownership by ethnicity" as a relevant contingent factor that will influence the use of PMSs by SMEs in the Fijian tourism industry.

*Size*

Size is another variable that has been examined in relation to its effect on management controls including PMSs in contingency research (e.g. Khandwalla, 1977; Merchant, 1981; Gosselin, 1997, Child and Mansfield, 1972). Organisational size has been measured using variables such as profits, sales volume, assets, share valuation and employees. Most contingency-based MCSs studies have defined and measured size as the number of full-time equivalent (FTE) employees (Chenhall, 2003). While gross revenue and number of FTE employees are the two most commonly used proxies for size in the literature, King et al. (2010) found in their empirical study on budgeting practices and performance in small healthcare businesses, that the size proxy of FTE employees better captured both dimensions of the decision to adopt formal MCSs (i.e. the business's ability

to adopt a formal budgeting practice and its need for one) than the alternative proxy of gross fees. Furthermore, in the strategy management literature, the construct of size has frequently been viewed as reflecting two dimensions: complexity and availability of resources, with both argued to increase with size (Fredrickson and Mitchell, 1984; Mintzberg, 1994).

Few MCS and PMS studies have explicitly considered size as a contextual variable, with studies predominantly conducted in large firms (e.g. King et al., 2010; Abdel-Kader and Luther, 2008; Garengo and Bititci, 2007; Chenhall, 2003; Bruns and Waterhouse, 1975). This is because large firms generally have access to a wider pool of resources (financial, human, knowledge, technical) and are more likely to benefit from economies of scale when investing in the adoption and implementation of MCSs (Olve et al., 1999; Kald and Nilsson, 2000). More generally, there is evidence in support of a positive relationship between company size and the use of more sophisticated performance management techniques (PMTs) (Abdel-Kader and Luther, 2008). This expectation is consistent with Chenhall's (2003) proposition of a position association between size and the sophistication of MCSs. Chenhall (2003) also proposes that "large organizations are associated with an emphasis on and participation in budgets and sophisticated controls" (p.149). Otley (1995) reports evidence of the impact of size on control techniques in studies of the role of MASs following mergers or takeovers.

The role of MCSs and PMSs in SMEs has received little attention in the contingency-based literature (Chenhall, 2003). As previously discussed in Chapter 2, SMEs have been recognised as exhibiting distinct characteristics (e.g. resource limitations, simple controls and flat organisation structures) that differentiate them from large firms. Further, the MCSs literature has acknowledged that "soft" and informal modes of control typically characterise small firms (e.g. Bruns and Waterhouse, 1975; Merchant, 1981; Flamholtz, 1983; Chenhall, 2003; Merchant and Van der Stede, 2007). However, an increasing body of literature now suggests that as firms grow, their control systems become more formal (Granlund and Taipaleenmäki, 2005; Moores and Yuen, 2001) and formal control systems facilitate the growth of a firm (Davila and Foster, 2005; Sandino, 2007; Greiner, 1998). This has implications on the design and use of effective MCSs and PMSs in the SME context. Specifically, SMEs need to devote some of their resources to measuring and monitoring key business performance areas to enhance their sustainability and potential for business growth. Many researchers have also argued that the specific characteristics of SMEs can

be obstacles to the implementation and use of a PMS, namely: i) lack of human resources; ii) lack of managerial capacity; iii) limited capital resources; iv) reactive approach to managing (no explicit strategy); v) tacit knowledge and little attention given to the formalisation of processes and management systems (e.g. PMSs); and vi) misconception of performance measurement and its benefits (see Garengo et al., 2005 for a full discussion). Given these challenges peculiar to SMEs, Garengo et al. (2005) suggest that a different approach is warranted for the design of PMSs for SMEs, namely: i) they must consider strategy, together with a strong focus on operational aspects, since traditionally these are the aspects that are critical for the success of SMEs; and ii) the performance measurement process has to be based on a management information system that keeps in mind the limited financial and human resources of SMEs. This latter view has been supported in the PMSs SME literature, where researchers have called for information systems platforms to be adapted to the specific characteristics of SMEs and further research on the relationship between management information systems and performance measurement (Garengo et al., 2007). This approach to the design and implementation of PMSs as suggested in the SME literature will be valuable when assessing the use of PMSs in the context of this study.

The manufacturing industry has dominated the PMSs literature on SMEs (Garengo et al., 2005), while the literature on PMSs in the services industry, in particular the hospitality sector, is relatively limited (Haktanir and Harris, 2005; Cruz, 2007). However, a contingency-based study by King et al. (2010), which focused on small businesses in a service setting, reveals that a business's use of written budgets is positively related to its size and structure (decentralisation). This finding provides further evidence that size is an influencing factor on the use of MCSs.

This study will use the parameters of "number of full-time employees" and "number of rooms" to measure size (see Chapter 2). Based on the above discussion and arguments, this study considers organisational size as a relevant contingent factor that will influence the use of PMSs by SMEs in the Fijian tourism industry.

*Strategy*

Business strategy plays a key role in the design and use of MCSs, including PMSs (Otley, 1999, Simons, 1995). Yet this role is not fully understood (Langfield-Smith, 1997, Langfield-Smith,

2007). Business strategy is concerned with how a business achieves competitive advantage (Slater and Olson, 2001), and more specifically, a firm's competitive strategy specifies the potential products and markets, long-term objectives and policies for achieving these objectives (Singh et al., 2008). It has been suggested that MCSs, including PMSs, should be tailored explicitly to support the strategy of the business to achieve superior performance (Franco-Santos et al., 2012; Kaplan and Norton, 2000; Langfield-Smith, 1997). Evidence from previous empirical studies, predominantly examining large firms, shows the importance of linking business strategies to performance measures (e.g. Kaplan and Norton, 2000; Banker et al., 2004). Kaplan and Norton (2000) assert that the better the employees understand the firm's strategy, the better they will be able to use strategically linked performance measures to guide their decisions and actions.

Implementing an organisational strategy requires managers to continuously assess the external environment, technologies, organisational structures and MCSs to achieve desired organisational goals (Chenhall, 2007). A growing body of literature has examined the impact of strategy on MCSs (Govindarajan, 1986, Simons, 1995, Gosselin, 1997, Chenhall and Morris, 1986, Simons, 1987, Gul and Chia, 1994, Auzair and Langfield-Smith, 2005, Otley, 1999, Govindarajan and Gupta, 1985). However, there has been scant research on strategy in SMEs, as most of the studies have been conducted in large firms (Singh et al., 2008; Garengo and Bititci, 2007; Garengo et al., 2005). However, the limited studies on strategies in SMEs help provide some insights. It is documented that SMEs that link operations to their business strategies outperform the competition (Singh et al., 2008). Vos (2005) observes that managers of SMEs have poor skills in reflecting upon their companies strategically. Singh et al. (2006) observe that SMEs should be flexible in developing their strategies. In their review of the SME literature, Singh et al. (2008) conclude that SMEs have been unsuccessful in developing effective strategies in the past, and most of the strategies have been formulated for short-term goals. These findings imply that PMSs in SMEs may not be based on well-developed strategies.

Several generic strategy taxonomies have been developed by various scholars. For instance, Miles and Snow (1978) identify four archetypes of strategy, namely, the defender, the analyser, the prospector and the reactor. Miles and Snow (1978) argue that the focus of low product innovators (i.e. defenders) is on the efficiency of internal operations, while that of high product innovators (i.e. prospectors) is on scanning the environment for new opportunities. Analysers fall in between

defenders and prospectors, while reactors do not have a consistent pattern of behaviour (Segev, 1989, Miles and Snow, 1978). Porter (1980) also introduced a taxonomy of strategy that consists of three elements: cost leadership, differentiation and focus. Porter (1980) proposes that, regardless of industry context, organisations can choose from one of these generic strategies to compete effectively. Cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimisation in areas such as research and development (R&D), customer support, sales force and advertising. Differentiation refers to creating products or services that are perceived by customers as unique. This may be based on the quality of the product, the wide availability of product offerings, product flexibility, technology and customer service. In a focus strategy a company dedicates itself to a segment of the market that has special needs that are poorly served by the other competitors in the industry.

Gupta and Govindarajan (1984) identify the build–hold–harvest strategic choices. The choice of strategic mission signifies the organisation's intended trade-off between market share growth and maximising short-term earnings. A business that follows a build strategy aims to improve market share and competitive position, even though this may decrease short-term earnings or cash flow. Under a harvest strategy a firm strives to maximise short-term profit and cash flow rather than increase market share. A hold mission is often used by businesses to protect market share and competitive position, aiming to maintain market share while obtaining a reasonable return on investment.

Segev (1989) shows that Miles and Snow's (1978) typology is consistent with Porter's (1980) strategy typology. In essence, differentiators share many features of prospectors, while cost leaders are similar to defenders, although the level of proactiveness is higher in prospectors than in differentiators and lower in defenders than in cost leaders. Segev (1989) also found that reactors are similar to Porter's stuck in the middle (focus) strategy. Hence, one can conclude that these various strategy typologies have similar characteristics and the choice of which one to use in past MCSs studies has been varied. For instance, Ferreira and Otley (2010) used Miles and Snow's (1978) strategy typology in their study because it had been demonstrated to have external validity in different settings (Anderson and Lanen, 1999, Kober et al., 2007), although occasionally they refer to Porter's typology.

Evidence from strategy–organisational design research suggests that strategies characterised by a conservative orientation, defenders, harvest and cost leadership are best served by centralised control systems, specialised and formalised work, simple coordination mechanisms and attention-directing to problem areas (Miles and Snow, 1978; Miller and Friesen, 1982; Porter, 1980). Likewise, Chenhall (2003) proposes such a strategy–MCSs relationship to be more associated with formal, traditional MCSs, focused on cost control, specific operating goals, and budgets and rigid budget controls.

Strategies characterised by an entrepreneurial orientation, prospectors, and build and product differentiation are linked to lack of standardised procedures, decentralised and results-oriented evaluation, flexible structures and processes, complex coordination of overlapping project teams, and attention-directing to curb excess innovation (Miles and Snow, 1978; Miller and Friesen, 1982; Porter, 1980). Chenhall (2003) clarifies this strategic focus and the corresponding MCS characteristics by proposing that with product differentiation, competitor-focused strategies are associated with broad-scope MCSs for planning purposes, and customisation strategies are associated with aggregated, integrated and timely MCSs for operational decisions. Alternatively, he proposes that entrepreneurial strategies are associated with both formal, traditional MCSs and organic decision making and communications. In addition, he associates strategies characterised by defender and harvest orientations and following cost leadership with formal PMSs, including objective budget performance targets, compared to more prospector strategies which require informal, open MCSs characterised by more subjective long-term controls and interactive use of budgets focused on informal communications. Based on these discussions, Chenhall (2007) argues that notwithstanding the strategic direction selected by the organisation, contingency-based research predicts that certain types of MCSs will be more suited to particular strategies. He further argues that implementing an organisational strategy requires managers to continuously assess the external environment, technologies, organisational structures and MCSs to achieve desired organisational goals. Hence, in this study, the external environment and strategy are two contingent factors that are examined for their effect on PMS use.

Some evidence exists from past empirical studies that have provided insights into the nature of business strategies and MCSs. For instance, Abernethy and Guthrie (1994) found that prospectors improved their performance when their MCSs were able to provide managers with broad-scope

information, suggesting that such organisations would require their MCSs to be designed accordingly. Consistent with this finding, Said et al. (2003) found that prospectors make greater use of non-financial measures than defenders. Chenhall and Langfield-Smith (1998) found that differentiators, who display similar traits to prospectors, were among the highest users of benchmarking and balanced scorecards techniques, whereas companies following low-cost strategies were low users of benchmarking and only moderate users of balanced scorecards. However, others have failed to find support for the prediction that differentiators use more sophisticated MCSs compared to cost leaders (Abdel-Kader and Luther, 2008).

Previous literature (Hoque, 2004; Ittner et al., 2003) argues that a positive relationship between strategic choice and organisational performance exists through management's choice and use of PMSs. However, many contingency theoretical studies (e.g. Brignall, 1997; Chenhall, 2003, 2007; Chong and Chong, 1997; Fisher, 1995; Govindarajan and Gupta, 1985; Langfield-Smith, 1997) argue that organisations adopting generic strategies such as product differentiation are using more non-financial measures of performance than firms adopting other types of strategy. Porter (1980) argues that a product differentiation strategy is necessary to enhance customer satisfaction by facilitating product flexibility and timely delivery. Therefore, companies that follow a differentiation strategy will focus more on employing a broad set of financial and non-financial measures. Alternatively, low-cost strategy is important if the organisation aims to sell at a lower price than its competitors. Therefore, companies that follow a low-cost strategy focus more on financial measures of performance. In general, the findings of previous studies (e.g. Chenhall and Langfield-Smith, 1998; Hyvönen, 2007) support this argument.

In the context of SMEs, several studies in the SME literature have used the above-mentioned generic strategy classifications (e.g. O'Regan and Ghobadian, 2005; Salavou et al., 2004; Burns and Harrison, 1996). For instance, in their study on the role and impact of strategic orientation and environmental perceptions on innovation and supporting mechanisms such as process technologies and management practices, in SMEs, O'Regan and Ghobadian (2005) found that prospectors were more likely to engage in new product development, whereas defenders were five times more likely to modify an existing product than introduce a newly patented product. Also, prospector-type firms tend to deploy more new process technologies and leading management practices compared with defender-type firms, particularly in a turbulent operating environment. Burns and Harrison (1996)

state that cost leadership is not appropriate for SMEs as they cannot achieve economies of scales compared to large firms. Instead, pursuing a focused differentiation strategy by way of a niche strategy is a more appropriate strategy for SMEs. In their view, focus strategy can be used with cost leadership, where concentrating on certain market segments offers some cost advantages.

While the literature on the influence of strategy on MCSs, including PMSs, in the context of large hotels is varied (e.g. Pereira-Moliner et al., 2010; Pavlatos and Paggios, 2009; Phillips, 1999), there is only a limited number of studies investigating tourism SMEs in the accommodation sub-sector (e.g. Auzair, 2011; Bergin-Seers and Jago, 2007; Phillips and Louvieris, 2005). A study of Malaysian hotels by Auzair (2011) that examined the relationship between hotel MCSs design (i.e. the use of a more or less bureaucratic MCS), the strategies they pursue and their external environment, reveals some contradicting evidence. It was found that the cost leader, that is, a firm with tighter cost control and vigorous pursuit of cost reduction, is positively associated with a bureaucratic MCS; and the differentiator is positively associated with a less bureaucratic MCS. However, it was also found that the cost leader firm uses a less bureaucratic style of control system. This finding suggests that hotel management needs to allow creativity in providing quality services to avoid tight controls. Based on the above discussion and arguments, this study considers strategy as a relevant contingent factor that will influence the use of PMSs by SMEs in the Fijian tourism industry.

In summary, this sub-section discussed and reviewed the literature in relation to four factors (e.g. environment, ownership, size and strategy) that have been found to influence the use of PMSs by drawing on contingency theory. The review of the literature reveals that research into the factors influencing the use of PMSs in the SME tourism sector, particularly in developing countries, is extremely limited. This discussion will assist in addressing the first objective of this research, that is, to examine the factors that influence the use of PMSs by Fijian SME tourism ventures.

The sub-section that follows discusses the different uses of PMSs. The framework utilised by this study to examine different uses of PMSs will be explained briefly prior to examining the relevant literature.

### 3.4.2 Different Uses of PMSs

PMSs have been recognised as fulfilling several functions that help management perform their roles and improve their decision making thus achieving their organisational goals. This sub-section examines different uses of PMSs by drawing on Simons' LOC framework. The LOC framework will be outlined briefly before the literature on the uses of PMSs selected for this study is discussed.

#### 3.4.2.1 The LOC Framework

Simons (1995) refers to management controls in organisations as levers of control (LOC) and identifies four types of control systems, namely beliefs systems, boundary systems, diagnostic control systems and interactive control systems. Simons explains that beliefs systems are an explicit set of organisational definitions that formally communicate the organisation's core values, purpose and direction. These core values are linked to the firm's business strategy and are created and communicated through mission statements and statements of purpose (Simons, 1995). Belief systems are also used by managers operating in uncertain conditions to signal strategic goals to organisational members, enabling them to match their behaviour to desired outcomes (Speklé, 2001). The boundary LOC is an explicit set of organisational definitions and parameters (e.g. rules, codes of business conduct, policies and procedures), expressed in negative or minimum terms (Simons, 1995). By communicating those activities deemed acceptable and those considered off-limits, boundary systems aim to prevent employees from wasting the organisation's resources (Tuomela, 2005; Simons, 1995).

Simons's (1995) third LOC, namely diagnostic control systems, represents the traditional MCS that is designed to ensure the achievement of predictable goals. They are the formal information systems that managers use to monitor organisational outcomes and correct deviations from preset standards of performance. According to Simons (1995) there are three distinguishing features of diagnostic control systems: i) the ability to measure the outputs of a process; ii) the existence of predetermined standards against which actual results can be compared; and iii) the ability to correct deviations from standards (p. 59). This is commonly referred to as *ex post* monitoring. Examples of common accounting measures in diagnostic control systems include financial measures of

revenues, costs, cash flows and profits (Ijiri, 1975). Hence, feedback of variance information relating to control over an individual, a machine, a department, a production line or an organisational process allows for the adjustment of inputs or fine tuning of the process so that future outputs will more closely achieve preset standards or targets. Significant consistent discrepancies between outputs and preset standards may result in preset standards being adjusted. Examples of diagnostic control systems commonly used in organisations include profit plans, budgets, business plans, goals and objectives systems, project monitoring systems, revenue/market share monitoring systems, human resource systems, standard costing systems and management by objectives systems. Several scholars have found that diagnostic use is not simply a constraining influence on managers' behaviour, because monitoring processes highlight problems and motivate managers to achieve their goals, sometimes through novel means (Emsley, 2001; Ittner & Larcker, 1998). Ideally, diagnostic control measures should be objective (independently verifiable), complete (capture all relevant actions or behaviours) and responsive (reflect the efforts or actions of the individual being measured). Since diagnostic control systems are tools of strategy implementation, designing these systems requires a careful analysis and understanding of critical performance variables (Simons, 1995).

Simons' (1995) fourth LOC, namely interactive control systems, is the formal information systems managers use to involve themselves regularly and personally in the decision activities of subordinates (p. 95). Recent MCSs theoretical and empirical literatures have recognised the critical role MCSs play in creating competitive pressures within the organisation to innovate and adapt (e.g. Davila et al., 2009). In Simons' view, the essence of MCSs is to manage the tension between creative innovation and predictable goal achievement, and to balance the basic organisational dilemma between control and flexibility. Hence, while diagnostic control systems constrain innovation and opportunity-seeking to ensure the predictable goal achievement needed for intended strategies, interactive control systems have the opposite effect. They stimulate search and learning, allowing for new strategies to emerge as managers and subordinates throughout the organisation respond to perceived opportunities and threats. According to Simons (1995), all interactive control systems have four defining characteristics: i) information gathered by the system is an important and recurring agenda addressed by the highest levels of management; ii) the interactive control system demands frequent and regular attention from operating managers at all levels of the

organisation; iii) data generated by the system are interpreted and discussed in face-to-face meetings involving superiors, subordinates and peers; and iv) the system is a catalyst for the continual challenge and debate of underlying data, assumptions and action plans.

Hence, interactive processes enable organisations to bring together individuals with different sets of information about the organisation's activities (Abernethy and Lillis, 1995; Speklé, 2001). Managers use them to signal organisational priorities and to stimulate the emergence of new strategies (Bisbe and Otley, 2004; Naranjo-Gil and Hartmann, 2007; Simons, 1995). In so doing, managers obtain access to local knowledge that can be used to develop strategic plans (Ahrens and Chapman, 2004; Wouters and Wilderom, 2008). Any MCS that facilitates formal processes of debate can be used interactively. For example, managers involve employees in budgetary processes and the design of PMSs in order to share information and reduce gaps in knowledge (Abernethy and Brownell, 1999; Haas and Kleingeld, 1999; Shields and Shields, 1998). Interactive processes allow managers to keep abreast of the activities of employees, but they also open up debate and discussion in a facilitative, "non-invasive" way (Bisbe et al., 2007). In contrast to diagnostic processes, interactive systems require a significant amount of attention by senior managers to remain aware of strategic uncertainties that may affect the attainment of goals (Bisbe and Otley, 2004; Marginson, 2002). For this reason, interactive processes tend to be time-consuming and costly (Widener, 2007).

This sub-section provided a review of Simons LOC framework, with particular attention given to diagnostic and interactive use of controls. This is mainly because the study specifically focuses on the diagnostic and interactive use of PMSs by Fijian SMEs in the tourism industry. The next sub-section reviews the literature pertaining to the influence of PMSs on capabilities and organisational performance. This literature review is relevant to the third objective examined in the thesis, which is informed by RBT.

### 3.4.3   Influence of PMSs on Capabilities and Organisational Performance

This sub-section discusses the influence of PMS use on organisational capabilities and organisational performance by drawing on RBT. While some literature (e.g. Henri, 2006a) may refer to RBT as a resource-based view (RBV), in this study, the term RBT will be used for

consistency. RBT addresses the resources and capabilities of the firm as an underlying factor of performance. However, the MCS and PMS literature has devoted scant attention to RBT. Following a review of the RBT literature in so far as it relates to the relationships between the use of PMSs, capabilities and organisational performance, a description of its application to this study will be discussed. The four organisational capabilities that are examined in this study will also be identified and explained.

### 3.4.3.1 Resource-based Theory

RBT argues that a firm's sustained competitive advantage lies in its resources that are valuable, rare, inimitable and non-substitutable and that cannot be easily duplicated by its competitors (Barney, 1991; Barney et al., 2001). These resources include all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm that enables it to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991; Daft, 1983). According to Henri (2006a), RBT is based on the principle that competitiveness is a function of distinctive and valuable resources and capabilities controlled by a firm. Some scholars also argue that sustained competitive advantage is generated by the unique bundle of resources at the core of the firm (Conner and Prahalad, 1996; Barney, 1991). Hence, RBT conceptualises organisations as bundles of resources and capabilities that can be used to implement value-creating strategies (Barney, 1991; Eisenhardt and Martin, 2000; Day, 1994).

The definitions of resources and capabilities in the RBT literature are many and varied. The seminal work of Grant (1991) is a good starting point to illuminate the definition of resources and capabilities this study will adopt. In making the case for resources and capabilities of the firm being the foundation for long-term strategy, Grant (1991) claims: i) internal resources and capabilities provide the basic direction for a firm's strategy; and ii) resources and capabilities are the primary source of profit for the firm. Grant (1991) makes a clear distinction between resources and capabilities. Resources "are inputs into the production process which include items of capital equipment (tangible assets), skills of individual employees, patents, brand names (intangible assets), finance and, so on". A capability is the "capacity for a team of resources to perform some task or activity" (p. 118–19). Grant (1991) adds that resources are a source of a firm's capabilities; however, capabilities are the main source of its competitive advantage.

Other primary capabilities that have been recognised in the strategic management literature where firms can reach competitive advantage include innovation, organisational learning, market orientation and entrepreneurship (Hult and Ketchen, 2001; Hurley and Hult, 1998; Ireland et al., 2001). Past research suggests that each of these four capabilities is adequate to offer strengths, but is not sufficient to develop sustained advantages. For example, Hult and Ketchen (2001) suggest that market orientation, entrepreneurship, innovation and organisational learning do not constitute unique resources independently, but they can collectively contribute to the creation of a unique resource. Only collectively can they help an organisation to be uniquely competitive (Henri, 2006a; Hult and Ketchen, 2001). In management accounting research, Henri (2006a) employed the resource-based view (RBV) to investigate how the use of PMSs can influence each of these four capabilities among 383 large Canadian manufacturing firms.

This study adopts only two of the capabilities examined in Henri's study, namely innovativeness and entrepreneurship, as they were considered appropriate to the context of this study. Specifically, this study used a comprehensive analytical framework designed for the Fijian (a developing country) SME tourism context, hence, the relevant capabilities in the context of this study were selected. SMEs in this study would be smaller in size compared to the large manufacturing businesses that Henri (2006a) studied. Given this difference in firm characteristics, the researcher decided that the capability of market orientation was deemed inappropriate in this study, since SME tourism firms have a narrow customer base, hence, market orientation would be limited to their niche markets. As for organizational learning, any learning would be mainly processed by the Owner-Manager, as he/she makes all the decisions, hence, the significance of this capability would be limited. Alternatively, the capabilities of innovativeness and entrepreneurship are pertinent as sources of competitive advantage, despite the scale of a business (i.e. large or SMEs), hence, renders the two latter capabilities more appropriate to examine in this study.

In addition, two more capabilities considered appropriate to this study, teaming of resources and organisational routines, are also adopted. The ability of the SME Owner-Manager to acquire, and mobilise its resources, using a set of effective organizational processes or routines are important capabilities to nurture and improve to enhance business performance. Each of the four capabilities will be described below, with further justification for choosing them in this study.

*Innovativeness*

Innovativeness is a means to gain a competitive advantage (Hult et al., 2003; Hurley and Hult, 1998; Martins and Terblanche, 2003; Nieto and Quevedo, 2005; Olson et al., 2005; Tajeddini and Trueman, 2008a, 2008b; Tajeddini et al., 2006). It refers to the notion of the organisation's openness to new ideas, products and processes, and its orientation toward innovation (Hurley and Hult, 1998). Innovativeness has often been noted as one of the most important strategic orientations for firms to achieve long-term success (Noble et al., 2002). It is considered to be critical (by scholars and managers) for firms to compete effectively in domestic and global markets (Hitt et al., 2001), and it has a significant effect on venture performance (e.g., Baum, 1995; Rauch and Frese, 2000; Utsch and Rauch, 2000). Firms that have a greater capacity to innovate are able to develop a competitive advantage, achieve corporate renewal and achieve higher levels of performance (Danneels, 2002; Hurley and Hult, 1998).

In his review of the literature, Tajeddini (2010) reveals that the majority of research concerning innovativeness has been conducted in different firms with the focus on products and processes. In this regard, some scholars observe innovativeness as the creation of newness (Roehrich, 2004), adoption of an idea or behavior that is new to the organization (Daft, 1978) or depicts a firm's ability to develop, launch and commercialise new products or services at a fast rate and ahead of its competitors (Ali et al., 1995; Hurley and Hult, 1998; Michalisin, 2001; Subramanian and Nilakanta, 1996). From a service point of view, some scholars attempt to define innovativeness as the degree of newness it has relative to the firm and to the outside world (Kleinschmidt and Cooper, 1991; Olsen and Sallis, 2006; Olson et al., 1995).

With respect to innovativeness in service organisations, it has been reported that, owing to the lack of planning and informality, service organisations rely heavily on competitive imitation and/or customer canvassing to foster new ideas (Atuahene-Gima, 1996; Oldenboom and Abratt, 2000). Innovativeness in the hotel industry embraces a broad spectrum of activities such as developing appropriate strategies, new technologies, supportive leadership, improved services, safety and environmentally friendly issues as well as interaction between information and communication technologies. Innovation is playing an increasing role in services (Miles, 2001) and, unquestionably, is particularly important for the tourism industry (Hjalager, 2002, 2010). Hotels

have to be innovative (Jogaratnam and Ching-Yick Tse, 2006) in achieving lower costs and higher-quality outputs (Chadee and Mattsson, 1996; Ottenbacher and Gnoth, 2005). In their empirical study of innovative practices in large Spanish hotels, Vila et al. (2012) found evidence that, owing to increasing competition and a lack of differentiation, midmarket hotels made efforts to innovate. The introduction of innovative practices enabled Spanish hotels to increase both prices and occupancy rates. However, the tourism literature has claimed repeatedly that rigorous innovation research in tourism has been limited and empirical tests of the phenomenon have been modest (Hjalager, 2002, 2010; Sundbo et al., 2007).

In the context of SMEs, researchers have studied the influence of innovativeness on firm performance. Although SMEs typically face considerable resource constraints, they are often successful innovators. Their smaller, nimbler structures and an entrepreneurial position promoted by founders and managers can facilitate innovation activity in SMEs (Nooteboom, 1994; Vossen, 1998). Effective innovation means that SMEs need to maximise the creative resources they possess (Nonaka and Takeuchi, 1995) using organisational supporting mechanisms (McEvily et al., 2004). Appiah-Adu and Singh (1998) found that the influence of innovation orientation on the degree of customer orientation of SMEs is significant and positive. In their study on manufacturing firms, O'Regan and Ghobadian (2005) found evidence that a firm's strategic orientation (e.g. defender or prospector) was tied to their degree of innovation. Prospectors continually look for new opportunities, whereas defenders appear to innovate only when they are pressured into doing so. For example, prospectors were more likely to engage in new product development, whereas defenders were five times more likely to modify an existing product than introduce a newly patented product. Also, prospector-type firms tend to use more new process technologies (e.g. computer-aided design and drafting and digital interchange with suppliers) and leading management practices (e.g. TQM, suggestion scheme and problem-solving tools) than defender-type firms, particularly in a turbulent operating environment. Defenders recognise the need to "catch up" and indicate that they intend to introduce process technologies over the next two years. O'Regan and Ghobadian (2005) recommend that defender-type firms should consider a greater use of process technologies and management practices. This finding suggests that prospector firms have the resources and the capability to innovate more than defender firms; hence, they have a higher chance of achieving sustained competitive advantage.

SMEs pursuing an innovation strategy may benefit in several ways. Schumpeter (1934) argues that innovation is an opportunity for entrepreneurial firms to gain rents through the temporary establishment of a monopoly and considers continuous innovation activity as the key source of long-term entrepreneurial success. Since SMEs are nimbler than larger businesses, they can move faster and, hence, obtain these monopoly rents for a longer period of time. The introduction of innovative products, services, processes or business models tailored to attractive niches is an additional opportunity for SMEs to stand out from the competition (Porter, 1980). In so doing, SMEs can benefit from high brand loyalty of buyers and a reduced price sensitivity of demand as a consequence of customers valuing the uniqueness of the innovation (Lieberman and Montgomery, 1988). Serving attractive niches with innovative products is particularly advantageous for SMEs compared to large firms due to their limited size and greater nimbleness. All of these benefits attributable to innovation help SMEs to successfully compete with well-established incumbents that can rely on a much larger resource base than their smaller counterparts. By offering highly innovative products, small firms can avoid price competition. In addition, innovative products may create new demand and, thus, facilitate firm growth. If the innovating SME manages to set high barriers preventing competitors from entering the market, the company's position in the industry is strengthened and the innovation can lead to persistent above-average returns (Porter, 1980). Furthermore, the product development process is considered to be a path-dependent idiosyncratic dynamic capability (Eisenhardt and Martin, 2000; Teece et al., 1997). It leads to competitive advantage via enhancement, recombination or creation of resources and their deployment in value-creating strategies (Grant, 1996; Branzei and Vertinsky, 2006). The ability to reconfigure their resource base due to greater nimbleness and agility is a considerable advantage of SMEs compared to large firms. As such, from a dynamic capabilities perspective, SMEs can benefit greatly from innovation.

The tourism industry is generally composed of SMEs, but there is not enough research about how SMEs in the tourism industry innovate (Barras, 1990; Sundbo, 1997; Tether, 2003). In a review of research on innovation in tourism, Hjalager (2010) states that innovation research in tourism is a young phenomenon; that issues are only gradually being elaborated in theory and illuminated by empirical evidence. In her review of the tourism literature on innovation, Hjalager (2010) identifies some characteristics of innovation in the tourism industry. Firstly, major impediment for tourism

innovation is the small size of many enterprises (Jacob and Groizard, 2007; Orfila-Sintes and Mattsson, 2009; Pikkemaat, 2008; Sundbo, 1997). Secondly, for hotels, Pikkemaat and Peters (2006) find that innovativeness is higher in larger destinations than in smaller destinations, and this also increases with the formal quality standard of the product. Strategic awareness and targeting of particular customer groups also coincides with innovativeness. Thirdly, managerial capacities including product and group management skills and learning culture are crucial for the inclination to innovate (Enz and Siguaw, 2003; Kumar et al., 2008). Fourthly, Owners who are active in business networks are found to be more innovative than enterprises not collaborating with others (Kokkonen and Touhino, 2007; Pikkemaat, 2008). Finally, Owners also claim that they are too busy to innovate or that they do not have competent staff (Ottenbacher et al., 2006). While this is not an exhaustive list of empirical tourism studies and innovation, it does throw some light on the innovativeness capability of SME tourism firms. The present study will contribute to empirical research in this regard.

The increased competition SMEs face in the tourism industry highlights the relevance of innovativeness as a capability. Innovativeness appears to be a critical element in ensuring that Fijian SME tourism ventures have a competitive edge, and enhance their ability to survive and grow. As highlighted in Chapter 2, Fijian SME tourism ventures face intense competition both in the domestic market and in the global arena. On the one hand, they are competing with both local and foreign-owned tourism-based ventures, and on the other hand they are competing with international tourist destinations in both developed and developing countries, such as Bali, Tahiti, the Cook Islands and the Caribbean, to name a few. Hence, their ability to develop new products/services, have more efficient and effective processes to enhance their service delivery, and have an innovative orientation in the organisation would result in greater customer satisfaction and improvement in business performance.

*Entrepreneurship*

There are many different views on entrepreneurship. Naman and Slevin (1993) viewed entrepreneurship as a characteristic of organisations which can be measured by their management style, including their strategic decisions and operating management philosophies. Henri (2006a) cited Hitt et al.(2001); Miller (1983) and Naman and Slevin (1993), which described

83

entrepreneurship as the ability of the firm to continually renew, innovate, and constructively take risks in its markets and areas of operation (Miller, 1983; Naman and Slevin, 1993); and that entrepreneurial actions involve creating new resources or combining existing resources in new ways to develop and commercialise new products, move into new markets and/or service new customers (Hitt et al., 2001). Entrepreneurship has been recognised as a critical organisational capability that enhances firm performance (e.g. Barringer and Bluedorn, 1999; Dimitratos and Plakoyiannaki, 2003; Hitt et al., 2001; McDougall and Oviatt, 2000; Miller, 1983). It can also be seen as involving aspects of new entry, especially how new entry is undertaken (Lumpkin and Dess, 1996), and combining existing resources in new ways to develop and commercialise new products, move into new markets and/or service new customers (Hitt et al., 2001). Entrepreneurship has evolved from the traditional concept of a one-time act that creates a new product or service or an entire business (Bygrave and Hofer, 1991), to being viewed as a process that is rooted in an organisation's culture, rather than as an event (Hult et al., 2003) to create value by bringing together a unique package of resources to exploit an opportunity (Stevenson et al., 1989). This process itself includes the set of activities necessary to identify an opportunity, define a business concept, assess the needed resources, acquire those resources, and manage and harvest the venture (Morris et al., 2001). Hence, it is a combination of creativity, innovative risk-taking, and managerial and business capabilities (Echtner, 1995).

Studies on entrepreneurship in the tourism sector are limited (Ioannides and Petersen, 2003; Thomas, 2004; Li, 2008). Ateljevic and Page (2009, p. 1) argue that "the links between tourism and entrepreneurship, with a few exceptions, remain divergent themes that are not addressed in any way which draws upon the inherent synergies between the two areas". The limited research suggests that entrepreneurs in the tourism industry have to be innovative and willing to engage in risk-laden activities (e.g., Litzinger, 1965). Lifestyle entrepreneurs and business-oriented entrepreneurs in tourism businesses have been documented in the literature as having an impact on the entrepreneurial disposition of the tourism entrepreneurs, hence influencing their businesses' entrepreneurship capabilities. Small tourism and hospitality firms are often generically described as "lifestyle enterprises" (e.g. Ateljevic and Doorne, 2000; Morrison et al., 2001; Ioannides and Petersen, 2003; Shaw and Williams, 2004; Getz and Petersen, 2005; Mottiar, 2007; Lashley and Rowson, 2010). These studies reveal numerous characteristics associated with lifestyle

entrepreneurs including the non-existence of management strategies and limited return-on-investment-based strategies (Morrison et al., 2001); a lack of involvement in formal organisations (Mottiar, 2007); low education and training, and lack of skills (Lashley and Rowson, 2010); limited innovative strategies (Ioannides and Petersen, 2003); and entry often related to a lifestyle choice, such as moving to a certain place or "to be my own boss" (Getz and Petersen, 2005). Thus, lifestyle entrepreneurs in tourism are motivated by different factors compared to entrepreneurs whose motivations are business-oriented (Lopez et al., 2009). For those entrepreneurs who are enthusiastic about implementing sustainable tourism principles, niche tourism provides a unique platform to achieve destination competitiveness whilst also providing a tourist experience which is customised and promotes sustainability (Hall and Williams, 2008; Ritchie and Crouch, 2003). Therefore, the ability to ascertain the motivations of the Fijian SME tourism Owner-Managers in starting their accommodation businesses would influence, to some degree, their entrepreneurship capabilities. Entrepreneurs with a motive to start and grow their business would exploit their valuable resources and entrepreneurship capabilities to exploit new opportunities and markets, thereby enhancing their potential to have a competitive edge over their competitors and improving business performance.

### *Teaming of resources*

Resources valuable to a firm have been categorised as tangible and intangible assets, namely: i) physical resources/assets (e.g. production facilities, geographic location); ii) human resources (e.g. experience and expertise); iii) organisational assets (e.g. management skills, superior sales force); and iv) competencies (e.g. miniaturisation, imaging) (Barney, 1991; Barney et al., 2001; Eisenhardt and Martin, 2000; Teece et al., 1997). Grant (1991) argues that, on their own, only few resources are productive, and that productive activity requires the cooperation and coordination of teams of resources. For example, excessive liquidity (e.g. cash resource) does not add much value to the business. However, channelling a cash resource into purchasing other resources such as materials inventory, equipment and mobilising employees to manufacture a new product would increase sales, market share and overall business performance. Consequently, Grant defines a capability as "the capacity for a team of resources to perform some task or activity" (p.119), and also that "the capabilities of a firm are what it can do as a result of teams of resources working together" (p. 120). Effective use of teams of resources (as a capability) enables organisations to attain their objectives and improve performance.

The teaming or combining of several valuable resources together to achieve a task is considered another relevant capability in this study. Given the scarce resources of SMEs (see the discussion on size in sub-section 3.4.1.2), their ability to use valuable resources (e.g. business location) and channel them to implement value-adding strategies (e.g. satisfy their customers, innovate with new services) would benefit their businesses and give them a competitive edge. In this study, it is argued that PMS use can affect performance through its influence on key organisational capabilities, including teaming of resources. More specifically, through the influence of PMSs on the way the SME Owner-Manager plans and controls the firm's resources (teaming of resources) in order to meet its short-term and long-term goals, the Owner-Managers would be able to influence the performance of their businesses.

*Organisational routines*

Grant (1991) relates organisational capabilities to organisational routines. He defines organisational routines as "regular and predictable patterns of activity which are made up of a sequence of coordinated actions by individuals, which include routines for the flow of materials and components through the production process, and top management routines which include routines for monitoring business unit performance, for capital budgeting, and for strategy formulation" (p. 122). He clearly identifies organisational routines as an organisational capability. Grant's definition of capabilities is similar to Kogut and Zander's (1992) definition that describes capabilities as organisational processes by which firms synthesise and acquire knowledge resources, and generate new application from those resources. Grant (1991) also states that "capabilities involve complex patterns of coordination between people and between people and other resources" (p. 122). PMS use can affect performance indirectly through their influence on organisational routines or organisational processes (e.g. purchasing procedures, service delivery procedures, customer service, and performance evaluation), developed and implemented to assist the SME Owner-Manager in managing their business.

A recent study by Pavlov and Bourne (2011) applied an organisational routines perspective to explain how performance measurement affects organisational performance, which in their view, has been weakly addressed in the MCS and PMS literature. Drawing on the organisational routines literature, Pavlov and Bourne affirm that organisational performance is delivered by a set of

organisational processes or routines that perform specific functions, respond to performance feedback (Nelson and Winter, 1982) and carry out organisational change in a number of distinct ways (Feldman, 2000; Becker et al., 2005). As such, routines provide a powerful analytical lens for studying organisations (Becker and Zirpoli, 2008) and present a clear link between performance measurement and organisational performance (Pavlov and Bourne, 2011). The notion of organisational routines as discussed by Pavlov and Bourne (2011) is consistent with Grant's (1991) notion of organisational routines.

In the SME and tourism SME context, earlier discussions have identified that SMEs do not have formal planning and control systems, but informal and personal controls (e.g. direct observation). Also, in some instances, there are documented procedures (e.g. reservation systems, housekeeping, maintenance routines), and in other cases, tacit knowledge of organisational routines or procedures exists in service delivery. Given the existence of numerous routines in the business, the Owner and top management's ability to combine its resources in a systematic manner and deliver the service(s) in a timely manner via organisational routines is denoted as an organisational capability that would enhance the business's ability to deliver its services effectively and efficiently.

In conclusion, the present study will examine the four organisational capabilities reviewed in this section, namely, innovativeness, entrepreneurship, teaming of resources and organisational routines. In particular, this study will examine how the use of PMSs influences these four capabilities, and in turn organisational performance. The next section will present the theoretical framework that has been developed for this study.

## 3.5    An Analytical Framework to Examine the Use of PMSs and Organisational Performance

Based on prior discussions, this section develops and presents an analytical framework to examine the relationship between the use of PMSs and organisational performance. The framework also incorporates the factors influencing the use of PMSs, and the capabilities through which the use of PMSs affect organisational performance. The framework enables the examination of the three research objectives of the study; contingency theory, Simons' LOC framework and RBT have informed the development of the framework.

Drawing on contingency theory (see sub-section 3.4.1), this study argues that the use of PMSs is influenced by a number of contextual factors such as the environment, ownership, size and strategy. Further, drawing on Simons' LOC framework (see sub-section 3.4.2), this study also argues that PMSs can be used in two different ways (namely diagnostically and interactively) depending on the context within which they operate, and drawing on RBT (see sub-section 3.4.3). It is argued that such use can influence various organisational capabilities (innovativeness, entrepreneurship, teaming of resources and organisational routines), which would in turn affect organisational performance. Figure 3.1 depicts the above relationships, and it could be used as a comprehensive analytical framework to examine the association between the use of PMSs and organisational performance.

The framework in Figure 3.1, developed from the relevant literature, consists of two parts. The first part shows the relationship between contingency factors and the use of PMSs. This part of the framework is designed to facilitate the examination of the first and second research objectives of the thesis (see p. 10). Figure 3.1 shows that the type of PMS used by an organisation depends on contingent factors. While the use of PMSs as a diagnostic control will be more appropriate under certain characteristics of the contingent factors (e.g. low environmental uncertainty), the use of PMSs as an interactive control will be more appropriate under some other characteristics of those contextual factors (e.g. high environmental uncertainty).

The second part of the framework shows how the use of PMSs influences organisational performance through its influence on organisational capabilities (i.e. innovativeness, entrepreneurship, teaming of resources, organisational routines). This part of the framework is designed to facilitate an examination of the third research objective. Overall, the analytical framework delineates the way in which the four contextual factors influence the two forms of the PMS use, and in turn, how the PMS use would affect organisational performance through its influence on the four capabilities. Reciprocal relationships of these variables were not tested in this study, hence, as per Figure 3.1, the analytical framework tests for relationships between variables flowing one way only (i.e. from left to right).

**Figure 3.1: Theoretical Framework Context of Fijian SMEs in the Tourism Industry**
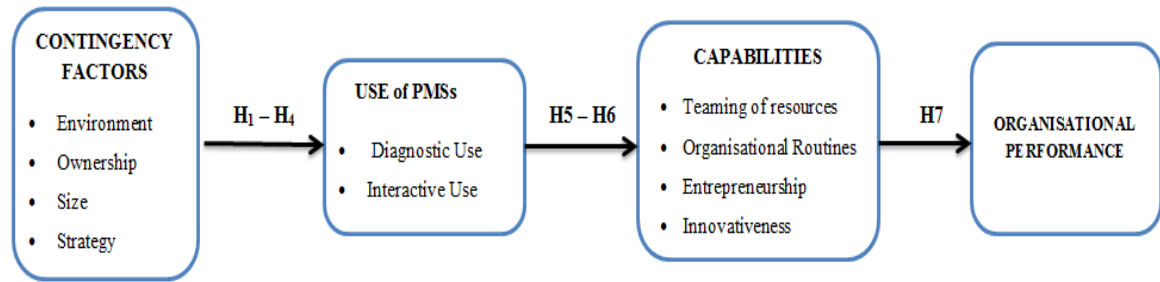


The framework presented in Figure 3.1 will be used in the current study to examine the use of PMSs and their influence on organisational performance within the context of Fijian SMEs in the tourism industry. The next section develops and presents the hypotheses in relation to each of the research objectives of this study.

## 3.6 Hypotheses Development

This section develops the hypotheses in order to test the relationships that the current study focuses on in the context of Fijian SMEs in the tourism industry. The hypotheses development is informed by the analytical framework developed in Section 3.5 and depicted in Figure 3.1. The section is divided into two sub-sections. The first presents the hypotheses that are related to the contingent factors that influence the use of PMSs, and the second presents the hypotheses that are related to capabilities and their effect on organisational performance as a consequence of using PMSs either diagnostically or interactively.

### 3.6.1 Influence of Contingent Factors on PMS Use

This sub-section develops the hypotheses that explain the relationship between the four contingent variables examined in this study (namely, environment, ownership, size and strategy) and the use of PMSs.

### 3.6.1.1 Environmental Uncertainty and the Use of PMSs

Environmental uncertainty has been examined in the contingency theory-based literature for its effect on PMS use. External factors such as competition, economic stability, political stability, government regulation and natural disasters are some of the factors that have been recognised as causes of environmental uncertainties, which, in turn, are found to influence organisations' control systems, including the use of PMSs (e.g. Lee and Yang, 2011; Hill, 2000; Khandwalla, 1972; Otley, 1978, Duncan, 1972). Moreover, MCSs studies in services firms have found that environmental uncertainty plays an equal, if not more important role in service organisations as well, because service firms have greater exposure to the external environment (Lowry, 1990). Fitzgerald et al. (1991) and Brignall (1997) suggest that the volatility, uncertainty and competition in a service firm's external environment cause complexity and influence the design of its control system. These findings are similar to other empirical MCSs studies (e.g. Khandwalla, 1972 (in the manufacturing sector); Sharma, 2002; and Auzair, 2011 (in the hotel sector)), who found that the greater the threats of competition and/or the greater the level of perceived uncertainty experienced by management, the greater the need for appropriate control systems.

According to the contingency theory literature, when environmental uncertainty is high, organisations use a combination of controls, such as budgets, to evaluate managerial performance, and they also use interpersonal, informal and flexible controls, which involve frequent interactions and dialogue between Owner-Managers and subordinates (e.g. Ezzamel, 1990; Merchant, 1990; Chenhall, 2003). On the other hand, when environmental uncertainty is low (i.e. the environment is stable), decisions become more routine, thus the need for frequent meetings and information updates is eliminated (Govindarajan, 1984).

According to Simons' LOC framework, diagnostic control systems are the traditional control systems designed to ensure the achievement of predictable goals (e.g. profit plans, budgets and business plans). Interactive control systems, on the other hand, are the control systems managers use to involve themselves regularly and personally in the day-to-day activities of subordinates. In contrast to diagnostic controls, interactive control systems require a significant amount of attention by senior managers so that they remain aware of strategic uncertainties that may affect the attainment of goals (Bisbe and Otley, 2004; Marginson, 2002). According to Abernethy and

Brownell (1999) an interactive control is a means to reduce the level of uncertainties, as frequent updates may lead to immediate reactions. On the other hand, when the environment is stable, decisions become more routine. Having meetings involving all managers to decide on a common issue is a waste of time and resources (Govindarajan, 1984). Therefore, it has been argued that a fit between the level of uncertainty and the way in which PMSs are used (e.g. diagnostic vs interactive use) is necessary to improve organisational performance (Amir, 2011).

The discussion in Chapter 2 reveals a turbulent environment in Fiji, and the Fijian tourism industry faces great uncertainty due to a high degree of competition (from local and overseas tourist operators), government regulation, political and economic uncertainties (caused by global economic trends and war breakouts to name a few) and being prone to natural disasters. Under these uncertain environmental conditions, Fijian SME tourism ventures are not likely to use PMSs in a diagnostic manner. Owner-Managers of Fijian SME tourism ventures would require up-to-date financial and non-financial information more regularly. Ongoing direct interactions and discussions with service staff would enable Owner-Managers to monitor and manage the uncertainties and make effective decisions to minimise threats and challenges to their businesses, and take advantage of new business opportunities. Therefore, it can be argued that the Fijian tourism SME ventures in the accommodation sub-sector that experience high environmental uncertainties would use PMSs more interactively than diagnostically. Thus, it can be hypothesised that:

H1a:    *Fijian tourism SME firms with high environmental uncertainty use PMSs interactively rather than diagnostically.*

H1b:    *Fijian tourism SME firms with low environmental uncertainty use PMSs diagnostically rather than interactively.*

### 3.6.1.2 Ownership and the Use of PMSs

Ownership is a contingent factor that has been examined for its effect on the design and use of PMSs in contingency theory, although it is not as commonly researched as the other generic contingent variables (e.g. strategy and environment). As previously discussed in sub-section 3.4.1.2

under ownership, another dimension of ownership is the ethnicity[33] or cultural background of the Owner-Manager, which has been found to influence management style and the use of control systems in organisations, particularly those operating in multicultural societies (e.g. Cable and Patel, 2000; Chand and White, 2006; Chand, 2012). Empirical accounting research has recognised the multicultural nature of most contemporary societies, thereby promoting "ethnicity" as an important dimension to be considered in cross-cultural accounting research within a nation (e.g. Chand and White, 2006; Efferin and Hopper, 2007; Baskerville, 2003; Chow et al., 2002; Harrison and McKinnon, 1999). Many of these studies have used Hofstede's (1980) societal values of power distance, individualism–collectivism, masculinity–femininity and uncertainty avoidance to explain the cultural influences or ethnicity of managers and how these impact on their use of MCSs.

The findings from these studies suggest that uses of MCSs, including PMSs, vary across firms depending on the demographic characteristics and cultural background of the TMT Furthermore, people from different cultures have different responses to similar MCSs, PMSs and management practices. Hofstede (1984, p. 394) points out that subordinates in large-power distance countries have "strong dependence needs and expect superiors to behave autocratically and not to consult them". Therefore, allowing subordinates to participate in budgetary matters would be counter to such expectations of authoritative leadership. In contrast, subordinates in small-power distance countries would prefer to participate in budgetary decision making (O'Connor, 1995). In their study in a developing country context, Hosen et al. (2011) explored the influence of national culture on the level of participatory budgeting and firm performance in SME manufacturing firms in Libya. Findings reveal that the national culture elements in Libyan manufacturing firms were that of high-power distance, high masculinity, slightly high in uncertainty avoidance and collectivism, and the level of participation in budgeting by the managers surveyed was low. Hence, they found that culture influenced the level of participation in budgeting and the use of MCSs.

---

[33] Ethnicity is defined as 'The fact or state of belonging to a social group that has a common national or cultural tradition' (Oxford Dictionaries, http://www.oxforddictionaries.com/definition/english/ethnicity).

Chand and White (2006) and Sharma et al. (2012) describe the indigenous Fijian culture as reflecting a strong communal society in which the support structures inherent in the communal lifestyle typify Hofstede's (1980) cultural characteristic of "femininity". Village society exhibits a rigid hierarchy. Every member's role is well defined and understood by the village population. The culture, by way of its strong religious values and its hierarchical system, reflects the cultural attributes of uncertainty avoidance and strong power distance. Alternatively the Indo-Fijians were found to portray an individualistic and masculine society (Ali, 1980; Achary, 1998), with differences in their degree of uncertainty avoidance (which is much less) from the indigenous Fijians (Achary, 1998). One of the minority ethnic groups in Fiji is the Europeans/part-Europeans, and they can be categorised as portraying cultural attributes of Western countries such as Australia and the United States. Australians, for instance, place greater importance on individualism and self-independence. Hofstede's analysis of Australia also reflects a high level of individuality. Hence, in this study, it is anticipated that the Indo-Fijians and Europeans/part-Europeans share similar societal values (see Hofstede, 1980).

Findings from Chand and White's (2006) study do not find significant differences between the judgements provided by the two dominant cultural groups. They attribute their results to several reasons, namely: i) the effect of culture could be overridden by other factors, such as education, workplace influences, training and experience; and ii) there is a strong tendency for persons in a small professional community clustered in two urban centres to interact closely with one another. In contrast, Sharma et al. (2012) found empirical evidence that indigenous Fijian culture had influenced the resistance to the accounting change process in the Fiji Telecommunication sector. As a consequence, a modified form of new public management concepts emerged, suited to the Fijian political and cultural context. The present study will extend the influence of culture or ethnicity on the use of PMSs in the context of Fijian SME tourism accommodation Owner-Managers.

As we saw in Chapter 2, Fijian tourism SMEs are largely family-owned and Owner-managed; hence, it is expected that they will use, to a large extent, informal and social controls rather than formal controls. Also, Fiji is a multicultural society and tourism SMEs would largely be owned and managed by one of the two major Fijian ethnic groups, namely indigenous Fijians (or *iTaukeis*) and Indo-Fijians, and the minority group of Europeans/part-Europeans. Owing to these different

cultural or ethnic groups, it can be expected that the use of control systems, including PMSs, by Owner-Managers from different ethnic backgrounds will be influenced by cultural values and beliefs. Given that indigenous Fijian culture is characterised by high uncertainty avoidance and strong power distance as a consequence of its chiefly hierarchical and communal system, it can be expected that indigenous Owner-Managers may be more authoritative in their management style and use more formal control systems, reflecting diagnostic use of PMSs. In contrast, with their societal similarities of low uncertainty avoidance and individualism due to an emphasis on success of the immediate family and their motivation to succeed, Indo-Fijian and Europeans/part-European Owner-Managers are likely to use their PMSs interactively to a greater extent. Thus, it can be hypothesised that:

H2a:    *Indigenous-owned tourism SME firms use PMSs diagnostically rather than interactively.*

H2b:    *Indo-Fijian- and European-owned tourism SME firms use PMSs interactively rather than diagnostically.*

### 3.6.1.3 Size and the Use of PMSs

Only a limited number of contingency theory-based studies have examined size as a contextual variable, with many of these studies conducted in large firms in the manufacturing industry (e.g. Abdel-Kader and Luther, 2008; Haldma and Laats, 2002; Otley, 1995). Several studies have considered the effect of size on management controls together with other contextual factors (Abdel-Kader and Luther, 2008; Chenhall, 2003, Hoque and James, 2000). Findings from those studies show that as firm size increases, accounting and control processes tend to become more specialised and sophisticated (e.g. Abdel-Kader and Luther, 2008; Haldma and Laats, 2002; Otley, 1995; Bruns and Waterhouse, 1975; Ezzamel, 1990; Libby and Waterhouse, 1996). Previous contingency-based research suggests that with increasing size, firms use more formalised and developed MCSs because larger firms encounter greater complexity, and, therefore, have higher coordination and communication needs (Speckbacher and Wentges, 2012). Smaller firms tend to implement systems where the control, coordination and communication mechanisms are more informal and personal (Bruns and Waterhouse, 1975).

However, a number of MCSs studies have considered the specific relationship between size and MCSs. Overall these studies found that size was related to the use of administrative and interpersonal controls. A review of these findings include: increased size was associated with sophistication of control and information systems (Khandwalla, 1977; Lal, 1991); large, diverse and decentralised firms used administrative controls with a greater emphasis on achieving budget plans, greater middle and lower management participation in budget-related matters, and more formal patterns of communication, including a well-developed planning and budgeting system; alternatively, smaller, centralised, less diverse firms used interpersonal controls such as direct supervision and oral communications (Bruns and Waterhouse, 1975; Merchant, 1981). In a recent empirical study, Speckbacher and Wentges (2012) found that in relatively small firms, the (generally lower) use of formalised performance measurement is clearly driven by the firm's governance characteristics (family involvement), a factor that loses its importance in larger firms. Concerning size and planning and control systems in SMEs, several studies have reported that while the majority of very small firms do not use any kind of written plans, the use of planning and the extensiveness of this planning tend to increase with firm size (Berman et al., 1997; Robinson and Pearce, 1984).

As discussed in Chapter 2, Fijian tourism SMEs are expected to be family-owned, and there are a large number of small firms compared to medium-sized firms. The small firms are likely to use informal, simple control systems, as the Owner-Managers are directly involved with the day-to-day running of the business, and hence he/she interacts directly with employees and customers. However, for medium-sized firms, it can be expected that the Owners will hire a manager, as they may not be able to operate the accommodation business on their own due to time constraints. In such instances, medium-sized businesses are likely to use more formal control systems in order to monitor business operations and employees' performance.

The same can be expected in the context of Fijian SMEs. Small tourism business Owners are "close to the action" or have direct involvement in the day-to-day operation of the business, and hence they can be expected to have regular, face-to-face meetings with employees and implement interpersonal controls, which is characteristic of interactive use of PMSs. Hence, small Fijian tourism ventures do not develop and implement formal and complex administrative controls to monitor and measure their performance against preset levels of performance, which is

characteristic of diagnostic use of PMSs. They are more likely to have organic or flexible organisational structures, centralised decision making, and also interactive use of controls such as PMSs. On the contrary, medium-sized tourism firms are more complex with greater resources and services (e.g. larger capital investment in a variety of functional areas such as physical plant, room furnishings, dining, recreational and entertainment facilities), and hotel services (e.g. housekeeping, maintenance, computerised reservation systems and use of other information technology systems). Thus, medium-sized tourism firms require a more formalised planning and monitoring mechanism, including the use of formal budgetary and reporting systems in order to effectively deal with the higher complexity that results from size. Hence, medium-sized tourism firms can be expected to use their PMSs diagnostically to a greater extent. Thus, it can be hypothesized that:

*H3a:   Small Fijian tourism firms use PMSs interactively rather than diagnostically.*

*H3b:   Medium-sized Fijian tourism firms use PMSs diagnostically rather than interactively.*

### 3.6.1.4 Strategy and the Use of PMSs

Business strategy is another important contingent factor that has been examined for its effect on the design and use of MCSs, including PMSs, in the contingency theory-based literature (see e.g. Langfield-Smith, 1997; Chenhall, 2003). This literature suggests that different types of organisational plans and strategies will tend to cause different control system configurations. However, empirical studies have not yielded any firm conclusions about the nature of the most appropriate connections between strategies and controls. Organisational strategies can be seen as the means by which an organisation has decided that its aims can be achieved (Otley, 1999). The strategy literature has long proposed that firms' competitive business strategies must suit their environmental circumstances (e.g. Child, 1997). It has been suggested that MCSs, including PMSs, should be tailored explicitly to support the strategy of the business to lead to competitive advantage and superior performance (Dent, 1990; Samson et al., 1991; Simons, 1987, 1990). Also, there is evidence that high organisational performance may result from matching an organisation's environment, strategy and internal structures and systems (Govindarajan and Gupta, 1985;

Govindarajan, 1988). Such strategies would focus on how firms compete with, and position themselves in relation to, competitors (Langfield-Smith, 1997).

In the same manner, Chenhall (2003) explains that unlike other contingent variables, strategy is not an element of context, but is rather the means whereby managers can influence the nature of the external environment, the technologies of the organisation, the structural arrangements and the control culture and the MCSs. The MCSs literature has recognised that managers have strategic choice whereby they can position their organisations in particular environments. Furthermore, in his review of the MCSs literature, Chenhall (2003) found that contingency-based research predicts that certain types of MCS will be more suited to particular strategies. As previously discussed in sub-section 3.4.1.2, the literature has proposed a number of typologies for classifying firm-level competitive strategies (e.g. Miles and Snow, 1978; Porter, 1980; Miller and Friesen, 1982; Gupta and Govindarajan, 1984). Given the commonalities between the various strategy typologies previously mentioned, Porter's generic strategies were chosen for the present study.

Empirical MCS and PMS studies have produced findings on the types of performance measures used by firms with varying strategic orientations. For instance, differentiation strategy is often associated with a high uncertainty level (Guilding, 1999; Abdel-Maksoud et al., 2005; Hyvönen, 2007), whereas low-cost strategy relates to a relatively stable and less uncertain business unit (Brignall and Ballantine, 1996). The MCSs strategy literature has found that firms pursuing generic strategies like prospector, differentiation, entrepreneurial or build are likely to use more external, non-financial and future-oriented MCSs information than firms focusing on the "opposite" types of strategies (defenders, cost leadership, conservative or harvest) (e.g. see Chong and Chong, 1997; Govindarajan and Gupta, 1985; Langfield-Smith, 1997; Shank and Govindarajan, 1993, pp. 93–99; see also Fisher, 1995; Chenhall and Morris, 1986; Luft and Shields, 2003). These latter types of firm tend to use more traditional and narrow-scope MCSs information. Contextual factors have been used to explain differences of this nature in the design and use of MCSs; for instance, the information needs of managers pursuing different firm strategies could differ, hence requiring information and control systems that best fit their needs. Such a fit between the MCSs of a firm and the firm's strategy would lead to an increase in the firm's performance (e.g. Chenhall, 2003; Fisher, 1995, 1998; Luft and Shields, 2003).

The alignment between strategy and performance measurement is particularly important for SMEs. It is well recognised that having a formalised strategy is rare or non-existent in the majority of SMEs. In practice, SMEs tend to orientate towards short-term operational rather than long-term strategic issues, and decision making tends to be reactive rather than proactive (Jones, 1982; Gaskill et al., 1993; Brouthers et al., 1998; Stonehouse and Pemberton, 2002; Mazzarol, 2004). In SMEs that claim to plan, plans are frequently *ad hoc* and intuitive rather than formally written, and provide little basis upon which business performance can be measured or analysed (Kelmar and Noy, 1990). While this claim is yet to be empirically verified in the context of the present study, coupled with limited empirical research on strategic orientation and use of PMSs in SMEs in the services sector, the use of strategy as a contingent variable in this study is justifiable (e.g. Brignall and Ballantine, 1996; Modell, 1996; Chenhall, 2003; Auzair, 2011; Franco-Santos et al., 2012). For instance, Franco-Santos et al. (2012) state that the fit between performance measurement, the organisation's environment, strategy and culture is understudied. Auzair (2011) found evidence supporting the notion that the type of MCSs utilised by hotels was associated with the business strategy pursued and PEU.

With respect to this study, it is anticipated that tourism SME ventures will have less formal strategic planning processes and hence, less documented business strategies. However, the firm's business strategies may be known to the Owner-Manager and assists him/her in directing the firm's efforts and activities. Some of the firms may be using cost leadership strategy, and would use PMSs diagnostically, focusing predominantly on financial information. It can be argued that SME tourism ventures that pursue a cost leadership-type strategy will use PMSs diagnostically, with a greater focus on traditional financial measures (such as revenue and cost information), and they will use PMSs as a measurement tool, predominantly for cost control purposes. Alternatively, several Fijian SME tourism ventures may be applying differentiation strategies, using both financial and non-financial information to assist the Owner-Manager in making informed decisions. Firms that pursue a product differentiation strategy can be expected to use PMSs interactively, as the Owner-Manager is expected to be personally involved in the daily operations of the business and requires frequent and regular meetings with employees. Thus, it can be hypothesised that:

H4a:    *Fijian tourism SMEs pursuing a cost leadership strategy use PMSs diagnostically rather than interactively.*

98

*H4b:   Fijian tourism SMEs pursuing a differentiation strategy use PMSs interactively rather than diagnostically.*

### 3.6.2   Use of PMSs, Capabilities and Organisational Performance

The MCS and PMS literature has devoted little attention to examining the influence of MCS, including PMS, use on organisational capabilities and organisational performance, by drawing on RBT. Henri (2006a) is one of the few studies to explore the relationship between MCSs and strategy with the application of RBT. The two uses of PMSs – diagnostic and interactive – are examined to determine their effect on the development of capabilities that under the RBT, are important to enhancing organisational performance in SME tourism ventures in Fiji.

### *3.6.2.1 Influence of Diagnostic Use of PMSs on Capabilities and Performance*

Diagnostic use of PMSs involves the use of formal feedback systems by management to monitor outcomes and correct deviations from preset standards of performance, thus creating constraints and ensuring compliance with orders. Furthermore, it constrains innovation and opportunity-seeking to ensure predictable goal achievement (Simons, 1995). In terms of the effect of diagnostic use on the development of organisational capabilities, several studies have found that it may not be an adequate means to promote capabilities of market orientation, entrepreneurship, innovativeness and organisational learning. Henri (2006a) found that among the firms he surveyed, diagnostic use of PMSs has a negative effect on the development and use of capabilities of market orientation, entrepreneurship, innovativeness and organisational learning. Diagnostic use reflects two important features associated with mechanistic controls: (i) tight control of operations and strategies; and (ii) highly structured channels of communication and restricted flows of information (Burns and Stalker, 1961). Hence, there is a mismatch between the requirements of the four capabilities and the mechanistic use of control systems (Chenhall and Morris, 1995; Galbraith, 1982). For example, diagnostic use is associated with tight control of operations and strategies through sophisticated control systems. These systems include action plans derived from strategies, detailed financial targets, comparison of actual outcomes with targets and explanation of variances. This formal use of PMSs provides a mechanistic approach to decision making resulting in organisational inattention to shifting circumstances and the need for innovation (Van de Ven,

1986). Furthermore, the concept of organisational learning encompasses the notion of single- and double-loop learning (Argyris and Schön, 1978). Diagnostic use represents single-loop learning but not the higher-level learning (double-loop), which is necessary for innovative behaviours (Haas and Kleingeld, 1999). Diagnostic use of PMSs is used to signal when productivity and efficiency have fallen, and when innovation needs to be curbed (Miller and Friesen, 1982). Hence, similar to Henri's (2006a) findings, we can argue that PMSs are used diagnostically to limit the deployment of the four capabilities by providing boundaries and restricting risk-taking.

Similarly, diagnostic use of PMSs is associated with highly structured channels of communication and a restricted flow of information. However, notions of communication and dialogue gravitate towards the four capabilities. They rely on cross-functional processes, and thus require the free flow of information and open channels of communication (Kohli and Jaworski, 1990). Diagnostic use undercuts the commitment of organisational actors to these cross-functional processes by reinforcing the existing lines of authority and responsibility (Abernethy and Brownell, 1999). As Vandenbosch (1999) argues, the discussion triggered by diagnostic use leads to corrective action at best. At worst, it causes the discussion to gravitate towards unproductive topics, such as the believability of the numbers or why things are not better, and ultimately does not trigger any action. Corrective actions are not sufficient to sustain such capabilities; rather, new ideas must be developed.

In terms of the effect of diagnostic use of PMSs on the capabilities of the teaming of resources and organisational routines, a similar effect can be expected as with the four capabilities of market orientation, entrepreneurship, innovativeness and organisational learning. Hence, it can be argued that diagnostic use of PMSs will limit the ability of a firm's resources to be combined and used effectively by the SME Owner/Manager. Specifically, to take advantage of changing circumstances and exploit new opportunities, or modify existing plans due to a change in business climate, new developments or strategy. Hence, diagnostic use of PMSs will limit the firm's teaming of resources capability. A similar argument can be made for the organisational routines capability of a firm. Pavlov and Bourne (2011) argue that organisational performance is delivered by a set of organisational processes or routines that perform specific functions, respond to performance feedback (Nelson and Winter, 1982) and carry out organisational change in a number of distinct ways (Feldman, 2000; Becker et al., 2005); and Grant (1991) affirms that organisational routines

100

are capabilities involving complex patterns of coordination between people and between people and other resources. Hence, the PMS in itself, involving several steps or processes, including performance measurement and evaluation, is a routine. Therefore, it can be argued that diagnostic use of PMSs will constrain the capabilities of the SME Owner/Manager in planning and implementing various effective organisational routines or processes (e.g. performance measurement and evaluation, purchasing procedures, service delivery procedures, customer service) that collectively exist in the organisation, to assist the organisation to produce and deliver its products/services. This is because there may be less need for the SME Owner-Manager to assess and make improvements to existing organisational routines or processes, as business performance is assessed periodically, and not continuously. Hence, we can expect that when PMSs are used diagnostically, the deployment of the four capabilities examined in this study will be limited by providing boundaries and restricting risk-taking, opportunity-seeking and innovation, and affect organisational performance. Thus, it can be hypothesized that:

*H5:   Diagnostic use of PMSs is likely to limit the deployment of SME capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness.*

### 3.6.2.2 Influence of Interactive Use of PMSs on Capabilities and Organisational Performance

According to Simons (1995), many types of control systems can be used interactively by senior managers, and an interactive use of PMSs stimulates search and learning, allowing new strategies to emerge as participants throughout the organisation respond to perceived opportunities and threats. In particular, interactive control systems are measurement systems that are used to focus attention on the constantly changing information that top-level managers consider to be of strategic importance. In contrast to diagnostic controls, what characterises interactive controls is the strong level of involvement of senior managers. Senior managers make the control system interactive by their continual involvement in establishing new programs and milestones, monthly reviews of progress and action plans, and regular follow-up of new market intelligence/trends. In reviewing Simons' interactive control systems, Bisbe and Otley (2004) state that this pattern of attention signals the need for all organisational members to pay frequent and regular attention to the issues addressed by the interactive control systems. Through interactive control systems, top managers send messages to the whole organisation in order to focus attention on strategic uncertainties.

Consequently, interactive control systems place pressure on operating managers at all levels of the organisation, and motivate information gathering, face-to-face dialogue and debate. As participants throughout the organisation respond to the perceived opportunities and threats, organisational learning is stimulated, new ideas flow and strategies emerge. In this way, interactive control systems guide and provide input to innovation and to the formation of emergent strategies. In expanding and orientating opportunity-seeking and learning, interactive control systems contribute to fostering the development of innovation initiatives that are successfully transformed into enhanced performance.

In terms of their effect on the development of organisational capabilities, Henri (2006a) found that interactive use of PMSs represents an adequate means to promote the capabilities of market orientation, entrepreneurship, innovativeness and organisational learning. Relying on organisational dialogue and signalling, interactive use of PMSs represents an adequate means to foster these capabilities. Interactive use reflects two important features associated with organic controls: (i) loose and informal control reflecting norms of cooperation, communication and emphasis on getting things done; and (ii) open channels of communication and free flow of information throughout the organisation (Burns and Stalker, 1961). Hence, there is a natural fit between the requirements of the four capabilities and organic use of control systems (Chenhall and Morris, 1995; Van de Ven, 1986).

Also, with a focus on dialogue and communication between organisational actors of different or identical hierarchical levels, the interactive use of PMSs acts as an integrative liaison device that breaks down the functional and hierarchical barriers that restrict the flow of information (Abernethy and Brownell, 1999; Abernethy and Lillis, 1995). Lastly, by focusing regular attention on strategic uncertainties, interactive use of PMSs provides a lever to fine-tune analyses and actions, and alter strategy as competitive markets change (Bisbe and Otley, 2004). PMSs are an important formal mechanism used to collect information to develop capabilities (Chenhall, 2005). Moreover, by fostering organisational dialogue and debate, and encouraging information exchange, interactive use contributes to knowledge dissemination, information distribution and communication, and the emergence of strategic actions (Haas and Kleingeld, 1999; Malina and Selto, 2001; Simons, 1995).

In the context of Fijian SME tourism ventures, we can expect the Owner/Manager to communicate directly with employees and share information freely on a regular basis in order to continuously improve their products and services based on feedback received from internal sources through formal controls, and external sources such as customer feedback, competitors, global tourism trends and political climate. Hence, we can expect that when PMSs are used interactively, they will promote the deployment of the four capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness examined in this study by encouraging organisational learning, opportunity-seeking and innovation in order to effectively address organisational perceived opportunities and threats and improve organisational performance. Thus, it can be hypothesised that:

*H6:* *Interactive use of PMSs is likely to promote the deployment of SME capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness.*

### 3.6.2.3 Influence of the Use of PMSs on Organisational Performance

The RBT of the firm suggests that its unique resources and capabilities lead to a sustained competitive advantage, which in turn contributes to improved firm performance. The capabilities of market orientation, entrepreneurship, innovativeness and organisational learning have been recognised as valuable, hard to duplicate and non-substitutable in the strategic management literature, and only recently in the management accounting literature through the work of Henri (2006a). Empirically, previous studies show that these four capabilities contribute positively to performance (e.g. Henri, 2006a; Hult and Ketchen, 2001; Lee et al., 2001; Naman and Slevin, 1993; Narver and Slater, 1990; Spanos and Lioukas, 2001).

The diagnostic and interactive use of PMSs has been linked to capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness (Hypotheses 5 and 6). These capabilities are expected to lead to organisational performance. Thus, the use of PMSs can be expected to have indirect implications for performance by influencing the deployment of capabilities, which are considered to be valuable, hard to duplicate and non-substitutable. Hence, diagnostic and interactive use of PMSs influences the four capabilities, which in turn increase performance. Thus, it can be hypothesized that:

*H7:     Diagnostic and interactive use of PMSs have an indirect effect on organisational performance through their contribution to capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness.*

## 3.7     Summary

This chapter has reviewed the literature on PMS use in SMEs in general and in tourism SMEs in particular, and outlined the analytical framework of the present study. The chapter identified and discussed the three theories that the study draws on, namely contingency theory, Simons' LOC framework and RBT. The justification for the development of a new framework was discussed in Section 3.5. Figure 3.1 shows the three parts of the framework that has been built to examine the use of PMSs in SMEs in Fiji's tourism industry, and more specifically, to address this study's three research objectives. Consequently, the theoretical framework reflects the relationships among four contingent factors (environment, ownership, size and strategy), two uses of PMSs (diagnostic and interactive), four capabilities (teaming of resources, organisational routines, entrepreneurship and innovativeness) and organisational performance. Figure 3.1 shows the hypothesised relationships relating to the three parts of the theoretical framework, as discussed in Section 3.6. Five sets of hypotheses were developed after a review of the relevant literature, and based on the context of this study. The first four sets of hypotheses were related to the first and second research objectives, which seek to examine the effect of each of the four contingent factors on the effective use of PMSs. Hypotheses five, six and seven were related to the third research objective, which seeks to examine how the use of PMSs influences capabilities and organisational performance. The next chapter presents the research methodology for the present study.

# 4    Research Methodology

## 4.1    Introduction

The aim of this chapter is to describe the research methods used in this thesis to examine the use of performance measurement systems (PMSs) in Fijian tourism SMEs, specifically in the accommodation sub-sector. The research methods described in the chapter are deemed appropriate to examine the study's main research question, research objectives and research hypotheses, which are re-stated in Table 4.1.

**Table 4.1: Summary of Research Question, Research Objectives and Research Hypotheses**

| Research Question | How do Fijian SMEs in the tourism industry use PMSs? |
|---|---|
| **Research Objectives** | **Research Hypothesis** |
| 1. **To determine the factors that influence the use of PMSs by Fijian tourism SME firms.** | Hypothesis 1a: Fijian tourism SME firms with high environmental uncertainty use PMSs interactively.<br>Hypothesis 1b: Fijian tourism SME firms with low environmental uncertainty use PMSs diagnostically. |
| | Hypothesis 2a: Indigenous-owned tourism SME firms use PMSs diagnostically rather than interactively. |
| **2. To examine how Fijian tourism SME firms use PMSs.** | Hypothesis 2b: Indo-Fijian-owned and European-owned tourism SME firms use PMSs interactively rather than diagnostically. |
| | Hypothesis 3a: Small Fijian tourism SME firms use PMSs interactively to a greater extent than diagnostically. |
| | Hypothesis 3b: Medium-sized Fijian tourism SME firms use PMSs diagnostically to a greater extent than interactively. |
| | Hypothesis 4a: Fijian tourism SME firms pursuing a low-cost strategy use PMSs diagnostically to a greater extent than interactively. |
| | Hypothesis 4b: Fijian tourism SME firms pursuing a differentiation strategy use PMSs interactively to a greater extent than diagnostically. |
| **3. To investigate how their use of PMSs influence organisational capabilities and organisational performance.** | Hypothesis 5: Diagnostic use of PMSs limits the deployment of Fijian tourism SME firms' capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness. |
| | Hypothesis 6: Interactive use of PMSs promotes the deployment of Fijian tourism SME firms' capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness. |
| | Hypothesis 7: Diagnostic and interactive use of PMSs has an indirect effect on organisational performance through their contribution to capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness. |

## 4.2    Research Approach and Research Methods Employed

The mixed methods approach, which combines qualitative/interpretive and quantitative/positivist research, is used in this study. Mixed methods research has been defined as:

> *The type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration.* (Johnson et al., 2007, p. 123).

This definition suggests that several different research methods (e.g. survey method under the positivist approach and case study method under the interpretivist approach) can be used in a single study to investigate the same phenomena. The benefits of using complementary research strategies within a single study have been acknowledged in the literature (see Grafton et al., 2011; Denzin, 1978) as allowing researchers to:

- extend findings beyond those observable using a single method;
- identify empirical contradictions that might otherwise be missed; and
- observe convergence in findings from different strands of the research, thereby building confidence in the research.

Although there are advantages of both qualitative and quantitative methods, they also have limitations. With qualitative methods, the major criticism is the problem of adequate validity and reliability. Because of the subjective nature of qualitative data and its origin in single contexts, they provide little basis for scientific generalisation. Another major limitation of the qualitative methods is the time required for data collection, analysis and interpretation (Yin, 2009). For quantitative methods, results are limited as they provide numerical descriptions but may miss contextual detail (Creswell, 2003). Because of such limitations in qualitative and quantitative methods, a mixed method approach has been perceived as a better method for helping to overcome these limitations. The intention is not to replace either of these approaches, but rather to draw from the strengths and minimise the weaknesses of each approach. Its logic of inquiry includes the use of induction (or discovery of patterns), deduction (testing of theories and hypotheses) and abduction (uncovering and relying on the best of a set of explanations for understanding one's results) (Johnson and Onwuegbuzie, 2004).

Management accounting research conducted within the positivist paradigm has shown increasing recognition of the need to complement established quantitative methods (e.g.

surveys) with a greater or lesser element of qualitative methods (e.g. case study-based research), known also as 'method triangulation'. Combining case study and survey methods is the most common form of mixed methods research in management accounting research (Grafton et al., 2011; Modell, 2005).

The conventional logic of method triangulation implies that different methods are combined to provide complementary insights into the same empirical phenomenon with the aim of enhancing the validity of the findings. Repeated calls for validating empirical research by combining qualitative and quantitative methods have been made in management accounting research conducted within the positivist paradigm (e.g. Ferreira and Merchant, 1992; Ittner and Larcker, 2001; Shields, 1997), and a growing number of researchers using this methodology can be found in management accounting research (e.g. Turner and Guilding, 2011; Davila and Foster, 2007; Modell, 2005) and in tourism research (e.g. Jaafar et al., 2011).

Davila and Foster (2007) is a good example to demonstrate the benefits of using the mixed methods approach in previous empirical management accounting research.[34] In their study, Davila and Foster (2007) examined the evolution of management control systems in early-stage start-up companies. The authors drew on publicly available data as well as on a survey and semi-structured interviews. Publicly available data were used to triangulate or validate survey responses where possible (financial and funding information). Survey data were used to capture the dynamic evolution of management control systems. Semi-structured interviews were used to clarify and triangulate survey responses as well as to provide a richer description of context in which to understand why certain systems were adopted. Thus, the use of the mixed methods approach enabled Davila and Foster (2007) triangulations of common elements (convergence) as well as discovery of complementary elements (extension).

In order to achieve the research objectives and address the research question of this study, the mixed methods approach was deemed appropriate. More specifically, this study adopted a web survey and multiple case studies to gather relevant data. The main reason for choosing the

---

[34] Refer to Grafton et al. (2011) for a complete evaluation of several other accounting studies that adopted a mixed methods approach.

mixed methods strategy was to elaborate on and corroborate the findings of the case studies with the survey data, since there has been no evidence of any such previous Fijian study.

### 4.2.1    Use of Case Studies

This study used multiple case studies because more in-depth information regarding performance measurement issues examined could be elicited. Further, using multiple case studies enabled the researcher to collect data under varying conditions, for instance, data from businesses under different ownership. The use of multiple case studies is becoming a popular research method in SME PMS research (see Garengo and Sharma, 2014; Garengo and Bititci, 2007; Phillips and Louvieris, 2005; Sharma and Bhagwat, 2007). Researchers have identified several reasons for choosing qualitative research design involving the multiple case study method. Firstly, it is appropriate for exploratory research since there is a lack of research on the topic studied. Secondly, case studies are considered to be very useful for uncovering possible contingency effects and for finding empirically grounded explanations for them (Gioia and Pitre, 1990). Furthermore, case studies have proven to be one of the most powerful research methods, particularly in the development of theory (Voss et al., 2002). It is for these reasons that the present study used case studies as the component of the qualitative paradigm, specifically using face-to-face interviews as the research technique. Of the three types of interview methods, i.e. structured, semi-structured and unstructured interviews (Qu and Dumay, 2011), this study used semi-structured interview questions to guide the interview process. This consisted of both closed and open-ended questions. While only up to three of the questions were framed as Likert-scale-type questions (see Interview Guides in Appendix 6 and 7), these questions were used as prompts for the researcher, and the researcher was able to engage in detailed discussions, beyond these questions during the interviews. No statistical analysis was intended to be performed on the data collected from these questions.

Hence, semi-structured interview guides were used to collect the interview data. This interview instrument is used commonly by previous management accounting researchers (e.g. Sharma et al., 2010; Davila and Foster, 2007). Following the multiple case studies, this research will refine the theoretical hypotheses to be tested in the follow-up survey.

### 4.2.2    Use of Surveys

This study also used a survey, which enabled the researcher to complete structured questions within a relatively short time frame using both the Internet and postal mail survey modes. The

use of a standardised, structured questionnaire minimised interviewer bias and allowed for efficient analysis of the survey data. This study predominantly used a web-based survey to collect the survey data. To the researcher's knowledge, the use of a web survey is considered novel as far as PMS research and PMS in SME research in a developing country context is concerned. The few previous empirical studies on management control systems (MCSs), including PMSs, in such a context predominantly used mail surveys (e.g. Lee and Yang, 2011; Bisbe and Otley, 2004).

In recognising today's rapidly changing survey environment, Dillman et al. (2009) discuss both the traditional forms of survey research, which include in-person interviews, telephone and mail surveys and, in more recent times, the Internet survey. In their view, despite the technological and cultural changes in the use of Internet or other new technologies, the more established modes of in-person, mail and telephone surveys continue to be popular amongst survey researchers. Nonetheless, one of the major advantages of web surveys over traditional forms of survey is cost (e.g. postage, printing, and data entry costs associated with telephone and mail surveys are eliminated). Also, a web-based survey questionnaire enables respondents to complete the survey at their convenience and without the physical presence of the researcher, therefore minimising bias (Neuman, 2000). However, some of the challenges in using web surveys include accessibility to computers and the Internet, and a lack of computer skills among some segments of the population. Consequently, the use of the Internet as a survey mode has been limited to surveying specific populations of interest with high Internet access rates and skill levels such as students in universities and employees of certain types of organisation.

The use of a web survey in this study was considered to be appropriate as the survey participants were Owners of tourism accommodation businesses, and were known to have access to Internet facilities (e.g. email and/or a website) in order to receive direct bookings from tourists abroad. In a few instances, when it was established that a survey respondent did not have access to the Internet, a mail survey was administered.

This study was executed over the following five stages:

1) development of the research instruments;
2) identification of appropriate respondents (case interviews and survey);
3) pilot testing of the research instruments (interview guides and survey questionnaire);
4) conducting a series of semi-structured interviews;

5) conducting web-based and post mail surveys.

The next section describes the design of the research instruments used to gather data for this study.

## 4.3    Research Instrument Design

In order to gather the required data to address the research question and research objectives, this study used semi-structured interview guides and a structured survey questionnaire. The questions and measurement items included in the research instruments were either adapted from relevant prior research, or adopted from existing research instruments. Where necessary, the questions were adapted to fit the context (including the use of terminology) pertaining to Fijian SME tourism ventures. The next three sub-sections outline the development of the research instruments beginning with the survey questionnaire, the interview guides, followed by the pilot test.

### 4.3.1    Survey Questionnaire Design

The majority of the items in the survey questionnaire were based on questionnaire instruments adopted in previous MCSs, PMSs and resource-based theory (RBT) research. In designing the survey instrument, the works of Dillman (2000) and Dillman et al. (2009) on the conduct of web surveys and surveys in general were consulted. The survey instrument (see Appendix 4) consisted of the following five sections:

- Section 1: General Information
- Section 2: Factors Influencing Use of PMSs
- Section 3: Measuring Business Performance (Use of PMSs)
- Section 4: Business (Organisational) Capabilities
- Section 5: Business (Organisational) Performance

Section 1 consisted of three nominal questions relating to the location of the Fijian tourism businesses, the legal form of the businesses and the classification of the accommodation of the tourism businesses. One ordinally scaled question relating to the length of time the business has been in operation, and one ratio data question on accommodation capacity (i.e. the number of

rooms, beds, units and dormitories) were also included. Table 4.2 provides a summary of the questions included in Sections 2 to 5 of the survey questionnaire, and where applicable, the source from which the questions were adapted.

Section 2 focused on the four contingent factors examined in this study (i.e. environment, ownership (by ethnicity), size and strategy (cost leadership and differentiation)), and consisted of two scaled questions and two multiple-choice questions. Each question corresponded to one of the contingent variables. Section 3 consisted of one scaled question that addressed the way in which performance measures were used by the management team. Adapted from Henri's (2006a) instrument, the items were listed sequentially in terms of four diagnostic use items, followed by 11 interactive use items. Section 4 consisted of six questions, which were designed to capture the four business (organisational) capabilities (i.e. teaming of resources, organisational routines, entrepreneurship and innovativeness). The first three questions measured the use of resources (tangible and intangible), and included two scaled questions and one multiple-choice question.

The first question asked respondents to indicate the extent to which the seven items described the resources to which their business had access. The second question asked respondents to indicate the extent of the Owner's previous work experience in the tourism industry and as an entrepreneur/business Owner, prior to commencing the current tourism accommodation business. The third question, a multiple-choice question, asked about the main business Owner's highest academic qualification. The fourth question measured organisational routines and consisted of six items that described routines. The last two questions (Questions 5 and 6) were adapted from Henri (2006a) and measured entrepreneurship and innovativeness. To measure entrepreneurship, six of the nine items from Henri's (2006a) instrument were adapted and used. In those items, respondents were asked to indicate the extent to which they described the entrepreneurial orientation of the business. The sixth question, which included three items, required the respondents to indicate the extent to which those three items described the innovative behaviour of the business. Section 5 consisted of two scaled questions, which measured organisational performance on four dimensions, namely return on investment, profit, occupancy rate and meeting budget targets. The first question asked respondents to rate their business performance against their initial expectations for the previous 12 months on each of the four dimensions. The second question asked the respondents to compare their overall business performance over the previous 12 months against their competitors, using the same scale. The final question in the survey questionnaire was an open-ended question that asked the

| Nature of Question | Question Type | Literature Source |
|---|---|---|
| **Section 2** | | |
| 1. Measures of **Environmental Uncertainty** | Seven-point Likert scale: 1 – Always predictable 7 – Always unpredictable | Four items were adapted from: Khandwalla (1972); Govindarajan (1984); Gordon and Narayanan (1984); Hoque (2004). Four items[35] were added to this construct. |
| 2. **Ethnicity** of Owner-Manager | Nominal, multiple-choice-style question | |
| 3. Business **Size** | Ordinal, multiple-choice-style question relating to number of employees | Sharma (2002); Gil et al. (2001). |
| 4. **Strategic Orientation** (i.e. differentiation versus cost leadership)[36] | Seven-point Likert scale: 1 – Always emphasised 7 – No emphasis | Auzair and Langfield-Smith (2005); Chenhall and Langfield-Smith (1998). |
| **Section 3** | | |
| **Use of PMSs** (i.e. diagnostically and/or interactively) | Seven-point Likert scale: 1 – Always emphasised 7 – No emphasis | Henri (2006a) |
| **Section 4** | | |
| Measures of business (organisational) **capabilities**: 1. **Teaming of Resources** | Q1) Seven-point Likert scale: 1 – Is not at all descriptive 7 – Is very descriptive Q2) Seven-point Likert scale: 1 – None 7 – A substantial degree of experience Q3) Nominal, multiple-choice-style question relating to main business Owner's highest academic qualification attained | Adapted from instruments used from prior: i) SME and entrepreneurship studies, namely: Yusuf (1995); Lerner and Almor (2002); Saffu and Manu (2004); ii) management accounting studies, namely Widener (2006); and iii) tourism studies, namely Bergin-Seers and Jago (2007). |
| 2. **Organisational Routines** | Seven-point Likert scale: 1 – Is not at all descriptive 7 – Is very descriptive | Adapted from Bergin-Seers et al., (2006) and Garengo and Bernardi (2007) instruments. |
| 3. **Entrepreneurship** | Seven-point Likert scale: 1 – Is not at all descriptive 7 – Is very descriptive | Henri (2006a) |
| 4. **Innovativeness** | Seven-point Likert scale: 1 – Is not at all descriptive 7 – Is very descriptive | Henri (2006a) |
| **Section 5** | | |
| Measures of **Organisational Performance** | Seven-point Likert scale: 1 – Not at all satisfactory 7 – Outstanding | Two items (indicators) from Henri (2006a); one item used in previous PMS studies in the tourism industry, namely Sharma (2002); Haber and Reichel (2005); two items introduced by researcher. |

---

[35] These items were: tourism industry policies, political stability, natural disasters and global economic trends as they were considered pertinent to the contextual setting of the study, and to the best of the researcher's knowledge, these items have not been considered in the extant literature. The addition of the four novel items has been supported in the management accounting literature. For instance, Hoque (2004) argues for fresh conceptual notions and new operational measures of environmental uncertainties as fundamental in today's contemporary business settings. In his view, the early instruments of Gordon and Narayanan (1984) and Govindarajan (1984) require adaptation in order to link them to the current literature.

[36] The six items that measured the two strategic approaches were mixed together and were not listed sequentially in terms of cost leadership strategy items followed by differentiation strategy items.

respondents to provide any other comments pertaining to their use of PMSs and their influence on organisational performance. Some minor modifications were made to the questionnaire after conducting the pilot tests, and a few more amendments were also made after the interviews were conducted, and prior to the administering of the survey. These changes made to the research instruments are discussed in section 4.4.3.1. The design of the interview guides is discussed next.

### 4.3.2   Interview Guide Design

Two interview guides were developed for this study, one for the Owner-Manager of the Fijian SME accommodation business, and the other for the other members of the management team (e.g. general manager, resort manager, operations manager, front office manager). The development of two interview guides was deemed necessary to help elicit information pertaining to the two different levels on which the respondents were operating.[37] Appendices 4.5 and 4.6 present the two interview guides. The design of the Owner-Manager's interview guide will be discussed next, followed by the design of the second interview guide.

#### *4.3.2.1 Owner-Manager's Interview Guide*

The interview guide for Owner-Managers consisted of five sections:

- Section 1: General Information
- Section 2: Factors Influencing Use of PMSs
- Section 3: Measuring Business Performance (Use of PMSs)
- Section 4: Business (Organisational) Capabilities
- Section 5: Business (Organisational) Performance

In this sub-section, reference will be made to the survey questionnaire design (sub-section 4.3.1) where necessary to avoid duplication of material found in common among the design of the two research instruments (i.e. survey questionnaire and Owner-Manager's interview guide).

---

[37] It is also in line with Simons' levers of control (LOC) framework, which is used in this study. Simons (1995) focuses on top management's use of PMSs, which in this study would include the Owner-Managers of the selected businesses and any other individuals on the management team.

Section 1 consisted of five open-ended questions relating to general information or demographics concerning the respondent organisation such as location of the business and its legal form, number of years of operation, accommodation type and accommodation capacity (e.g. number of rooms and beds). Section 2 addressed the four contingent factors examined in this study (i.e. environment uncertainty, ownership by ethnicity, business size and strategy). All have been used extensively in the extant management accounting literature (e.g. Chenhall, 2003; Gordon and Narayanan, 1984; Govindarajan, 1984; Sharma, 2002; Hoque, 2004, 2005; Bergin-Seers and Jago, 2007; Sharma, 2002; Auzair and Langfield-Smith, 2005; Kumar and Subramanian, 1997; Chenhall and Langfield-Smith, 1998; Porter, 1980, 1985; Hyvönen, 2007). This section consisted of open-ended questions and questions using a seven-point Likert scale.

Section 3 addressed the use of PMSs (i.e. diagnostically and interactively), and consisted of two open-ended questions, based on research undertaken by Henri (2006a). Section 4 explored business capabilities and consisted mainly of open-ended questions and one seven-point Likert scale question. All of the questions were adapted from instruments used from prior SME and entrepreneurship studies (e.g. Yusuf, 1995; Lerner and Almor, 2002; Saffu and Manu, 2004); organisational routines (Garengo and Bernardi, 2007); innovativeness (Henri, 2006a); prior management accounting studies (e.g. Widener, 2006); and prior tourism studies (e.g. Bergin-Seers et al., 2006). This section consisted of four parts addressing four capabilities, namely resources, organisational routines, entrepreneurship and innovativeness. Finally, Section 5 addressed organisational performance, and was comprised of one open-ended question and two seven-point Likert scale questions. The items on the Likert scale question were based on the research of Henri (2006a), Sharma (2002), Haber and Reichel (2005), Grafton et al. (2010) and Widener (2007).

### 4.3.2.2 Management Team/Employee's Interview Guide

The second interview guide intended for other management team members in the respondent businesses was based on the interview guide designed for the Owner-Managers. The number of sections contained in the second interview guide was reduced from five to three. These three sections corresponded to Sections 2, 3 and 4 in the Owner-Manager's interview guide, and were renamed Sections 1, 2 and 3. The other two sections (i.e. Sections 1 and 5) of the Owner-Manager's interview guide consisted of generic questions about the business (Section 1) and the performance of the business over the previous 12 months (Section 5) which was targeted

specifically at the Owner-Manager. Hence the second interview guide contained the following sections:

- Section 1: Factors Influencing Use of PMSs
- Section 2: Measuring Business Performance (Use of PMSs)
- Section 3: Business (Organisational) Capabilities

Some of the questions in Sections 2 and 3 were re-worded in order to personalise the questions in the context of the managers/employees' areas of responsibility. For instance, the first question in Section 2 asked the interviewees to indicate, *as part of the management team*, how they used the PMS. Similarly, the first questions in Parts A and B in Section 3 were re-worded; i.e. interviewees were asked to identify the resources/organisational routines considered important *in their area of responsibility*. Questions in Parts C and D were contextualised accordingly. Some minor modifications were made to both interview guides after conducting the pilot test (see Appendix 2 for details). The pilot test of the research instruments is discussed next.

### 4.3.3 Pilot Test of Interview Guides and Survey Questionnaire

Stage 1 of the fieldwork involved the pilot testing of the research instruments to evaluate the design of the interview guides and survey questionnaire in terms of their content, wording, clarity, ambiguity and timing of the proposed interviews (approximately 1 hour to 1.5 hours). The instruments were pilot tested on five senior accounting academics (two professors, one associate professor and two senior lecturers) at two universities (in Australia and Fiji), and two practising Fijian Accountants based in Fiji who service SME business clients. Four of the accounting academics were current staff in the Department of Accounting and Corporate Governance in the Faculty of Business and Economics at Macquarie University in Sydney, Australia and one of the professors was a staff member in the School of Accounting and Finance at the University of the South Pacific, which is located in Fiji. The two local accountants operated their own business consultancy practices in Fiji, which targeted SME clientele. Those who participated in the pilot test came from diverse ethnic backgrounds, namely European (three), Indo-Fijian (two) and indigenous Fijians (two). This combination of accounting academics and SME accounting practitioners to pilot test the research instruments supported the enhancement of the validity of the interviews and the survey instruments, including

construct validity and reliability of the measures, and reduced the likelihood of response error. The participants involved in the pilot test did not form part of the actual study.

The pilot test participants were initially contacted via telephone and/or email between 9 and 14 September 2012, and were invited to participate in the pilot test. Upon the participants' approval, the research instruments were delivered either to their office, or emailed, with a one-page explanation to guide them in their review of the research instruments (see Appendix 1). The participants were requested to provide their feedback within one week and they were alerted to pay attention to the following areas: 1) content; 2) wording; 3) clarity of sentences; and 4) the time taken to complete the interviews and the survey.

A summary of the key issues raised from the pilot test is presented in Appendix 2. Based on the feedback from the pilot test, the research instruments, where necessary and meaningful, were amended. Minor spelling and other grammatical issues identified by the participants were also corrected. Since the survey questionnaire was the primary method of data collection for this study, in instances where the questions were exactly the same in both instruments, the pilot test participants made comments to only one of the instruments (e.g. survey instrument), and they clearly indicated this in their feedback (i.e. on the instruments' hard or soft copy). Once the research instruments were refined, Stage 2 of the fieldwork, the qualitative aspect of the study, commenced. The final interview guides are shown in Appendix 6 and Appendix 7. The final survey questionnaire (used for both online and mail survey) is shown in Appendix 4. The data collection process is discussed next.

## 4.4    Data Collection

Subsequent to pilot testing the research instruments, the sequence of data collection in this study began with qualitative data collection (via interviews), followed by quantitative data collection (using a web survey). Data collection was conducted in two stages, as described below.

**Stage 1**

### 4.4.1   Selection of Interview Participants

Stage 1 of the fieldwork involved collecting qualitative data from case businesses, using face-to-face semi-structured interviews. In this study, interview data were collected in order to corroborate survey findings. Three SME tourism accommodation businesses were targeted to

participate in the interviews. The criteria set to guide the selection of the three case businesses were: i) at least two medium-sized businesses and one business on the borderline classification (i.e. at the upper end of a small business, as defined in Chapter 2); ii) having some form of PMS in use; iii) having been in operation for a minimum of five years so that some track record of their performance could be determined; and iv) the Owner-Managers must each represent one of the three major ethnic groups in Fiji, i.e. *itaukei* or indigenous Fijian, Indo-Fijian or European (or part-European). Whilst there is no official Fijian classification of SME tourism accommodation businesses, size parameters were adopted from the SME tourism literature, which predominantly uses "number of rooms" and "number of employees" (e.g. Sharma, 2002; Gil et al., 2001). Additionally, it was necessary to select SMEs with established operating and managerial systems to enable a richer description of their contextual setting with respect to their business performance and organisational routines, including their PMSs.

The three case businesses were selected from the consolidated database of SME accommodation businesses in Fiji's tourism industry, developed by the researcher. This represented the sample frame for this study. Information in the database was sourced from three publicly available tourism organisations' websites (i.e. South Pacific Tourism Organisation (SPTO), Fiji Islands Hotel and Tourism Association (FIHTA) and Tourism Fiji) and a 2011 listing of licensed hotels obtained from the Fijian Tourism Licence Board (a Fijian government entity). The development of the database by the researcher involved several activities or processes. These included informally establishing contacts with Fijian tourism officials from relevant tourism agencies, including a regional tourism organisation, based in Suva, Fiji. Its Chief executive officer assisted with collaborations between one of their Fijian consultants and the researcher. The Fijian consultant in turn proposed potential participants to the researcher, after being briefed on the study and the selection criteria of the case businesses. Other tourism organisations that were consulted included three senior academic/teaching staff in the School of Tourism and Hospitality Management at the University of the South Pacific (USP), namely the Head of School and two lecturers; and a desk officer with the Ministry of Tourism in Suva, Fiji, who also put forward a list of potential case study participants.

Based on the information gathered, together with the researcher's knowledge of accommodation providers in Fiji, the researcher screened each of the nominated businesses (more than one nominated in each of the three ethnic groups), and eliminated those businesses that did not fulfil some of the selection criteria, namely size and number of years in operation. In addition, several of the businesses located on the northern island but not on the main island

of Viti Levu were removed from the study since it was considered unfeasible from a logistics view point (i.e. when travelling time was factored in). The case businesses selected were from the western division of the main island, in the Nadi and Mamanucas regions, which are regarded as the most popular destinations for tourists because of their proximity to Nadi International Airport. The researcher also nominated two additional accommodation providers as potential case businesses. Two staff members from the tourism agencies that were consulted volunteered to make initial contacts with several of their nominated case businesses to seek their approval. This was done through email notices, after a brief outline of the study was emailed to them for forwarding to the potential case businesses. A copy of the email was circulated to the researcher.

Selection and recruitment of the three case businesses followed. All of the tourism agencies that were contacted had unanimously nominated the *itaukei* or indigenous-owned resort business for the study (hereafter Indigenous Case). The researcher was notified by the Fijian consultant that the Owner had given his approval to participate in the study and be interviewed. Once approval had been granted, the researcher made initial contact (by telephone) with the Owner of Indigenous Case in order to arrange interviews at the resort. While securing Indigenous Case went smoothly, the same could not be said of Indo-Fijian and European/part-European-owned businesses. Several follow-up emails were sent to the relevant tourism agencies to gain their assistance to introduce the proposed case businesses to the researcher. After several follow-ups with the relevant staff, they indicated that they had not received any feedback (via email) from the respective tourism businesses. Therefore, the researcher had no choice but to directly approach two other nominated businesses (i.e. a European-owned and an Indo-Fijian owned business) via email, based on the researcher's local knowledge of the nature and size of these two businesses. Information about the study was provided with a request for their participation in the study. Both businesses accepted the request, and interviews were then arranged. The European-owned business is hereafter called European Case, and the Indo-Fijian-owned business is hereafter referred to as Indo-Fijian Case. The characteristics of the three selected case businesses for this study are discussed in the next sub-section.

### 4.4.1.1 Characteristics of Case Businesses

The characteristics of the three selected case businesses is summarised in Table 4.3. The selection criteria previously outlined for selecting the SME case businesses were based on room capacity and number of employees and were closely followed (see Table 4.3.).

**Table 4.3: Profile of the Case Businesses**

| Case Business | Size (no. of rooms/ units) | Size (no. of full-time employees) | Type of Accommodation | Location | Legal Form | Ownership (by ethnicity) | Age of Business (years)[1] |
|---|---|---|---|---|---|---|---|
| **Indigenous** | 11[2] | 35 | Resort | Outer-island western division | Private Ltd Company | Indigenous | 10 |
| **European** | 10 | 41 | Resort | Outer-island western division | Private Ltd Company | European | 30 |
| **Indo-Fijian** | 20 | 6 | Bed and Breakfast | Mainland western division | Sole trader | Indo-Fijian | 3 |

[1] The age of the business from inception till now.
[2] Plus a 25-bed dormitory (this does not alter the size of Indigenous Case, as based on no. of employees, Indigenous Case has 35 employees, so is still a medium-sized business).

Based on number of full-time employees, the Indigenous and European Cases met the criteria of a medium-sized business (i.e. 35 and 41 employees respectively), while the Indo-Fijian Case qualified as a small business (i.e. six employees). In terms of room capacity, all three case businesses constituted small businesses (having less than 50 rooms). Consistent with the definition based on number of employees, the Indigenous and European Cases are medium-sized businesses and the Indo-Fijian Case is a small business. This latter classification is more suitable, since the Indo-Fijian Case is a sole trader business whereas the Indigenous and European Cases are both private limited company entities.

Six participants were selected from the three businesses, which included the Owner-Managers and members of the management team (where applicable), see Table 4.4. All of the interviewees except the Resort Manager were top management. The Resort Manager was a middle-management employee who reported directly to the Managing Director of Indigenous Case. The researcher interviewed this person as they were the only other member of the management team in the Indigenous Case. Also, their insights would add value to the researcher's understanding about Indigenous Case. This use of interview data from the top management team of the cases, is consistent with Simons (1991, 1995) and Henri (2006a) who focus solely on top management as they influence an organisation's strategic focus and use of MCSs, including PMSs.

**Table 4.4: Interview Participants**

| Case Business | Interviewees |
|---|---|
| Indigenous | Owner |
| | Business Adviser/ Consultant |
| | Resort Manager[38] (Middle Manager/ Employee) |
| European | Owner |
| | General Manager |
| Indo-Fijian | Owner |

## 4.4.2 Interview Process

Both primary and secondary data were sought during the interviews. Secondary data sources included relevant document analysis, including website information, brochures and internal documents such as customer feedback sheets and management reports (if any) that were kept and provided to the researcher by the selected case businesses. However, the main data source was the semi-structured interviews. Through these interviews, the researcher was able to ask more focused questions.

With one exception, the interviews were carried out over two weeks (i.e. in the last week of September 2012 and in the first week of October 2012). One of the management team members from Indigenous Case was not in Fiji during this period; hence, a separate date was arranged on his return; the interview was conducted on 7 November 2012. On the day of the scheduled interviews, a consent form was provided to the interviewees outlining the purpose of the study and a request for their consent to audio-record their interviews (see Appendix 8). Of the six interviews, three interviews were conducted with the Owner-Managers of the case businesses, and each interview lasted approximately one hour. The interviews with the other members of the management team across Indigenous and European Cases lasted approximately 30 minutes each. All interviews were audio-recorded and later transcribed.

---

[38] The Resort Manager is a middle-management employee who reports directly to the Owner of Indigenous Case. Throughout the case analysis, reference to top management only includes the Owner and the Business Consultant. The Resort Manager was asked about organisational routines only, in order for the interviewer to get a better understanding of the organisational routines relating to the operation of the business. Hence, her responses formed part of the analysis in sub-section 5.5.2 only.

The interview data will be analysed in Chapter 5 and the findings, together with the survey findings, will be discussed in Chapter 7. The next sub-section provides an account of the survey, which is Stage 2 of the fieldwork.

**Stage 2**

### 4.4.3 Survey Process

Stage 2 of the fieldwork involved a survey, which was predominantly web-based, and targeted the Owner-Managers of Fijian SME tourism accommodation businesses. Web survey was chosen over mail survey because of the benefits of web surveys (see section 4.2.2). It was assumed that Fijian SME tourism accommodation businesses would have a computer and access to the Internet. However, as noted in section 4.2.2, if survey participants did not have access to a computer or the Internet, they were offered the mail-based survey. Both the survey and mail questionnaires were the same (see Appendix 4)

#### 4.4.3.1 Refinement of Survey Questionnaire

As noted in section 4.4, interviews were conducted prior to the administration of the survey. The outcome of the interview process led to a further refinement of the survey questionnaire. A summary of key changes made to the initial survey questionnaire is presented in Table 4.5. The final version of the web survey questionnaire is shown in Appendix 4. It consists of five sections, and a summary of what constitutes the survey is presented in Table 4.6. Several questions were reverse scaled to address the issue of response bias. These questions were reverse coded prior to the data analysis. An information letter that explained the aim of the study and provided the contact details of the researcher was included at the front of the questionnaire. The letter guaranteed the confidentiality of the information obtained from the respondents. Further it indicated that a summary of the results of the study could be obtained by the respondents by sending an email to the researcher with that request. To increase the legitimacy of the questionnaire, the introduction carried the Macquarie University logo, as suggested by Dillman et al. (2009).

**Table 4.5: Summary of Refinement of Survey Questionnaire – Post Interviews**

| Question Reference | Initial Survey Questionnaire | Final Survey Questionnaire |
|---|---|---|
| Section 2, Q6 | 7 items | 8 items – added one item: 'global economic trends' |
| Section 2, Q9 (Item e) | Provide *fast* deliveries | Provide *on-time service* delivery |
| Section 4, Q12 (Item g) | Partnerships with travel agents | *Established* partnerships with travel agents |
| Section 4, Q12 | 7 items (a to g) | 12 items – added 5 items: <br><br>h) Cash flow availability <br><br>i) Have reliable employees <br><br>j) Have employees who are team players <br><br>k) Have access to information technology (e.g. have a website or have access to online tools) <br><br>l) Adequate telecommunication facilities (e.g. telephone, mobile phone) |
| Section 4, Q14 | 6 items (a to f) | 9 items – added 3 items: <br><br>g) Adopting self-sustainable initiatives (e.g. planting own vegetables; environment conservation or other means) <br><br>h) Monitoring business operations across different activities or departments <br><br>i) Maintaining a proper accounting or bookkeeping system (either manually or computerised) |

The survey questionnaire was carefully designed, and incorporated amendments resulting from the pilot test and interviews. Questions included in each of the five sections reflected the same questions in the Owner's interview guide (see section 4.3.2). This mixed methods approach enhances the validity and reliability of the research instruments and also the findings of this study, which will be discussed in Section 4.6.

**Table 4.6 Summary of Final Survey Questionnaire**

| Section | Title | Number of Questions | Types of Questions |
|---|---|---|---|
| 1 | General Information | 5 | Four multiple choice; One fill in the box – numeric |
| 2 | Factors Influencing Use of PMSs | 4 includes:1 (parts a – h) & 1 (parts a – f) | Two seven-point Likert scale; Two multiple choice |
| 3 | Use of Performance Measures | 1 (parts a – k) | One seven-point Likert scale |
| 4 | Business Capabilities | 6 includes:1 (parts a – l) 1 (parts a – b) 1 (parts a – i) 1 (parts a – f) & 1 (parts a – c) | All seven-point Likert scale |
| 5 | Business Performance | 3 includes:1 (parts a – d) | One seven-point Likert scale; One open-ended |
| | **TOTAL** | 19 | |

### 4.4.3.2 Sampling Procedure

Fijian tourism accommodation operators in Fiji consist of small, medium and large businesses. There is no information available that identifies the total number of accommodation tourism businesses in Fiji. As such the researcher relied on the consolidated database that she had produced (see sub-section 4.4.1), which contained a total of 422 tourism accommodation operators. For the purposes of this research the total population was considered to be 422. Since the focus of this study is SME tourism accommodation operators, the large businesses (with more than 100 rooms), as per the definition adopted in this study, were excluded from the 422 aforementioned businesses. Twenty-five businesses were deemed to be large, which resulted in 397 tourism SME accommodation businesses representing the total population for this study. Of these 397 businesses, the three businesses selected for in-depth examination (i.e. Stage 2 of the fieldwork) were also excluded. This resulted in a sample frame of 394 SME tourism accommodation businesses.

The database confirmation process, which involved verifying the contact information of the accommodation businesses listed on the consolidated database, was conducted next in Fiji, over two and a half weeks in November 2012. It was a tedious task, since there was no updated database of contact information pertaining to SME accommodation providers in Fiji. Thus a research assistant (based in Suva) was hired to assist the researcher in this regard. The research

assistant was briefed by the researcher on the particular task to be carried out. The researcher and research assistant had to search through other local business directories (such as the *2012 Fiji Yellow Pages*[39] (hard copy) and the online Fiji e-Directory <URL: http://fijilive.com/edirectory>) to obtain telephone contacts that were either missing or invalid (e.g. phone out of order) from the consolidated database. Next, the research assistant telephoned each of the 394 businesses to confirm their contact details, including the email addresses of the business Owners. The researcher was present and worked beside the research assistant in the initial stage of the contact confirmation process, so that any issues and/or questions that arose could be dealt with immediately.

A total of 149 businesses from the database could not be contacted despite several attempts to do so. Common reasons for this included: phone out of order; no contact found; call not answered; and wrong number. It was possible that some of these businesses may have closed down, however, there was no way to verify this. After completing this process, contact details for only 245 businesses were obtained, and these businesses represented the final sample. As a result, a web survey of 234 Owner-Managers[40] and a postal mail survey of 11 Owner-Managers of Fijian SME tourism accommodation businesses were carried out to test the study's research hypotheses.

Of the 245 businesses, 11 businesses opted for a hard copy of the survey questionnaire to be sent to them via postal mail. Reasons for using the postal mail mode in these 11 instances included: 1) three respondents did not have an email address; 2) one respondent's computer was not working; 3) one respondent's Internet was not working; 4) one respondent had a poor Internet connection; and 5) five respondents simply asked for the survey to be sent by postal mail. The survey covered the whole of the Fijian tourism region, located on the two main islands, namely Viti Levu and Vanua Levu (in the northern division), including several smaller islands. The next sub-section provides a detailed account of the administration of the two survey modes, beginning with the web survey, followed by a discussion of the mail survey.

---

[39] The *Fiji Yellow Pages* is the largest business directory in Fiji.

[40] Of the 245 samples, two businesses contacted opted not to fill out the online survey questionnaire.

### 4.4.4  Web Survey Implementation and Response Rate

The web survey was administered using Dillman et al.'s (2009) guidelines in relation to the format and style of the questionnaire as well as the covering letter, techniques to personalise the survey, distribution of the survey and follow-up procedures.

#### 4.4.4.1 The Initial Email Invitation

The potential participants of the web survey were invited to participate in the survey through an initial email invitation sent to each of the Owner-Manager's email addresses. The format of the email followed that suggested by Dillman et al. (2009, p. 277), which introduced the participants to the survey, emphasised why their response was important, and provided the information as to how they could access and fill out the survey. Upon clicking on the survey link, a covering letter was displayed, written on Macquarie University letterhead, and its contents had been approved by the Macquarie University Human Research Ethics Committee (see Appendix 3). While the researcher knew the identity of the Owner-Manager of the business to whom the URL link for the web survey was sent via email, the completion of the survey questionnaire was completely anonymous, and consent to participate in the study was implied when the questionnaire was completed and submitted online, thus preserving the anonymity of the respondents. In the covering letter, the respondents were advised that participation in the survey was voluntary. Every effort was made to personalise the initial email invitation by writing 'Dear [first and last name]' followed by the name of the accommodation business. Also, emails were sent to the individual Owner-Managers as opposed to sending one bulk email (i.e. one email sent to multiple recipients). This strategy, as suggested by Dillman et al. (2009), was expected to invoke the right tone and sense of importance, and thus motivate them to participate in the survey.

The initial email invitations were sent out over a one-week period from 29 November to 5 December 2012. A total of 18 responses were received 100 percent complete but four responses were incomplete. It is important to highlight that one of the respondents sent an email to notify the researcher that he had completed the online survey, and that "it was a very interesting process". Several of the respondents throughout the survey period also contacted the researcher indicating that they had filled out and submitted the survey questionnaire and sent their best wishes for the study. Such feedback may be indicative of the respondents' positive reaction to the tone and personalised approach that was followed when contacting the participants for this

study, thus confirming the effectiveness of Dillman et al.'s (2009) tailored web survey design approach.

### 4.4.4.2 Follow-up Procedures

A total of three follow-ups were carried out in this study. These are described below.

i) **First follow-up**

One week after the first batch of email invitations were sent out, the first follow-up email notification process commenced (see Appendix 9). While the anonymity of respondents who completed and submitted the online survey was preserved (a feature of the Qualtrics online survey software used), a few of the respondents had emailed the researcher and indicated that they had filled out and submitted the web survey questionnaire. As a result, follow-up notifications were sent to everyone in the confirmed database, except for those who had already confirmed their participation. Individual emails addressed to the Owner-Managers were sent in batches from 7 December 2012 to 16 December 2012. The time it took to send out the email notifications was unavoidable because the researcher was working on her own. At the end of the first follow-up period, a total of 33 responses were received 100 percent complete, and four were incomplete. Upon reviewing the completed web questionnaires, the researcher noted that many of the respondents had answered the questionnaires either early in the morning (before 8.00 am) or in the evening (between 5 pm and 8 pm). Also, there were a higher number of completed questionnaires submitted during weekends. Based on these trends, and in an attempt to capture a high response rate, the researcher aimed to send out the next email notifications during these times.

ii) **Second follow-up**

The second follow-up notification process suffered a slight setback, and had to be postponed until after 1 January 2013. This was due to the occurrence of tropical cyclone Evan on Monday 17 December 2012, which affected the whole of Fiji. With destructive winds and heavy rain, there was significant damage to Fiji's infrastructure, including widespread flooding around the country, which affected water supply, electricity and telecommunications services for one week. Since many of Fiji's tourist regions and accommodation providers had been affected by the natural disaster, it was decided to allow some time for the recovery process to take place before any further follow-ups occurred. Second follow-up notifications (see Appendix 10) were

thus sent in batches from 2 January 2013 to 8 January 2013. A total of 45 completed responses were received at the end of the second follow-up stage and two were incomplete. These results show that an additional 12 respondents or 36 percent (i.e. 12 out of 33) completed the web survey after receiving the second follow-up notifications.

iii) **Third and final follow-up**

Owing to the encouraging increase in the responses received after the second follow-up notice, it was decided to send out a third follow-up notification to provide respondents with a final opportunity to participate in the study. The email notification was sent as a generic email (see Appendix 11) using the "Bcc to: field". The final follow-up notifications were sent from 19 to 20 January 2013. Table 4.7 provides the final summary of the total web responses received by the end of January 2013, which marked the end of the web survey period. A further 16 completed responses or 36 percent (i.e. 16 out of 45) were received after the final email notification.

**Table 4.7 Web Survey Sample and Response Rate**

| Sample Size | Responses | Response Rate | Incomplete Responses |
|---|---|---|---|
| 234 | 61 | 26.1 percent | 72 |

Table 4.8 summarises the incomplete response percentages (from highest to lowest). Upon careful review of these incomplete responses, only one response that was 89 percent complete was considered to be valid. This respondent completed 19 out of the 20 questions, and only the last question requesting "any further comments" was not filled out. Consequently, it was decided to include this response in the final web survey data set. As a result, the number of usable responses increased to 62, with a revised response rate of 26.5 percent (i.e. 62 out of 234). There were no missing data in the completed web survey responses as the "forced response" option was selected for the web survey to ensure respondents answered each question before moving on to the next question.

**Table 4.8: Incomplete Web Survey Responses[1]**

| Survey In Progress (percent) | No. of respondents |
|---|---|
| 89 | 1 |
| 74 | 1 |
| 70 | 1 |
| 59 | 6 |
| 52 | 2 |
| 48 | 6 |
| 41 | 1 |
| 30 | 13 |
| 22 | 5 |
| 11 | 3 |
| 7 | 11 |
| 4 | 14 |
| 0 | 8 |
| **TOTAL** | **72** |

[1]These incomplete responses relate to respondents who either began answering the questionnaire but did not complete it and/or had opened the link to the survey, but did not answer any of the questions (e.g. eight respondents with 0 percent survey in progress).

### 4.4.5 Mail Survey Implementation and Response Rate

Similar to the web survey implementation process described above, the mail survey was administered using Dillman et al.'s (2009) guidelines in relation to the format and style of the questionnaire as well as the covering letter, techniques to personalise the survey, distribution of the survey and follow-up procedures. An account of the mail survey implementation process is provided below.

### *4.4.5.1 Initial Mailout*

As previously noted, 11 businesses opted for the hard copy of the survey questionnaire to be sent to them via postal mail. The hard copy of the web survey questionnaire was printed and placed in envelopes, together with a cover letter printed on the Macquarie University letterhead and a postage-paid return envelope. Both the envelope and covering letter were personally addressed to the Owner-Manager. The cover letter contained all the information on the web survey cover letter; however, it was carefully re-worded to the postal mail mode context where necessary (See Appendix 5). The final version of the mail questionnaire (similar to the web survey questionnaire) is shown in Appendix 4. The mail questionnaires were posted on 6 December 2012.

### *4.4.5.2 Follow-up Procedures*

Similar to the web survey, a total of three follow-ups were carried out for the mail survey. Follow-ups were carried out by telephone in each instance, asking the respondents if they had received the survey questionnaire and reminding them to mail the questionnaire back to the researcher using the postage-paid return envelope. The first follow-up telephone calls were made on 20 December 2012, two weeks after the questionnaires had been sent by post. Two weeks was considered a reasonable time for the mail to reach the intended participants: six of the participants were located in the outer islands, and the remainder lived outside the main urban areas. Prior to the first follow-up, two completed questionnaires were received by mail. Feedback received from the remaining nine potential respondents upon the first follow-up stage were as follows: haven't received the questionnaire in the mail box (two respondents); phone ringing out and/or left message in the answering machine (three respondents); not yet filled in the questionnaire (three respondents); and Owner away (one respondent).

The second follow-up was conducted on 10 January 2013. Two of the participants indicated that they had filled in the questionnaire and would post it straight away. Prior to the third and final follow-up, an additional two questionnaires were received. However, there was no change in the feedback from and/or status of the remaining seven participants. Table 4.9 provides the final summary of the mail survey responses. Of the four mail questionnaires received, one of the questionnaires was only partially completed and therefore had to be discarded. Thus, only three of the mail questionnaires were 100 percent complete, and therefore usable.

**Table 4.9 Mail Survey Sample and Response Rate**

| Sample Size | Responses | Usable Responses | Response Rate |
|:-----------:|:---------:|:----------------:|:-------------:|
| 11 | 4 | 3 | 27.3 percent |

Owing to the small number of participants involved in the mail questionnaire mode, it was decided to manually enter their responses using the Qualtrics software survey link, so their responses would be analysed together with the web responses. The final survey data set consisted of 65 responses (62 web responses and three mail responses), with an overall response rate of 26.5 percent (i.e. 65 out of 245). In comparison to previous similar SME studies that used mail surveys, a 26.5 percent response rate appears reasonable. For instance, Sousa et al. (2006) in their study on performance measures in SMEs in England (both from the service and

industrial sectors) obtained a 12 percent response rate. The next section describes the approach taken to analyse both the qualitative and quantitative data collected in this study.

## 4.5    Data Analysis Methods

Upon collection of all of the data, appropriate analyses were undertaken to examine the research question of this study. The qualitative data were analysed first, followed by the quantitative data.

### 4.5.1    Qualitative Data Analysis

Guided by themes developed from the study's theoretical framework (Yin, 2009), the individual cases were first analysed (i.e. within-case analysis) to understand the dynamics of each case prior to performing cross-case analyses (Miles and Huberman, 1994). Subsequently, cross-case analyses were conducted, using themes, first-level coding and second-level coding, followed by pattern matching (Miles and Huberman, 1994; Yin, 2011). According to Miles and Huberman (1994), first-level coding is "a device for summarising segments of data" and "is usually a single term"; whilst pattern codes are "explanatory codes that identify an emergent theme or groups segments of data (from the level one coding) into a smaller number of sets, themes, or constructs" (pp. 63, 69). The authors do warn that pattern codes "are hunches: some pan out, but many do not" (p. 72); however, they have several important benefits which include:

- reducing large amounts of data into a smaller number of analytic units;
- helping the researcher elaborate a cognitive map, an evolving, more integrated schema for understanding local incidents and interactions; and
- laying the groundwork for cross-case analysis by developing common themes and directional processes. (p. 69)

Coding of the interview data was performed using NVivo software, version 10. The interview transcripts were transcribed in NVivo, hence coding of the data was made easier as the interview data files were already stored in NVivo. In analysing the case study data, first-level coding refers to the items that stemmed from the themes developed from the study's theoretical framework. For instance, under the environmental uncertainty theme, competitors' actions, customer demands and economic stability are examples of the items categorised as first-level coding. Any emergent sub-themes from the first-level coded data were coded as second-level. This was then followed by applying the pattern matching technique across the three cases to

complete the data analysis process. A discussion of the case findings then ensued. Details of interview data analysis are presented in Chapter 5, and a there is a discussion of the case findings in Chapter 7.

In reporting the case study results and findings, the formats for writing case study reports outlined by Yin (2009) were consulted. Yin (2009) identifies four different formats: traditional narrative single-case study; traditional narrative multiple-case study; non- traditional narrative for single or multiple-case study with a question-and-answer format; and cross-case multiple-case study. In this study, the cross-case multiple-case study format was used to report the case study results. Specifically, the semi-structured interview guide provided the outline for the discussion of the findings. The use of probe questions allowed the interviewees to talk freely, which provided additional information for the researcher. Also, narratives and individual quotes were used to describe common patterns and/or any differences between the case businesses.

### 4.5.2   Survey Data Analysis

The theoretical framework of this study reflects two features that must be considered when choosing a statistical tool: (i) the presence of multiple and interrelated dependence relationships; and (ii) the presence of latent variables that cannot be observed directly. This study used SPSS v21 and Partial Least Squares of Structural Equation Modelling (PLS-SEM) to analyse the survey data. SPSS was used in the preliminary stages of survey data analysis (e.g. testing for non-response bias), while partial least squares (PLS) using XLSTAT v2013 software was used for exploratory factor analysis (EFA) and estimation of path coefficients (reported in Chapter 6). Sub-sections 4.5.2.3 and 4.5.2.4 discuss the choice of the SEM and PLS techniques respectively and a discussion on the use of reflective versus formative constructs is provided in sub-section 4.5.2.5. Testing for both non-response bias and response bias in the survey data is discussed next.

#### 4.5.2.1   Test for Non-Response Bias

Given that the response rate obtained was relatively small, it was important to test for non-response bias. Examination of a possible non-response bias was considered necessary in order to generalise the results of the study to the population of Fijian SME tourism accommodation businesses. Of the 62 completed web survey responses, 20 early respondents and 14 late respondents were identified according to the return date of their survey. Non-response bias was investigated by comparing the two groups in terms of their demographics, that is, business

location, age, accommodation classification and number of full-time employees. The results are presented in Tables 4.10 and 4.11. Comparison was also made between early and late respondents for all survey constructs (see e.g. Grafton et al., 2010; Widener, 2007). The results of this test are presented in Table 4.12. The rationale for using this method is that it increases the researcher's confidence that there is no significant non-response bias in the study (Van der Stede et al., 2006). Furthermore, this method is academically well accepted (Henri, 2006a; Widener, 2006). Furthermore, additional statistical tests were performed to test for non-response bias of the two independent groups using SPSS v21, depending on the nature of the variables.[41] These included the Chi-square,[42] Mann Whitney U test and independent t-tests.

The results presented in Tables 4.10 and 4.11 indicate that there are no statistically significant differences (i.e. $p$-value $> 0.05$) between early and late respondents for any of the selected demographics (e.g. business location and age) and the study's constructs (see Table 4.12). Thus, it is reasonable to conclude that non-response bias is not significant in this study.

---

[41] Appropriate statistical test to use: a) nominal and nominal variable: used Chi-square test; b) nominal and ordinal variable, comparing just two categories of the nominal variable: used Mann Whitney U test. e.g. of two categories: early vs. late respondents; on-line vs. mail respondents; c) a continuous dependent variable and two independent groups: used independent t-test.

[42] The Chi-square test for independence compares two sets of categories to determine whether the two groups are distributed differently among the categories (see McGibbon, 2006).

**Table 4.10: Chi-Square Test of Non-Response Bias between Early and Late Respondents**

| Pearson Chi-Square ($x^2$) | N | Value | DF | Asymp. Sig. (two-sided) or p-value |
|---|---|---|---|---|
| Business Location | 34 | 2.118 | 3 | 0.548 |
| Accommodation Classification | 34 | 4.070 | 5 | 0.539 |

**Table 4.11: Mann-Whitney U Test Comparing Age of Business and Number of Employees between Early and Late Respondents**

| | N | Mean Rank Age of Business | Mean Rank No. of Full-time Employees |
|---|---|---|---|
| Early respondents | 20 | 16.55 | 14.90 |
| Late respondents | 14 | 18.86 | 21.21 |
| Total | 34 | | |

**Test Statistics**

| | Mann-Whitney U | Asymp. Sig. (two-sided) | Exact Sig. (two-sided)[43] | Standardised Test statistic Z |
|---|---|---|---|---|
| Age of business | 159 | 0.491 | 0.522 | 0.688 |
| Number of full-time employees | 192 | 0.054 | 0.071 | 1.923 |

**Table 4.12: Independent t-test Mean Difference Between Early and Late Respondents***

| Construct | Early Respondents ($n = 20$) | Late Respondents ($n = 14$) |
|---|---|---|
| Environmental uncertainty | 3.79 | 3.46 |
| Low-cost strategy | 4.83 | 5.36 |
| Differentiation strategy | 6.15 | 6.18 |
| Diagnostic use | 5.24 | 5.30 |
| Interactive use | 5.36 | 5.59 |
| Teaming of resources | 5.40 | 5.59 |
| Organisational routines | 5.58 | 6.12 |
| Entrepreneurship | 4.66 | 4.99 |
| Innovativeness | 3.82 | 4.02 |
| Organisational performance | 4.24 | 3.54 |

* p-values of all the constructs were greater than 0.05.

---

[43] For smaller sample sizes ($< 20$), SPSS calculates an exact p-value to improve upon the approximate asymptotic p-value.

*4.5.2.2 Test for Response Bias*

Testing for response bias was not practicable as only three respondents from the final survey sample used the mail survey (see Table 4.9). Due to the very low number of mail survey responses, it was concluded that response bias would be insignificant, and would not affect the findings of this study. Hence, samples from the two groups (online and mail responses) were appropriately combined. Additionally, the sample data from the survey were believed to be representative of the total population.

*4.5.2.3 Choice of Structural Equation Modelling*

SEM comprises statistical models that seek to explain the relationships among multiple variables. It is a combination of two powerful approaches: (i) factor analysis and (ii) path analysis, allowing researchers to simultaneously assess the measurement model (traditionally accomplished with factor analysis) and the structural model (traditionally accomplished with path analysis) (Kline, 2005), in particular when a dependent variable in one equation becomes an independent variable in another equation (Hair et al., 2010). SEM has been described as a second generation of multivariate analysis, with substantial advantages over "first-generation techniques such as principal components analysis, factor analysis, discriminant analysis, or multiple regressions because of the greater flexibility that a researcher has for the interplay between theory and data" (Chin, 1998a, p. vii). Structural equation models estimate a network of causal relationships, defined according to a theoretical model, linking two or more latent concepts, called latent variables, each measured by several observed indicators usually defined as manifest variables (Vinzi et al., 2010). Although the effectiveness of SEM in social science research, including business (e.g. marketing) and information systems has been recognised, its adoption in the accounting discipline has been slower (Lee et al., 2011).

There are several major reasons given in the literature for the popularity of SEM. Firstly, it allows for the simultaneous modelling of relationships among multiple independent and dependent constructs so that researchers can better understand their area of scientific inquiry (Tabachnick and Fidell, 2013; Schumacker and Lomax, 2004; Gefen et al., 2000). Secondly, when relationships among factors are examined, the relationships are free of measurement

error[44] because the error has been estimated and removed, leaving only common variance (Tabachnick and Fidell, 2013). Unlike prior statistical techniques that treat measurement error and statistical analysis of the data separately, SEM techniques explicitly take measurement error into account when statistically analysing the data (Schumaker and Lomax, 2004). Thirdly, more advanced modelling such as multi-level (or hierarchical) modelling can be performed by researchers due to the rapid development of SEM for over 30 years (Schumaker and Lomax, 2010). Finally, user-friendly SEM software programs[45] are increasingly available and easier to use as they contain features that are similar to other Windows-based software packages (Schumaker and Lomax, 2010; Gotz et al., 2010). This makes data analysis of complex phenomena increasingly manageable for the researcher.

In general, there are two approaches to estimate the parameters of an SEM, namely, the covariance-based approach and the variance-based (or components-based) approach. Only the components-based approach – PLS-SEM modelling – is used in this study to analyse the survey data as its properties suit the exploratory nature of this study, amongst other things; it is explained in the next sub-section.

### 4.5.2.4 Partial Least Squares

The PLS or PLS-PM approach to SEMs has become increasingly popular as an alternative to SEM in the social sciences, including business disciplines (Hair et al., 2010) such as marketing and information systems. Chin (2010) asserts that the use of PLS is often complementary to covariance-based SEM (CBSEM) and may potentially be better suited depending on the specific empirical context and objectives. Each approach has its own advantages and disadvantages.[46] A PLS model is made up of two basic components: i) a measurement model relating the manifest variables to their own latent variable; and ii) a structural model relating some endogenous latent variables to other latent variables. The measurement model is also called the outer model and the structural model the inner model (Tenenhaus et al., 2005). The PLS algorithm attempts to obtain the best weight estimates for each block (component) of

---

[44] Measurement error is defined as that portion of an observed variable that is measuring something other than what the latent variable is hypothesised to measure (Schumacker and Lomax, 1996, p. 81). Thus, it is a measure of reliability.

[45] For example, SMARTPLS, PLS-Graph and XLSTAT-PLS.

[46] A key review paper on PLS approach to SEM is Chin (1998). A review paper on SEM and PLS path modelling in management accounting research is Smith and Langfield-Smith (2004).

indicators corresponding to each theoretical construct. PLS produces a component or composite variable representation of the theoretical construct and focuses on maximising the variance of the dependent variables that is explained by the independent variables (Chin, 1998), similar to regression.

In this study, PLS was deemed appropriate for several reasons. Firstly, compared with CB-SEM, PLS modelling is considered more an exploratory approach than a confirmatory one. It has also been argued that PLS can be used in situations where there is limited theoretical background to support hypotheses as in exploratory studies (Chin, 2010, 1998; Joreskog and Wold, 1982). Additionally, PLS is more suitable for research that is interested more in summarising the data and explaining the variances, and less focused on explaining the covariance of measurement items and statistical accuracy of estimates (Chin, 2010). For these reasons, PLS has been chosen as the appropriate statistical technique to address one of the motivations of this study, that is, the paucity of empirical research on PMSs in SMEs in service organisations, and in a developing country context.

Secondly, PLS is considered to be a *soft modelling* approach where no strong assumptions with respect to a normally distributed data set are required. Owing to this study's small sample size, obtaining a normal distribution from the survey data was problematic. Furthermore, some constructs have been adapted to the context of the study, and additional items or manifest variables were included as a result of the findings from the qualitative study (i.e. case studies). Hence, PLS will better inform us as to the reliability and validity of the measured constructs than regression-based approaches or CB-SEM as these latter statistical techniques do not accept problematic measures due to their violation of the normality assumption. The PLS results are expected to contribute to theory building on the use of PMSs in the Fijian tourism industry context.

Thirdly, the study's theoretical framework consists of many latent variables and manifest variables, with hypothesised relationships. When there are complex relationships (i.e. many indicators, constructs and relationships), the PLS approach is considered more appropriate (Pondeville et al., 2013) than using multiple regression, for instance.

Fourthly, PLS is insensitive to sample size considerations (Hair et al., 2010). A side benefit of the partial nature of the PLS algorithm is that the sample size requirements when using PLS for complex models are smaller than those required for CBSEM (Chin and Newsted, 1999).

However, the literature (e.g. Marcoulides and Saunders, 2006) cautions researchers to still consider the use of an appropriate sample size. Factors suggested for consideration include the distributional characteristics of the data, potential missing data, the psychometric properties of the variables examined and the magnitude of the relationships considered, to ensure that a sufficient sample size is actually available to study the phenomena of interest.

Likewise, Hair et al. (2010) explain that the use of very small samples (even less than the number of variables) may be useful for exploratory purposes, but the generalisability of these results is limited, irrespective of the statistical approach used. The sample size for this study is 65 (i.e. a 26.5 percent response rate). Hence, the data set can be analysed in PLS, but not in CB-SEM, which requires a minimum sample size of 100 or 200 to improve accuracy (Chin, 2010). Further, the distributional properties of the data set have been examined for reliability and validity.

Finally, a call for the use of the PLS statistical technique in accounting research has been advocated by accounting researchers (e.g. Smith and Langfield-Smith, 2004; Lee et al., 2011). For instance, Smith and Langfield-Smith (2004) note that the properties of PLS, such as the use of non-normal data and its insensitivity to sample size make it better suited to management accounting research. Examples of exploratory research studies in management accounting that have adopted PLS include Ferreira et al. (2010)[47] and Chenhall (2005).[48] By adopting PLS, this study responds to the call to use PLS, and makes a contribution to management accounting literature that adopts PLS.

### 4.5.2.5 Use of Reflective Constructs

A key consideration of any SEM measurement model is to determine whether a construct should be modelled as having formative or reflective indicators. Jarvis et al. (2003) show the distinguishing characteristics of the two approaches. In essence, the issue revolves around the primacy of theory or data. If the focus of the model is in empirically verifying *a priori*

---

[47] Ferreira et al. (2010) empirically explored environmental management accounting and its potential effects on internal processes and outcomes within organisations, such as the development of innovations.

[48] Chenhall (2005) studied how the underlying information dimensions of strategic performance measurement systems effects desired organisational outcomes by providing information on the linkages between operations and strategic outcomes and between different facets of the entire value chain.

theoretical variable or model, then a reflective model or variable is appropriate. Conversely, if the research objective is to identify a theoretical model or variable which best fits the empirical data or observations, then a formative approach is warranted (Baumann et al., 2011).

In this study, all the items measuring the latent constructs were treated as "reflective"; hence, the measurement model used in the PLS-SEM technique adopted in this study reflects a reflective indicator measurement model. This approach is similar to previous management accounting studies (e.g. Ferreira et. al, 2010; Chenhall, 2005). According to Bisbe et al. (2007), most constructs in the management literature and virtually all constructs reported in the extant management accounting and control systems survey-based literature (Chenhall, 2003; Luft and Shields, 2003) are based on reflective models. Hence, the constructs in this study's measurement model (i.e. latent variables) are reflected or manifested by a series of indicators, and the direction of causality implied by the conceptual specification is from the construct to the indicators. The validity tests for reflective models were followed and these are discussed in Chapter 6. The next section discusses the validity and reliability issues for this study.

## 4.6    Validity and Reliability

The issue of validity and reliability must be considered by any researcher, regardless of the methodological approach chosen, in terms of its accuracy, meaningfulness and credibility. Validity denotes the issue of whether the researcher is studying the phenomenon he/she purports to be studying. Validity is impaired if the researcher is unintentionally studying more or less than the phenomenon of interest. Alternatively, reliability is the notion of whether the researcher obtains data upon which he/she can rely (McKinnon, 1988). Reliability may be impaired if the data are not independent of the "accidental circumstances" under which they were collected (Kirk and Miller, 1986, p. 20). Dillman et al. (2009) and Yin (2009) also offer strategies to combat validity and reliability issues. These strategies have been adopted, where applicable, in the design of this study. Common tests used to establish the quality of any empirical social research include: content validity, construct validity, internal validity, external validity and reliability. Construct validity refers to identifying correct operational measures for the concepts being studied (Yin, 2009). Other scholars refer to content validity (rather than construct validity) to ensure that theoretical concepts are adequately reflected by the operational definitions and measures of empirical phenomena (e.g. Hair et al., 2010; Modell, 2005). In this study, it is argued that both construct validity and content validity are the same concept, and measures taken to address construct/content validity are outlined below.

1. Use of existing research instruments, with validated scales. Minor adaptations were made to questionnaire items to fit the context of the study.

2. Pilot test of research instruments to a diverse group consisting of several academics in the accounting discipline across two universities (Fiji and Australia) and two Fijian-based accountants. Two of the academics in Australia were originally from Fiji, so they understood the contextual setting of the study, which was an added advantage. The outcome of the pilot test involved re-wording Likert scales and simplifying a few terms. The participants in the pilot test also highlighted questions that seemed ambiguous and provided some tips to improve the presentation of the research instruments.

3. The use of mixed methods allowed for further refinement of the survey questionnaire after the conduct of case interviews. Changes made include the inclusion of new, more context-specific items/indicators to measure certain constructs, as well as re-wording some items based on the appropriate terminology used in the tourism industry, as revealed by the interviewees. The use of mixed methods also enabled data triangulation, making the findings more reliable.

4. The case interviews were audio-recorded upon receipt of interviewees' permission. This enabled the researcher to transcribe the interview data with accuracy.

Internal validity of a specific study refers to the credibility of the causal relationships between independent and dependent variables inferred from the data. Case study as well as survey methods have typically been considered inferior to controlled laboratory experiments in this respect (see e.g. Birnberg et al., 1990; Brownell, 1995). However, triangulation between case study and survey methods may address the difficulties in advancing at least probable causal explanations (Abernethy et al., 1999). Modell (2005) notes that much of the triangulation literature suggests that the combination of complementary methods enhances the opportunities of corroborating causal relationships by revealing converging patterns as well as expanding the quest for alternative causal relationships where findings diverge, or are inconsistent with *a priori* hypotheses. Therefore, the triangulation approach of this study will enhance the internal validity of the data set, and accurate conclusions about cause and effect can be expected to be drawn from the dependent and independent variables that are tested in this research from the hypotheses that have been developed. In particular, analysis of the interview data using first-level and second-level coding would enhance the identification of common patterns or themes

from the data, as well as any emergent themes, which may be used to help interpret the survey data.

External validity has been traditionally viewed as the extent to which the findings of a particular study can be generalised across populations, contexts and time (Birnberg et al., 1990). With case studies, external validity relates to the extent that the conclusions drawn by the researcher can be generalised to other contexts beyond the case study. However, an increasingly accepted alternative criterion refers to analytical generalisation based on close iterations between existing and emerging theory and empirical findings in accordance with some replication or extension logic (Eisenhardt, 1989; Lindsay, 1995; Yin 1981, 1984). This approach has been associated with triangulation between case study and survey methods (see Tashakkori and Teddlie, 1998). Hence, the use of the mixed methods approach in this study will serve to enhance the external validity of the findings of this research. That is, the findings from the present research of PMS use and its influence on business performance can be generalised to Fijian SME accommodation businesses in the tourism industry.

The objective of reliability is to ensure that the same study can be repeated, and arrive at the same findings and conclusions (Yin, 2009). Reliability may be impaired if the data are not independent of the "accidental circumstances" under which they were gathered (Kirk and Miller, 1986, p. 20). One way to overcome this in designing a survey questionnaire is for the researcher to build in checks on the consistency of an individual's responses in order to avoid the accidental circumstances of the respondent's lack of concern or care, which may prejudice the credibility of those responses (McKinnon, 1988). To maintain the reliability of this study, the researcher thoroughly documented all the procedures undertaken in this research (e.g. research design, questionnaire development, and implementation of case interviews and web survey) and made them as operational as possible, so that another researcher would be able to follow the same procedures in a later study and obtain the same final results. Similarly, build-in checks were designed in the survey questionnaire, where several questions were deliberately reversed to check for inaccurate responses. These questions were then reverse coded before any data analysis was performed.

Finally, concerning surveys, assessment of the reliability (e.g. Cronbach's alphas and composite reliability) and validity of the constructs (e.g. convergent and discriminant validity) are necessary to ensure that subsequent data analysis and interpretation are based on reliable and

valid scales (Chin, 1998; Sekaran, 2003). A further description of these validity and reliability tests and their assessment in the survey data is provided in Chapter 6.

## 4.7    Summary

This chapter discussed the research method utilised to examine the study's research question, research objectives and research hypotheses. The design of the research instruments and the data collection methods were explained. The procedures adopted to analyse the interview data and the survey data were also described. The chapter ended with a discussion of the measures taken to address the validity and reliability of the study. Chapters 5 and 6 will report the results of the data analyses and Chapter 7 will provide a discussion of these findings.

# 5 Case Study Analysis

## 5.1 Introduction

This chapter presents the qualitative analysis of the three case studies undertaken in this research. It specifically analyses the interview data in order to examine the study's research question, namely "How do Fijian SMEs in the tourism industry, specifically in the accommodation sub-sector, use PMSs?" Interviews are regarded as an important source of triangulation and informed the results of the survey (see Chapter 6). The qualitative data are presented and discussed in three parts, each addressing the three research objectives of this study.

In analysing and presenting the case results, the interview questions are organised under major themes (Yin, 2009), and discussed in the order in which the participants answered the questions pertaining to each of the three research objectives stated above. The discussion of the interview data (i.e. interview quotes) and their theoretical links is presented in Chapter 7.

The rest of the chapter is organised as follows. Section 5.2 provides a brief description of each case business. Using the qualitative data gathered from the three case studies, the remaining sections of the chapter present discussions on the areas of focus in this study: Section 5.3 discusses the four contingent factors that are examined for their effect on PMS use; Section 5.4 discusses the use of PMSs in the three case businesses; Section 5.5 discusses the effect of the use of PMSs in strengthening capabilities; and Section 5.6 discusses the organisational performances of the three case businesses. A summary of the chapter is provided in Section 5.7.

## 5.2 Profile of Case Businesses

Further to the demographics of the three cases provided in Chapter 4 (see Table 4.4, p.120), additional background information about the three case businesses are given below.

**Indigenous Case**

The Indigenous Case is a mid-range (in terms of price) island resort located off the north-west coast of the mainland in the western division of Fiji, a popular tourist region predominantly targeting backpackers, and requiring access via a three-hour boat trip. Based on number of employees, it meets the criteria adopted in this study for a medium-sized accommodation

business. It is a family-owned, private limited liability company that was established in late 2003. The resort Owners originate from this region of Fiji. There are 35 full-time employees, with the majority of the resort's service employees recruited from the indigenous Fijian village on the island. The management staff, who are all indigenous Fijians, consist of the resort Owners, a Business Consultant and a Resort Manager. The majority of the resort's customers are from Australia, New Zealand and Europe. Its niche market is couples (including retirees and professionals), newlyweds and honeymooners.

The resort offers 11 units (*bures*)[49] and a 25-bed dormitory, furnished in traditional Fijian style. Other resort facilities include a dining and bar area, kitchen, office and snorkel shop. The resort grows some of its own vegetables and fruit and sources fresh fish and seafood daily. Its surrounding waters are a marine reserve, which boasts magnificent coral formations and myriad fish, clams and starfish that are added attractions for tourists. Guests enjoy a wide range of activities that include a village trip, an eco-garden tour, trekking, snorkelling, kayaking and scuba diving. There is also nightly entertainment. The Owners and Business Consultant have had previous work experience in a five-star hotel (e.g. 17 years in the case of the Owner-Manager). Interviews were conducted with the senior management of Indigenous Case, that is, the Owner and Business Consultant. The Resort's Manager, a middle-management employee who reported directly to the Owner, was also interviewed to get a better understanding of the way performance measurement information was used in her specific area of responsibility.

**European Case**

The European Case is an upmarket island resort, located in a popular tourist region off the mainland in the western division of Fiji. It is registered as a private limited liability company, and was established in 1976. It is a family-owned business, and the Owners (who are the company directors) are a couple of European ethnicity. The management team consists of the Owner and his wife, their daughter who is the General Manager, and an Assistant General Manager who is also of European ethnicity. The resort has 41 full-time employees. It offers 10 units in four different styles: one-bedroom unit, two-room unit, family unit and villa (with two

---

[49] A *bure* is a thatched roof villa in traditional Fijian village style.

rooms). All the units have a refrigerator, minibar, and tea- and coffee-making facilities. It caters to a mixed category of tourists, ranging from couples, honeymooners and families. The majority of its customers are from Australia and the United States. Its accommodation rates[50] are indicative of its upmarket clientele. It offers a wide range of activities for guests to enjoy, ranging from water activities (e.g. fishing, snorkelling and kayaking), a day trip to the nearby Fijian village, and night entertainment consisting of Fijian singing and dancing. The island has been a marine sanctuary for over 20 years, which is an added tourist attraction. It also has a dining room and a boutique. Guests are picked up from the airport or their hotel on the mainland, and transferred to the marina to board the company boat that takes them to the resort. The resort is in close proximity to several outer island resorts in the popular tourist region. However, it is a private resort with a "no day trippers" policy. Based on its number of employees (i.e. 41), the resort meets the criteria of a medium-sized business. The Owner has had extensive business experience (i.e. 50 years) and over 30 years of experience managing the family island resort. The management team that was interviewed in this study consisted of the Owner and the General Manager.

**Indo-Fijian Case**

The Indo-Fijian Case, categorised as bed and breakfast accommodation, is located on the mainland in the western division of Fiji, which is a popular tourist region. It is a sole trader business established in 2009, and it meets the criteria adopted in this study of a small accommodation business based on number of rooms and number of employees. The Owner is of Indo-Fijian ethnicity, and he directly manages the business with the help of his wife. He is a retiree, and has had no previous business experience in the tourism accommodation business. However, he has extensive work and management experience from his previous profession as a land surveyor. The Owner has had previous business experience in operating his own consultancy business as a private land developer and land surveyor. It is an additional source of income to supplement his hotel business income.

---

[50] Accommodation rates range from F$600 to F$900 (i.e. A$358 to A$540) per night. Rates include daily activities and use of water sports equipment. Meal costs and transfer rates are excluded.

The business has six full-time employees who are all of Indo-Fijian ethnicity. The hotel offers 20 rooms and caters primarily to business travellers, "flash packers"[51] and backpackers. The majority of its customers are from Australia, New Zealand and the United States. The rooms are equipped with palm wood furniture, Internet, air-conditioning, TV and tea- and coffee-making facilities. It also has a swimming pool, restaurant and conference centre. The hotel is in close proximity to the main town centre, numerous low-cost to middle-range-priced hotel operators and a public beach.

The case analysis is presented next.

## 5.3    Factors Influencing the Use of PMSs

To comprehend how Fijian SMEs in the accommodation sub-sector of the tourism industry use PMSs, an understanding of the factors that influence their use of PMSs is explored first. The interviewees were asked several questions regarding the four contingent factors that were explored in this study, namely environmental uncertainty, ownership (by ethnicity), size and strategy. These four factors were coded at two levels (where applicable) (i.e. first-level and second-level coding) based on their respective themes or patterns, as shown in Table 5.1. This will guide the discourse on the analysis of the interview data.

### 5.3.1   Environmental Uncertainty

One of the factors influencing PMS use in organisations is uncertainty in the business environment. Environmental uncertainty was considered in terms of the degree of predictability or unpredictability of competitors' actions, customer demands, government regulation, economic stability, tourism industry policies, political stability and natural disasters. The interviews provided insights into the levels of environmental uncertainty perceived by the top management team (TMT) in the three cases. The analysis is presented next under each main theme, as per the coding pattern in Table 5.1.

---

[51] Flash packers are defined as *'a growing segment of travellers who are backpackers with a bigger budget'* (Source: http://nomadsworld.com/articles/global/flashpacker-or-backpacker-what-type-of-traveler-are-you). For example, flash packers can afford to eat out more than back packers, who mostly cook their own food.

# Table 5.1: Coding of Factors Influencing Use of PMSs

| Factors Influencing Use of PMSs | | |
|---|---|---|
| **Themes** | **First-level Coding** | **Second-level Coding** |
| **Environmental Uncertainty** | • Competitors' actions | • Age of business<br>• Accessibility to information<br>• Industry experience<br>• Facilities and activities offered |
| | • Customer demands | • Repeat customers<br>• Guest feedback<br>• Niche market<br>• Service quality |
| | • Government regulation | • Increase in new legislation<br>• Lack of consultative process<br>• Stringent compliance requirements<br>• High fees and taxes<br>• Improve Fijian tourism standards |
| | • Economic stability | • Effect of past coups<br>• Worsening global economic conditions<br>• Low economic returns (including occupancy)<br>• Unknown future actions of present military government<br>• Post-September 2014 Fijian elections period |
| | • Tourism industry policies | • Beneficiaries vs. non-beneficiaries<br>• Promote Fiji as a tourist destination<br>• Increase in new policies that are burdensome<br>• Coup culture<br>• Impending general elections |
| | • Political stability | • Lessons learned<br>• Volatility in actions of government<br>• Ethnic divide |
| | • Natural disasters | • Random occurrence<br>• Damaging effects |
| | • Other | • Global financial crisis<br>• Terrorist attacks<br>• Outbreak of war |
| **Ownership (by Ethnicity)** | • Cultural orientation | • Ethnic origin<br>• Strong communal society<br>• Religious beliefs<br>• Individualism<br>• Entrepreneurial characteristics |
| **Size** | • Business classification<br>• Accommodation capacity<br>• Full-time employees | • Small<br>• Medium |
| **Strategy** | • Differentiation | • Quality<br>• On-time service<br>• Flexibility<br>• Cost<br>• Price |

### 5.3.1.1 Competitors' Actions

The analysis reveals that the perceived degree of predictability of competitors' actions were similar in Indigenous and European Cases, but different in Indo-Fijian Case. Interviewees in Indigenous and European Cases generally found competitors' actions to be predictable, while the Owner-Manager of Indo-Fijian Case considered competitors' actions to be a bit difficult to predict with certainty (i.e. less predictable). For Indo-Fijian Case, several factors had placed the business at a disadvantage compared to its competitors. These factors inhibited Indo-Fijian Case's ability to counter the competition it faced, and supported the Owner-Manager's perception of competitors' actions as being less predictable. Firstly, it was a fairly new business (only in its third year of operation), and it faced intense competition from experienced accommodation providers, who had been in business longer. Secondly, the competitors knew how to attract tourists, and this was Indo-Fijian Case's biggest challenge in its first six months of operation. Competitors had an upper hand in terms of their established links with local travel agents and taxi drivers at the airport (for a commission fee of 30 percent) who directed tourists to their hotels. Indo-Fijian Case, however, could not afford to pay the commission; hence, it lost potential tourists to its competitors. Thirdly, the Owner-Manager's profession as a land surveyor with an information technology (IT) background and the tourism accommodation business he ventured into were unrelated. This resulted in the business facing many difficulties upon start-up.

In an attempt to salvage his business and counter his competitors, the Owner of Indo-Fijian Case was advised by a friend to contact the booking website, booking.com. Although booking.com also operates on a commission basis, the Owner was able to deal with some of the competition through it, as it enabled Indo-Fijian Case to be marketed on other popular tourist websites, including Lonely Planet and Expedia, thus resulting in increased bookings and sales. A further setback for Indo-Fijian Case was that it lacked many of the facilities and activities offered by its competitors (e.g. beach, bar and live entertainment/shows). The Owner-Manager explained that his cultural orientation or religious faith as a Muslim had influenced the nature of the activities he was able to offer. For instance, he could not have a bar or sell alcohol at the hotel. This made the business less attractive to tourists.

Interviewees in Indigenous and European Cases found competitors' actions to be predictable. This perception was largely influenced by the age of the two businesses, and the various measures they took to counter the competition, either before start-up (for Indigenous Case), and

on an ongoing basis. In Indigenous Case, the interviewees explained the process of identifying their niche market as a strategy they used to counter competition. During the pre-start stage of its operations, the TMT from Indigenous Case reviewed existing accommodation providers in terms of their room rates and services, and found that they mostly targeted lower-range clientele (e.g. backpackers) and upper-range clientele (e.g. five-star resorts). Hence, Indigenous Case strategically identified its niche market as middle-range. Owing to the said marketing strategy, the TMT from Indigenous Case perceived that they had the competitive edge over their competitors, and their competitors were "not a threat at all" (Owner). Gaining an understanding of competitors' actions was recognised as an on-going process; however, the interviewees seemed satisfied with their existing knowledge about their competitors, and in their view, there were currently no threats from other hoteliers.

For European Case, knowledge of competitors' actions was also sought on a continuous basis. In particular, the rates for competitors' services were monitored regularly. This has been facilitated through European Case's membership in numerous tourism association bodies, including the national tourism body (i.e. Fiji Islands Hotel and Tourism Association or FIHTA). As members, the TMT attend monthly meetings to discuss issues affecting the tourism industry, and they are also brought into contact with other tourism accommodation Owner-Managers (i.e. competitors). Further, because European Case had been operating for more than 30 years, the TMT had a better knowledge of the tourism industry, including their competitors' actions. Both interviewees in European Case perceived competitors' actions to be relatively predictable:

> *Having been in business for more than 30 years, we have been in close contact with our competitors through monthly meetings etc., and so are reasonably familiar with their needs and probable actions.* (Owner)

> *The benefits to being members to these associations include being able to discuss issues that affect you and the whole area, as well as being in contact with the other Owners/Managers and keeping up to date with what is happening in the industry.* (General Manager)

### 5.3.1.2 Customer Demands

All of the interviewees across the three cases indicated that customer demands were very predictable. The main reason for this perception was related to the volume of repeat business enjoyed by all three businesses, which reassured the TMT that they were satisfying their guests:

> *We get a lot of repeaters (repeat customers); they keep coming. Some of them come twice a year.* (Owner, Indigenous Case)

*Customer demand is very predictable. We know what they want.* (Owner, European Case)

*I think it is very predictable. Why I am saying this is people who have come here have come back again.* (Owner, Indo-Fijian Case)

Understanding customer demands was considered a top priority across all three cases and enhanced their ability to satisfy their customers. The interviewees in Indigenous Case stressed that upon identifying their niche market (i.e. mid-range), they were able to tailor their services to meet their clientele's needs and wants:

*Our clientele here is not backpackers. They are more couples and newlyweds, honeymooners. We do a lot of weddings. We also have retired people, business Owners, CEO's of companies.* (Owner)

The Business Consultant from Indigenous Case mentioned that the demand for middle-range resort-style accommodation was inevitable and "that is our niche" (Business Consultant). This suggests that by focusing on a particular segment of the tourist market, Indigenous Case has been able to understand and service their customers' needs more effectively.

In European Case, the direct interaction with guests by the TMT enabled them to hear first-hand their demands. Such interactions take place informally during meal times and/or through informal conversations with guests around the resort. In this way, the TMT receives direct feedback from guests about what they want and the level of service they expect. Any issues are addressed immediately:

*We listen to them a lot and we tend to know what they want and what their demands are.* (General Manager)

Although it has not been in operation for long, and has faced intense competition from other tourism accommodation operators, Indo-Fijian Case's top priority "is to provide the highest level of service" (Owner). While Indo-Fijian Case may be limited in the activities it offers to guests, offering clean rooms, quality furniture and friendly customer service were key focus areas in its bid to meet customer demands.

The analysis reveals that understanding customer demands was an on-going process in the three cases, and this directed the TMT to target quality services to satisfy customer demands. Mainly as a result of repeat business, all three cases indicated a high level of predictability in relation to customer demand.

### 5.3.1.3 Government Regulation

All of the interviewees across the three cases indicated that government regulations were unpredictable. The responses of the interviewees appear to be predominantly influenced by each interviewee's belief that government regulations have impeded their business operations. Additionally, several interviewees recognised the role of government regulation *per se*, and how it could improve the overall standard of Fijian tourism SMEs' practices and services to be in line with international benchmarks. A closer look at the responses of the interviewees suggests that four factors in relation to government regulation, namely increasing number of new legislation, a lack of consultative process between government and SMEs on such issues, stringent compliance requirements, and high fees and taxes appear to have had a negative impact on business operations.

Interviewees from all three businesses noted that much of the uncertainty emanated from the present government's[52] actions and regulations, which were constantly changing and unpredictable. It was stated that such changes were a great disadvantage to the case businesses in terms of the extra costs and time involved. The Owner of European Case added that the government showed little interest in understanding and assisting businesses, but was determined to introduce programs and procedures that would benefit government income. The following statement clearly illustrates this concern:

> *They have been implementing a lot of changes, including new licenses and policies, often without even advising the stakeholders. This goes to the extent of having to arrange three separate licenses to operate our boutique, numerous changes to the marine licenses and regulations, and very recently, the new tobacco laws and tax clearance for offshore payments of over F$2,000. All unexpected and therefore one is not sure what the government will do next.* (General Manager)

The Owner of Indo-Fijian Case acknowledged that the government considers hotels to be a very important sub-sector of the tourism industry because of the incentives offered by the government to potential investors. For example, Indo-Fijian Case received a 55 percent tax rebate (investment allowance) on its initial investment to construct the hotel (a policy that targeted new investors in the hotel industry). However, the Owner indicated that the

---

[52] At the time of the interviews (i.e. 2012), the military-led government had been in power since the December 2006 military coup. Elections were scheduled for September 2014 to return the country to parliamentary democracy.

government can change any regulation at any time, making it "very unpredictable at this stage" (Owner). The lack of consultation between government and tourism SMEs and the increasing number of new legislation led the interviewees (particularly in Indigenous and European Cases) to perceive government regulation as unpredictable. It was noted that governments have introduced many changes without consulting stakeholders. For instance, one of the interviewees stated:

> *Government regulation very recently is not predictable because of the decree passed every now and then didn't quite move us in an area where we can contribute to the decree making.* (Business Consultant)

Another element of uncertainty associated with the increased government regulation, and mentioned by the interviewees across all three cases, was the stringent compliance requirements (e.g. licencing of boat drivers, and compliance with the Department of Town and Country Planning on hotel development), and the taxes (e.g. hotel tax and value-added tax (GST)) and high fees (extra costs) levied by government agencies. This has been very challenging for Indo-Fijian Case in particular. Indo-Fijian Case has had to grapple with meeting the costs of running its business amidst periods of low occupancy, which is typical in the first three years of a business's operation. The Owner was wary about future changes in government regulation that may increase the financial burden of his business. For Indigenous Case:

> *In terms of taxes, it is pretty unpredictable and all of a sudden we have a slap in our face to pay up this kind of tax or pay up this kind of fees.* (Business Consultant)

On a positive note, both interviewees in Indigenous Case and the General Manager in European Case indicated that some regulation was considered appropriate in terms of improving Fijian tourism standards in line with overseas standards, and for protecting the safety of guests and workers. The current Fijian military government's anti-corruption campaign was also acknowledged and the need for government to increase revenue. For these reasons, the interviewees believed that increased regulation was inevitable. A number of interviewees concurred with the following statements:

> *Even though we are in the rural we still have to comply to the Town and Country Planning rules. It is a big headache and it's a choker. Even though it is a big uphill battle for us, we know if we comply fully, then it is good for the tourism and the safety of the guests and the workers. So that's probably why we are complying to all those; maybe not at the pace that is wanted but we are getting there.* (Owner, Indigenous Case)

> *Yet on the other hand, due to the government's anti-corruption steps, efforts to bring Fiji up to overseas standards, and in increasing government revenue, it is not surprising*

*in hindsight that the government is making so many changes.* (General Manager, European Case)

The above analysis reveals that, while respondents regard government regulations as unpredictable, they also acknowledge the need for continuous change in that area.

### 5.3.1.4 Economic Stability

Interviewees across the case organisations varied in their perception of the stability of the Fijian economy. Interviewees in Indigenous and Indo-Fijian Cases perceived economic stability to be less uncertain (i.e. predictable), while interviewees in European Case perceived the Fijian economy to be more uncertain (i.e. less predictable). The variations in responses were influenced by the interviewees' belief about: i) the state of the Fijian economy (both past and present); ii) its effect on their business; and iii) the experience interviewees' gained from operating and/or managing their businesses over the years. These factors contributed to the interviewees' perceptions of the stability of the local economy.

An examination of the responses from interviewees who thought there was some degree of unpredictability in the Fijian economy revealed four key reasons for this instability, namely: i) the effect of past coups; ii) worsening global economic conditions; iii) unknown future actions of the present military government; and iv) the looming September 2014 Fijian elections, and, by extension, what would happen in the post-election period.

From past experience, Indigenous Case's TMT mentioned the effect of the 2006 coup on the economy, in particular, the devaluation of the Fijian dollar to stabilise the local economy. As a result, a larger volume of tourist arrivals was recorded post-2006. The Business Consultant indicated that while tourist numbers were increasing, they may not be generating "the yield" or adequate return required by tourism operators. This comment suggests that the Business Consultant may not perceive economic stability in "real terms" with respect to its economic impact on Indigenous Case. Part of this perception may be influenced by his role as a Consultant, as he may monitor the degree of stability of the economy with more rigour than the Owner, resulting in his assessment of economic stability as "a little predictable".  Similarly, in Indo-Fijian Case, the Owner expressed some pessimism about the stability of the economy as reported in the media and government publications. For instance, the Owner mentioned that, despite reports of a flourishing tourism industry, the business continued to experience low occupancy:

> *I think there is one problem here. The economy is not what we seem to see. We say that we have a flourishing tourism industry but we are empty.* (Owner, Indo-Fijian Case)

The Owner attributed this low occupancy to several factors, including ineffective advertising, tourists' preference for the "islands" and an increase in the supply of accommodation in recent years, resulting in increased competition amongst hoteliers. Further, the global economic environment was considered to be more important and less predictable than the local economic environment:

> *The Fijian economic stability does not affect us, but it is the global one as it affects the travelling (of tourists). There are no local tourists or just a few; but if the global economy is down, we feel the pinch very much.* (Owner, Indigenous Case)

This sentiment suggests that since the majority of Indigenous Case's customers are overseas-based tourists, the Fijian economic environment has little impact (is more predictable) on Indigenous Case compared to the impact of the global economy, as the latter may influence overseas tourists' decision to go on holidays. Therefore, the degree of stability of the global economy determines the tourist numbers that travel overseas. This will be discussed in sub-section 5.3.1.8.

### 5.3.1.5 Tourism Industry Policies[53]

The analysis indicates that Indigenous and European Cases had similar perceptions regarding the degree of predictability of tourism industry policies, which differed from Indo-Fijian Case. Interviewees in Indigenous and European Cases did not have any issue regarding this factor and they were more or less indifferent towards its predictability. A review of the responses reveals two reasons that support the perceptions of the interviewees in this respect. Firstly, both businesses had not benefited in recent years from the government's tourism industry policies, although they did benefit from the said policies in their early years of operation. Secondly, the unexpected and increased introduction of new tourism industry policies were perceived by the interviewees as burdensome. At start-up, Indigenous Case had received government assistance specific to the tourism industry in the form of grants. This had been particularly true for indigenous-owned businesses whereby one of the main priorities of previous indigenous-led

---

[53] In this study, tourism industry policies refer to government policies specifically targeted at the tourism industry.

Fijian governments (since the first coup in 1987), was to stimulate indigenous entrepreneurship (Van Gelder et al., 2007). Such a policy was no longer in place under the military-led government (who ruled between December 2006 and September 2014):

> *From before yes but not now. Right now they (government) scrapped the whole fund and grants that used to exist … all the incentives and initiatives are all gone, it's scrapped.* (Business Consultant, Indigenous Case)

> *The policies do not affect us. If the government or regulators introduce something, we just have to comply.* (Owner, Indigenous Case)

These comments suggest that since no tourism industry policies have benefited Indigenous Case in recent times, both interviewees had a neutral perception of the predictability of tourism industry policies. Consistent views were provided by the interviewees in European Case. On the one hand, both interviewees acknowledged that government had contributed significantly in terms of its ongoing funding for the promotion of Fiji as a tourist destination to its source and potential markets. However, the unexpected introduction of tourism policies that were costly and time consuming to implement was of great concern:

> *Although on the positive side, government has granted the tourism industry substantial funds for promotion. On the other hand, government is continually introducing policies, often unexpected, that are costly and time consuming for businesses in the tourism industry to meet. These include much increased accounting and paper work, increased costs in meeting changed training needs, not always necessary, higher registration and conformation costs, etc. So it seems difficult to predict future government trends towards tourism.* (Owner, European Case)

In contrast, the Owner-Manager of Indo-Fijian Case indicated that tourism industry policies were predictable. The Owner stated that the government recognised the importance of the tourism industry and they were "very friendly" towards the industry. Indigenous and European Cases appear to doubt the effectiveness of Fijian tourism industry policies, which may explain their neutral stance on this matter. Indo-Fijian Case did not share its view, as the tourism industry policies in place at the time of the interviews provided tax incentives that favoured Indo-Fijian Case as a new business.

### 5.3.1.6 Political Stability

As revealed in sub-section 5.3.1.4, political stability influenced the interviewees' perception of economic stability. The analysis indicates that the interviewees in Indigenous and European Cases perceived political stability to be less predictable compared to the Owner-Manager in Indo-Fijian Case. The variation in responses was predominantly influenced by each

interviewee's belief about the future of Fijian politics and how they felt about the way in which political stability was addressed by the present government. An examination of the responses reveals that the degree of uncertainty in political stability expressed by interviewees in Indigenous and European Cases could be attributed to the following: coup culture (see explanation below), lessons learned from the effects of previous coups, impending general elections and volatility in the actions of the government. Fiji has experienced four political coups (two in 1987, one in 2000 and one in 2006), which have had detrimental effects on its economy, including the business environment. The last coup in 2006 resulted in the takeover of the democratically elected government by the military government who were in power at the time of the interviews (December 2006–September 2014). Hence, Fiji's political history has been tainted by its "coup culture". The Owner of Indigenous Case had experienced first-hand the detrimental effects of previous coups in the country, which directly affected his business in terms of reduction in tourist arrivals (low occupancy) in the aftermath of the 2006 coup. The Owner of European Case) expressed concern over the outcome of the impending general elections, which would have a huge influence on whether political stability could be maintained:

> *It is difficult to predict political stability, particularly in regard to, and as to the aftermath of elections, due to be held in (September) 2014.* (Owner)

Lessons learned from past coups had an impact on the Business Consultant's perception of the predictability of political stability. This may have stemmed from his broader evaluation of the effects of the past four coups on the tourism industry:

> *I think the Fiji market has reached a stage where the tourists are not deterred that easily from political events. They are resilient in a way that they have gone through so many coups in Fiji, and they know what to expect, what can happen and the advantage too of most concentration of the tourism products are in the West.* (Business Consultant, Indigenous Case)

Further, the fact that most tourist destinations are concentrated in the western division of the country has been a positive factor in minimising disruptions to tourist arrivals during past periods of political instability. In most cases, political instability has been limited to the central division, in Suva, the capital city where Parliament House and government offices are located. The General Manager of European Case expressed satisfaction with the status quo regarding the political situation, although she indicated things would possibly change:

> *Well at the moment it's quite stable because the government's got hold of things, but you don't know what's going to happen.* (General Manager)

In Indo-Fijian Case, the Owner associated political stability with a "crime-free environment", which was currently being enjoyed since the present military government took over in December 2006. He added that the present government viewed the protection of tourists as a top priority; hence, law and order had been upheld. For these reasons, the Owner-Manager of Indo-Fijian Case perceived political stability to be very predictable.

The age of the case businesses and the ethnicity of their TMT are likely to have influenced the differing views towards the predictability of political stability. For instance, Indo-Fijian Case began its operations in the post-coup period (i.e. in 2009) so it has not experienced the effect of political instability on its business. Further, the first three coups were carried out to promote indigenous Fijian interests that exacerbated the racial divide between the two major ethnic communities: Indo-Fijians and indigenous Fijians (US State Department Report – Fiji, 2005 c.f. Chand, 2008, p. 15). The 2006 military coup was carried out, among other reasons, to eliminate the racial divide between the two major ethnic communities and to advocate for a more united Fiji. Hence, it seems that as an Indo-Fijian, the Owner may view the current military-led government more favourably, as restoring political stability has resulted in a safer business environment. Conversely, "indigenous rights" policies are considered discriminatory by the present government and such policies that were put in place by previous indigenous-led Fijian governments have since been removed. The drastic change in political power and policies may have also contributed towards the pessimistic view of political stability expressed by the Owner in Indigenous Case. Also, Indigenous and European Cases had first-hand experience of operating their businesses during Fiji's political coups: since 1987 for European Case and since 2006 for Indigenous Case. Hence, the TMT in both of the cases experienced first-hand the detrimental effects of the coup(s) on Fiji's economy and subsequently their businesses. For these reasons, the TMT in Indigenous and European Cases appeared to be more pessimistic about the predictability of political stability in comparison to the Owner in Indo-Fijian Case.

Overall the analysis provides mixed views concerning the issue of predictability of political stability. Despite this, it appears that across all of the three cases, there is an acknowledgement of the uncertainties that can arise (e.g. economic crisis and a drop in tourist arrivals) should the country experience another political crisis. Much rests on the present or a new government and their ability to maintain law and order, whatever the outcome.

### 5.3.1.7 Natural Disasters

The analysis suggests that as natural disasters (e.g. cyclones, flooding and tsunamis) cannot be entirely predicted, in addition to widespread damage to the country and the case businesses, they also result in uncertainty. Fiji is prone to cyclones and hurricanes from November to April, and the western division, where all three cases are located, has been the hardest hit on many occasions. The uncertainty around natural disasters is linked by the interviewees to the following: their random occurrence in terms of exact timing and how many will actually occur (Owner, European Case); the extent of damage to infrastructure including water and electricity and widespread flooding of major tourist towns (Owner, Indo-Fijian Case); and a drop in the number of tourist arrivals as "nobody wants to travel", resulting in loss of business (Owner, Indigenous Case and Owner, Indo-Fijian Case).

However, the TMT across all the three cases indicated that knowing when natural disasters are more prone to happen has enabled them to better prepare and take the necessary measures.

### 5.3.1.8 Other External Factors

The analysis reveals a number of other external factors that cannot be predicted with certainty and were causes of environmental uncertainty for the case businesses, irrespective of size, ownership (by ethnicity) and age, etc. These include: the global financial crisis (in 2009), terrorist attacks (e.g. bombings in Thailand and Bali), and the outbreak of war (e.g. in Iraq). While the interviewees identified the global financial crisis as an external factor, similar to the effect of the global economic environment (see sub-section 5.3.1.4), it is also apparent that the global financial crisis has affected the stability of the local economy.

A common view expressed by the interviewees was that these other external factors relate to events that occur outside of Fiji, and hence are difficult to predict, but could have a negative influence on the operations of the case businesses. For instance, it was mentioned that a downturn in the economy of their source markets would result in a decline in the number of tourists travelling from these markets. With reference to the 2009 global financial crisis that affected the United States economy, the following comments were made:

> *Three years ago just over 50 percent of our guests came from the United States which was a change from previously, being most from Australia. But then when the economy in the United States struck problems, the number of people from the United States diminished; so there are things outside of the country that will have a bearing on us.*
> (Owner, European Case)

*It's very unpredictable. Last year there were plenty (tourists) from the US; this year there's a reduction so the global recession is affecting. If people can't have their own houses, how can they travel?* (Owner, Indo-Fijian Case)

Similarly, for Indigenous Case, the financial market collapse in both the United States and Europe badly affected them as many of their customers were from these two regions. Additionally, terrorist attacks "cause people to refrain from travelling as they rather be home" (Owner).

### *5.3.1.9 Summary of Findings: Environmental Uncertainty*

In summary, the case analysis presents somewhat mixed results concerning the uncertainty of the external environment of the three cases. According to the interviewee responses, not all of the environmental factors caused the same degree of uncertainty across the three cases. Overall, the analysis indicates that the uncertainties were influenced largely by the unpredictability of government regulation, political stability, natural disasters, global financial crisis, terrorist attacks and outbreak of war. However, in Indigenous Case, competitors' actions were also found to cause uncertainty. While customer demands were very predictable across the three cases, the predictability of economic stability and tourism industry policies varied across the three cases. Despite the mixed results, it is argued that the degree of environmental uncertainty would influence the type of performance measures promoted by the TMT of each business to better plan and monitor their businesses. This will be further discussed in Section 5.4.

### 5.3.2 Ownership (by Ethnicity)

This sub-section analyses how cultural orientation and ethnic background influenced the business practices of the three cases. Based on the interview data, the cultural orientation of each case was examined first, followed by an analysis of how the interviewees' cultural orientation has influenced their business practices and their management styles, including their use of PMSs. One of the criteria in selecting the three cases was for their ownership to represent one of the three ethnic groups prevalent in Fiji, namely *itaukei* or indigenous Fijian, European/part-European or Indo-Fijian. In each case, both the Owner and management team that were interviewed were of the same ethnic origin or background. In Indigenous Case, the Owner and the Business Consultant were both *itaukeis* or indigenous Fijians. In European Case, the Owner and the General Manager were both Europeans. And in Indo-Fijian Case, the Owner-Manager was Indo-Fijian.

An examination of the interview data reveals four key aspects in relation to the cultural orientation of the case Owners, namely strong communal society, individualism, entrepreneurial characteristics and religious beliefs. Fijian indigenous culture is characterised by its emphasis on collectivist values, interpersonal relationships and group affiliation (Patel and Samuwai, 2010). Such features were evident in the data analysis, where the cultural orientation of the TMT of Indigenous Case was rooted in strong communal ties and religious beliefs. Respect for elders, rooted in Christian religious beliefs, determined the chain of command, communication structure and social order within the society and/or social groups. For instance, the Owners have always had support from their relatives:

> *It is a stronghold for me, because they are my people, my relatives. They have that sense of belonging, they know it is my development, it is theirs as well. Mind you, when I cleared this place and built the hotel, I did it on free labour because of the connections.* (Owner, Indigenous Case)

Individualism is a characteristic of European society, where the focus is on individual goals and ambition (Hofstede, 1980), and immediate family-type social structures, representing less formal kinship. Evidence portraying such behaviours was noted in European Case. For instance, the business was set up predominantly to pursue the Owners' social rather than economic goals. This is reflective of individualistic cultural values and pursuing a need for achievement:

> *We are here simply because we like it here in Fiji. We don't need to be here. From an economic point of view, there are times when it would be better if we weren't. But we enjoy being here and working with the people.* (Owner, European Case)

In Indo-Fijian Case, the Indo-Fijian Owner was also influenced by individualistic societal values where priority is placed on personal (economic) goals over the goals of others or groups (Achary, 1998 c.f. Chand, 2006). A focus on savings was a further reflection of this:

> *Well it is the consciousness of business that is a main issue here. You know that you earn $1, it is important that you don't spend that whole $1. You keep some for your rainy days... for your health and all that, and the rest you can share it with others.* (Owner, Indo-Fijian Case)

Additionally, religious values (e.g. Hindu or Muslim) shape the behaviours of Indo-Fijians, which include, for instance, values of respect.

As revealed in the discussion below, the case analysis indicates that the cultural orientation or ethnicity of the Owners have influenced their business practices, management styles and use of PMSs. In Indigenous Case, the norms and values rooted in the indigenous Fijian culture of the

TMT have influenced the organisation and operation of the resort. The location of the resort near the Owner's village, coupled with the notion of giving guests a taste of holidaying in a "real traditional village setting", have been influential in involving the village community in Indigenous Case. Amongst other things, the community is tasked with entertaining tourists through traditional dances, and showcasing their arts and crafts. Indigenous Case's business concept has been embedded in indigenous culture:

> *We tie up the village system which is always there, with the system that we brought in. So it marries the village or the community life well with the commercial approach (business).* (Business Consultant)

Another aspect of indigenous culture that has influenced Indigenous Case's business practices and use of PMSs is the communication channels of the business. For instance, there is an extended family relationship between the Owners and the employees (due to blood ties), and respect for elders (top management), reinforced by Christian beliefs, have influenced the channel of command in the business. This was evident in the manner in which the TMT communicated with the staff:

> *It is almost like having a family meeting with the parents or the father talking to the children. Everybody is given time to express their feelings and if there is any difference, it is solved there and then. So it is very mutual.* (Owner, Indigenous Case)

This comment suggests that Indigenous Case's TMT advocates group consensus or consultation when communicating with employees (a characteristic of communal societies). While the manner of the discussions between the TMT and employees may be considered "formal" (due to the systematic channel of communication in play), the mutual flow of communication amongst the two parties suggests a predominantly interactive style of management.

European Case's business concept of offering a personalised, family-oriented-style resort could have been influenced by the values and norms of western European culture. The General Manager stated that their ethnic background helped them understand the expectations of their western/European tourists. This enabled them to tailor the resort's services and train the local staff to meet guests' demands from an early stage. The entrepreneurial skills and innovative capabilities of the TMT were evident. For instance, its Owner developed the resort's integrated reservation and accounting system to enable it to keep track of materials used and how the business was running. The computerised system has evolved over the years and provides real-time information to the TMT, generates reports on guests' flight times, airport/hotel pick-up times, and boat and other property bookings. It also captures key accounting information such

as guests' charges and sales by activities. Such a willingness to use more modern management techniques is again indicative of the performance and success attributes of European culture exhibited by the Owner of European Case. Regarding European Case's management style, there was a close and informal interaction between the TMT and employees, many of whom had worked at the resort for over 20 years and considered it their home:

> *The basis of our whole operation and the business is family run. So it's a very personal, family oriented type of management style. We work with the people so we know whether they are working properly or not because we are there working with them. Similarly, we dine with the guests every evening, so we know fairly intimately how the guests feel about it. If there are any problems we can get on to them straight away through discussions with them.* (Owner)

Hence, the immediate family-style interaction between the TMT, employees and guests (i.e. less formal kinship) suggests that, to a large extent, European Case uses an informal approach to managing the business. This may be conducive to an interactive use of PMSs, as noted in Section 5.4.

In Indo-Fijian Case, the Owner's religious beliefs (as a Muslim) had a significant influence on the operation of his business. As a consequence, only halal meat is served in the restaurant, and alcohol is not sold, but guests are permitted to purchase alcohol from elsewhere and consume it in the hotel (at the time of the interview, the Owner was seriously considering selling alcohol). The Owner explained that the hotel would be an attraction to Hindu or Muslim tourists, knowing that the food is clean (i.e. halal) and there is a place provided for them to pray:

> *When you have a prayer man like a Hindu or a Muslim, they would love to come here because they know that they don't have beef and pork here. So that the food is all clean, and they have a place to pray*. (Owner, Indo-Fijian Case)

Also, as a religious man, the Owner's relationship with employees had been built on principles of mutual respect. Similar to European Case, the close-knit relationship between the Owner and his employees suggests that, to a large extent, Indo-Fijian Case also uses an informal approach to manage its business. This may be conducive to an interactive use of PMSs, as noted in Section 5.4.

In summary, the data analysis reveals that the cultural orientation of the Owner influences the behaviours and business practices of the TMT, and also seems to influence the way they use their PMSs. Specifically, the environment created through cultural influence may be conducive to the interactive use of PMSs by the case businesses. This will be discussed further in subsequent case analyses, where appropriate.

### 5.3.3 Size

Indicators of firm size used in this study were number of rooms and number of full-time employees. Table 5.2 summarises this information for the three cases. The results show that Indigenous and European Cases were of a similar size in terms of these two size criteria. However, Indigenous and European Cases only met one of the criteria of a medium-sized business as defined in this study, which was "number of full-time employees" (i.e. 35 and 41 respectively). On the contrary, Indo-Fijian Case complied with the definition of a small tourism accommodation business adopted in this study. It had 20 rooms and employed up to six people. Hence, measured in terms of number of full-time employees, this study categorises Indigenous and European Cases as medium-sized tourism accommodation businesses, and Indo-Fijian Case as a small tourism accommodation business. Apart from the number of rooms and number of full-time employees, further indicators of accommodation capacity were also obtained during the interviews, and these included the number of beds, units and dormitories (see Table 5.2). The results show that only Indigenous Case has a dormitory (consisting of 25 beds); and Indo-Fijian Case has 60 beds. This indicates that the increased volume or accommodation capacity of Indigenous and Indo-Fijian Cases enhance their organisational capability, as they have the resources (i.e. extra beds) to meet increased customer demand.

**Table 5.2: Size of Case Businesses**

| Case Business | No. of Rooms | No. of Full-time Employees | No. of Beds | No. of Units | No. of Dormitories |
|---|---|---|---|---|---|
| Indigenous | 11 | 35 | 22 | 11 | 1[*] |
| European | 10 | 41 | 20 | 10 | - |
| Indo-Fijian | 20 | 6 | 60 | - | - |

*The dormitory has 25 beds (some double bunks and some single).

Organisational size is a factor that affects PMS use. The larger the firm, the greater their base of human, technical and financial resources (Ferreira, 2002) which are likely to influence their business practices and facilitate their adoption and use of PMSs. Throughout the case analysis, implications of size will be highlighted where necessary, to help understand the case businesses' use of PMSs. For instance, as a consequence of its size, Indo-Fijian Case's Owner is within an arms-length distance from his guests and employees, and can thus respond quickly to customer needs and monitor day-to-day business activities more effectively. Information flow from the Owner to his employees and vice-versa is direct, which enables faster communication and decision making. Other implications of size were noted as follows:

- As family businesses, all three cases use less formal controls and more flexible and personal controls, as well as clan controls[54] (in Indigenous Case only) to monitor and control business operations.

- As family-owned and managed businesses, all three cases have a flat organisation structure, allowing for a faster flow of information and clearer decision making when dealing with uncertainties.

- The immersion of the TMT in daily business operations in European and Indo-Fijian Cases leaves them with little or no time for effectively planning and evaluating their business performance (discussed further in sub-section 5.3.4). This is exacerbated by the limited resources (financial, human and technical) available to European and Indo-Fijian Cases as a result of their size. Indigenous Case has a Business Consultant as part of its TMT, giving it a competitive edge in this respect.

Overall, the analysis undertaken in this study suggests that the size of the three cases may influence their business practices. Also, as a consequence of their size, both a diagnostic and interactive use of PMSs may be conducive to the case businesses. This will be highlighted in subsequent case analyses, where appropriate.

### 5.3.4 Strategy

The interview data indicate that, to a large extent, all three cases used a differentiation strategy. Key patterns from the interview data to support this claim were the cases' greater emphasis on providing quality, on-time delivery and flexible services, including pricing strategy, that were highly valued by customers.

A strong emphasis on the provision of service quality was apparent across the three cases:

> *We try to maintain or provide high quality service and facilities.* (Owner, Indigenous Case)

---

[54] Clan control is the "informal socialisation mechanisms that take place in an organisation and that facilitate shared values, beliefs, and understandings among organisational members" (Turner and Makhija, 2006).

*We have been trying to provide the best service we can. We've given the best TV in the room, the best bed ... It's palm wood furniture, coconut furniture.* (Owner, Indo-Fijian Case)

*We are always keeping an eye on the quality of the food, and listening to people, what they say and what they expect. We are always checking bures (units) to make sure the cleanliness is up to standard.* (Owner, European Case)

Likewise, the TMT across the three cases indicated that fast, or to be precise, on-time service delivery, was important in their businesses. This is supported by the following quotes:

*That is quite important ... We are being prompted by our program because we have set times for meals, and we sound the warning – the* lali *(beating of drum), that means meal time; so everything is ready; the service is never late unless when we are very busy ... but never really a big issue.* (Owner, Indigenous Case)

*On-time is important. Fast service delivery doesn't really apply because the guests arrive at whatever time they arrive, and we are there waiting for them. So yes, the emphasis is on on-time.* (Owner, European Case)

*Very very important. Our issue is that anybody who rings us, or sends us an email from overseas, we go and pick him up from the airport.* (Owner, Indo-Fijian Case)

Customising standard services (e.g. accommodation offers and tourist activities) were practiced in Indigenous and European Cases. The interviewees indicated that they were flexible with their services and strived to customise them to meet customer demands. Further, the adaptation of services to allow for customer preferences was also evident. For instance, Indigenous Case offered standard services for normal walk-in guests and also tailor made services for group bookings (e.g. excursion groups) and whole resort bookings for weddings and birthdays. In European Case, the General Manager explained one aspect of the flexible services they offered to their guests, namely the free daily boat trips:

*Lately, we have been changing the trips a bit, because people's choices have been changing. We used to go fishing nearly every second day, whereas that's not so popular now; so we've changed it and do snorkelling instead or go and visit another resort.* (General Manager)

This suggests that in European Case, the TMT manages the tension between service standardisation and service customisation, with the objective of meeting customer demands and creating customer satisfaction. In contrast, Indo-Fijian Case did not customise any of its standard services. Its limited ability to offer customised services appears to be influenced by its size and age. Its offer of basic accommodation services was characteristic of its classification as bed and breakfast-type accommodation. Nevertheless, the TMT in the three cases indicated that they strived to customise their services on an ongoing basis, or at least when necessary. In

Indigenous Case, guests' feedback, in particular the negative reviews, on the Trip Advisor website was helpful in terms of improving their services to meet customers' expectations. A review of the menu is carried out every two years. In European Case, the Owner stated that their level of service was good and their guests seldom ask for anything else:

> *It is not a high priority but it is of interest to us to keep in touch and to try and be that little bit ahead of what our guests might want*. (Owner)

Occasionally, the TMT of European Case would introduce new services and if they were popular with the guests (e.g. body massages), they would continue with them, otherwise, they were withdrawn. Further, the TMT paid attention to guests' suggestions, and considered them if they were worth adopting. Introducing new services was not common in Indo-Fijian Case. The Owner indicated he was contemplating introducing several new services, such as a small bar for guests only. The age and size of Indo-Fijian Case appear to affect its lack of services. Hence, the analysis indicates that service flexibility was emphasised to a greater extent in Indigenous and European Cases than in Indo-Fijian Case. Indigenous and European Cases appeared to offer a more personalised service for their guests and were proactive in satisfying customer demands by modifying existing services or adding new services when it was deemed appropriate.

On the issues of costing and pricing, several interviewees revealed that knowing their cost was important in their pricing decisions. However, the achievement of low costs was not always emphasised. The Owners of all three cases indicated that while they were conscious of costs, maintaining low costs was not a priority *per se*. For instance, since it targets the middle-range niche market, Indigenous Case's accommodation and activities' rates were not the lowest prices charged compared to their competitors and thus Indigenous Case is not considered a low-cost accommodation provider. Similarly, the TMT in European Case revealed that its focus was more on offering a higher level of service, but at the same time, they did need to be mindful of their costs. To be able to offer the level and quality of service it provided and to also cover costs, European Case positioned itself as a high-range resort, and this was reflected in the high accommodation rates it charged. In Indo-Fijian Case, the Owner stated that he knew off hand the daily costs of running his business. However, in order to provide the level of service suitable for his target customers (i.e. flash packers), he had invested in expensive furniture for the hotel and provided high speed Internet. This implies that as a new business, satisfying Indo-Fijian Case's customers was deemed a priority for the Owner, which necessitated the incurrence of costs to provide the appropriate facilities expected by its customers. Also, Indo-Fijian Case had

priced its accommodation rate above the backpacker-type accommodation rate in order to differentiate itself from such lower-range accommodation providers. These sentiments are reflected in the following comments:

> *Not at all, not at all, no, not at all. We couldn't do that (offer the lowest prices) and provide the service, and we are more concerned about providing the service.* (Owner, European Case)

> *We want to be reasonable ... but what we offer sometimes is priceless.* (Owner, Indigenous Case)

> *Our price is a little bit higher than the rest of the people (competitors) here maybe. I would never want to reduce it so low that I don't get a real good class of people. I don't want back packers who are F\$30 – F\$40 (i.e. A\$18 – \$24) line.* (Owner, Indo-Fijian Case)

The analysis indicates that each of the three cases priced themselves according to their specific niche market, which may not be the lowest price compared to other tourism accommodation providers. Overall, all three businesses appear to adopt differentiation strategy, although some degree of attention is paid to managing costs.

## 5.4    Use of PMSs

Based on the interview data, this section analyses the different ways PMSs are used (i.e. diagnostically or interactively) by the three businesses. Following the above discussion (in sub-sections 5.3.1 to 5.3.4), it is expected that the contingent factors as they apply to the three cases would influence the way the TMT generally use PMSs. Interviewees were asked to indicate how they used performance measurement information. In particular, they were asked if the PMSs were used periodically (e.g. quarterly, monthly) as a measurement tool to monitor business activities (i.e. diagnostic use), or more frequently to enable, for instance, discussions between the TMT and employees (i.e. interactive use). The responses were coded according to their respective themes, including first- and second-level coding, as shown in Table 5.3, to enable the analysis of the interview data.

**Table 5.3: Coding: Use of PMSs**

| Themes | First-level Coding | Second-level Coding |
|--------|-------------------|---------------------|
| Use of PMSs | • Diagnostic Use | • Measurement tool<br>• Periodic use<br>• Past-oriented |
|  | • Interactive Use | • Frequency of use<br>• Direct information flow<br>• Size<br>• Action-oriented |

In order for the researcher to understand the way the interviewees described how they used the performance measurement information, they were asked several questions covering the characteristic of both "diagnostic use" and "interactive use". Also, the researcher allowed the interviewees to describe the way they used performance measures in the context of specific scenarios. An example of a specific scenario was: "What action(s) do you take if you i) find that daily cash takings were low? or ii) received negative feedback from customers?" Based on the data, the researcher then proceeded to determine which of the two uses (diagnostic or interactive) was largely emphasised by the TMT in each of the three cases.

To assist in the data analysis, the researcher found it useful to relate the use of PMSs as described by the interviewees, to the outcomes of the data analysis on the four contingent factors discussed in Section 5.3. The interview data indicates that all three cases used PMSs both interactively and diagnostically to varying degrees. The case analysis is presented below.

Four key factors influenced the way PMSs were used across the three cases, namely: i) frequency of use of performance measures; ii) extent to which the performance measurement information was recorded and/or available to the TMT (i.e. information flow); iii) business location; and iv) size. The data also reveal some differences in the types of information considered important by the interviewees. The variations in the responses were based on each interviewee's belief as to the key performance dimensions of the business. However, the way the PMS information was used was generally similar across the three cases.

The data indicate that the frequency of use of PMSs was largely influenced by the availability of the performance measurement information. Top management across the three cases indicated that they used performance measures on a regular basis, ranging from daily to monthly. In Indigenous Case, the Business Consultant used performance measures more frequently (i.e.

daily to weekly) compared to the Owner, who used them largely on a monthly basis. The Business Consultant stressed the need for a "daily monitoring system, to guide top management on the growth of the business". Commenting on his use of the performance measurement information, the Owner of Indigenous Case stated:

> *It is used more regularly so (we) can have frequent discussions with the (resort) manager and workers and to maintain standard.* (Owner)

Feedback from guests on the Trip Advisor website was treated as very important by the TMT, and any negative comments were immediately addressed with the Resort Manager and/or relevant employees. While monthly staff meetings were held between the TMT and employees, employees, including the Resort Manager, could approach the TMT at any time, should the need arise. This open communication channel is a characteristic of the extended family network present in this case, and influenced by the indigenous ethnic background of the TMT. Hence, an interactive use of PMSs was at play.

Overall, the analysis suggests that Indigenous Case's use of PMSs may not be dynamic and formal. Key performance measurement information was recorded, and upon its review, was discussed informally by the TMT, and guided their decision making. The informal use of PMSs may be influenced by the size of the business. The size of Indigenous Case allowed for efficient information flow between the TMT and employees. The management team (which includes the Resort Manager) directly supervised business operations and had hands-on knowledge of the business activities. Further, the closeness of the management team to the business operations also influenced the interactive use of PMSs in Indigenous Case.

The degree of predictability of several factors influencing its external business environment also influenced the way Indigenous Case used its PMS. For instance, high predictability (low uncertainty) of customer demands and competition was perceived by the TMT (see sub-section 5.3.1). While other environmental factors did contribute to uncertainty for Indigenous Case (e.g. political stability, natural disasters and global economic trends), overall, the low degree of uncertainty with the external environment perceived by the TMT in Indigenous Case may have influenced its use of PMS. The PMS literature (e.g. Govindarajan, 1984; Abernethy and Brownell, 1999) informs us that businesses operating in high uncertainty environments are more likely to use PMSs interactively; and those operating in low uncertainty environments are more likely to use PMSs diagnostically. While the two extreme ends of uncertainty (i.e. high predictability versus low predictability) in the business environment were not perceived by the

TMT in Indigenous Case, it is reasonable to deduce that Indigenous Case used its PMS neither interactively nor diagnostically. Instead, there was a combination of both interactive and diagnostic use of PMSs.

This was evident from the Owner's monthly review of key performance measures and reports, with little need to meet, discuss and proactively review and revise budgeted figures, and to take corrective action on a regular basis if circumstances changed. Also, as previously mentioned by the Business Consultant, budgets were prepared annually, as part of the annual planning process. Therefore, the TMT did not monitor and regularly update the budget. This lends support for the view that the environment, as perceived by the TMT, was not changing all the time. For these reasons, it can be argued that in Indigenous Case, a mix of both interactive and diagnostic use of performance measures occurred. Interactive use of PMSs was evident in areas of strategic importance, such as customer satisfaction and profitability. For example, any negative feedback from customers was discussed and acted upon immediately by the management team. Also, analysis of the net profit was carried out when such a measure dropped. This was done to monitor and control costs and to review guests' bookings.

Similarly, the size of European and Indo-Fijian Cases, and the overall lesser degree of uncertainty perceived by their TMTs also influenced their use of PMSs in an informal manner. In European Case, the TMT was able to predict what was going to happen in different seasons (i.e. during its peak and low periods). This indicates high predictability (low uncertainty) of the business environment. According to the General Manager the performance measurement information was used "to keep an eye on things and seeing the changes". Regarding how European Case addressed changes (if any), the Owner explained:

> *We look at what's caused that and we have to find the reason for that and then take action according to whether that's acceptable or not ... If there's a spike or a drop in forward bookings for example, we say okay, is that because there's been another coup or flood, or is it because there's been something we have done or whatever. So we look at it and then refer that to the historical data that we've got and determine what's caused it and what action that's there (for us to do).* (Owner)

Informal discussions were held between the Owner and the General Manager in the first instance. If there was an issue concerning employees, the TMT spoke to the Assistant General Manager; or they spoke to the Head of a department or other members in a department or to all employees if necessary. "So because we're small and we are able to, we just simply get together and talk about it … on a needs basis" (General Manager, European Case).

169

These comments indicate that in European Case, the performance measures were used as a measurement tool to some extent (i.e. comparing past results and revising measures in order to predict future performance), which is characteristic of diagnostic use. However, the performance measurement information was used more regularly, and discussions with the management team and staff were held on a needs basis, to enable the TMT to assess and improve on their service delivery, and ultimately satisfy their customers on an ongoing basis (characteristic of interactive use). Much of the information was recorded daily via European Case's computerised integrated reservation and accounting system and the TMT were able to view the information in real time. However, management figures (i.e. financial and non-financial measures) were prepared monthly and discussed by the TMT. Owing to the size of the resort, the TMT interacted with employees and guests directly. In this context, the information flow between the TMT and employees was direct. Decisions were made instantly and implemented quickly, if and when necessary.

Hence, the evidence suggests that European Case used PMSs diagnostically, given the lower degree of uncertainty in its business environment. However, given its size, an informal use of PMSs was practiced, where informal conversations were held with the relevant staff, in order to address the issue(s). On this basis, the evidence suggests that PMS use in European Case also represented interactive use in matters of strategic importance.

In Indo-Fijian Case, the Owner tracked the current month's sales figures and compared them with the previous month's figures, and also compared them over the same period in the previous year. This information guided the Owner as to what actions to take, should there be a drop in sales over several months, and to enable a prediction of future months' room bookings and income. For instance, "when we realise that we need to be advertising, we'll get down and advertise" (Owner). The information was recorded and stored in a computer file in ACCESS (database software). This information included number of guests, room bookings received (in $), and operational costs such as wages and other daily expenses. Sales and cost figures were monitored daily. As a new tourism accommodation business, Indo-Fijian Case strived to improve on its service delivery. The Owner and his wife trained their employees on the job, emphasising continuous improvements to service delivery standards. Any need for changes was communicated directly to the employees by the Owner and was implemented immediately. Regarding customer satisfaction, the Owner indicated that this was monitored weekly, and any weaknesses were discussed with employees and rectified in the following week. Furthermore,

the Owner was eager for any information that would help him deliver the best service, and he constantly looked for and tried out new ideas (i.e. opportunity seeking):

> *I always want to know the information, as much as I can. Whatever is there, how the customers have been treated by us last week, and the next week, we want to be ready ... to make sure that we rectify our ways, improve.* (Owner)

From these comments, it can be deduced that Indo-Fijian Case used PMSs diagnostically to a greater extent. This may be the result of the size of its business and the higher predictability (lower degree of uncertainty) of its business environment. Evidence of diagnostic use included the monitoring of cash takings, sales and costs, and comparisons made with previous months' and previous years' figures. However, since Indo-Fijian Case did not use budgets or formal planning mechanisms, no revisions were made to the said financial figures, as there were no financial targets or plans developed for the business. However, these financial measures (i.e. cash takings, sales and costs) together with the non-financial measures used by Indo-Fijian Case did direct the Owner to any favourable or problematic issues, which, when necessary, were communicated to the employees and corrective action (if required) taken swiftly. The "moderate" uncertainties in its business environment, its informal management style influenced by its size, and the differentiation strategy it adopted were factors that influenced Indo-Fijian Case's use of PMSs diagnostically and interactively, when areas of strategic importance were affected (e.g. customer satisfaction and service delivery).

Several other factors had implications for the TMT's use of PMSs across the three cases. Their small size and the close proximity of the TMT to the business, particularly in European and Indo-Fijian Cases, enabled both a diagnostic as well as an interactive use of PMSs. Alternatively, for Indigenous Case, its off-shore location and the fact that the TMT did not reside in the island resort made the supervision and monitoring of daily business operations the sole responsibility of the Resort Manager who lived at the resort. Also, the unavailability of the Internet on the island required Indigenous Case to have an office on the mainland, from where the Owners operate (to receive online bookings via the resort's website, purchase supplies for the resort and conduct marketing activities). Communication with the Resort Manager was via telephone. The Owners took turns to visit the resort at least twice a week and informal meetings were held with the Resort Manager who updated them on any pertinent issues. As the need arose, meetings were held with employees at the resort; otherwise, the Owners discussed issues with individual staff directly.

The data also reveals weaknesses in the PMS of Indigenous Case (when compared to European and Indo-Fijian Cases), namely in the recording of performance measures, reporting and control mechanisms:

> *I can say formally it's not there, but it's in their (Owners') mind … They know what they are capable of doing; but to look at it in paper terms, there is very less in paper recording.* (Business Consultant, Indigenous Case)

He added that the Owners were "very good operational wise" but the recording and monitoring of their business performance and performance measures "is very very weak" (Business Consultant). This comment provides evidence that Indigenous Case keeps incomplete and less formal records. Accordingly, Indigenous Case appears to have a weak or informal PMS, which may limit the ability of the TMT to plan and monitor their business operations effectively. European and Indo-Fijian Cases may have the competitive edge in this respect with clear recording of pertinent performance measures or information that the TMT can gauge on a continuous and regular basis. While Indigenous Case may have an informal PMS that is used diagnostically by the TMT, information such as financial measures of cash takings, sales, costs and net profit are used by the TMT on a regular basis (i.e. daily to monthly) to gauge its performance, and are maintained at the resort's back office on the mainland. Further, by providing cash flow forecasts to the bank, for instance, Indigenous Case was able to plan and monitor its business performance and compare actual results (e.g. sales and costs) against monthly and annual projections and take corrective action (as required). It was evident that the performance measurement information was used as a measurement tool by the TMT to gauge its business performance, and to monitor its operations on a regular basis. In this manner, the TMT could address any negative issues and learn from positive ones. For these reasons, it can be said that Indigenous Case used PMSs diagnostically to a greater extent. This outcome may be influenced further by its size, its informal management style (stemming from the TMT's cultural orientation), and the TMT's need for regular information to address the uncertainties in its business environment and direct its differentiation strategy approach, to name a few.

Whilst the use of PMSs across the three cases consisted of a combination of diagnostic and interactive in varying degrees, it is argued in this study that interactive use of PMSs will positively influence the capabilities of the three cases (i.e. teaming of resources, organisational routines, entrepreneurship and innovativeness). In contrast, diagnostic use of PMSs will negatively influence the said capabilities of the three cases. This is discussed next. These four

factors were coded at two levels (where applicable) (i.e. first-level and second-level coding) based on their respective themes or patterns.

## 5.5    Capabilities

In this study, it is argued that PMS use can affect organisational performance indirectly through its influence on key capabilities pertaining to the case businesses. To explore how the use of performance measures by the three cases fosters their capabilities, four questions were asked, each relating to the four capabilities chosen in this study. Several probe questions were prepared to facilitate the interview process. A summary of the results is presented below. The responses have been coded at two levels (where applicable) as shown in Table 5.4, and will guide the analysis of the interview data.

**Table 5.4: Coding: Capabilities**

| Themes | First-level Coding | Second-level Coding |
|---|---|---|
| **Capabilities** | • Teaming of resources | • Tangible resources<br>• Intangible resources |
| | • Organisational routines | • Planning and control<br>• Reservation system<br>• Accounting system<br>• Staff development<br>• Quality management<br>• Operational routines<br>  - Housekeeping<br>  - Airport pick-ups<br>  - Customer service |
| | • Entrepreneurship | • Introduce new services<br>• Opportunity-seeking<br>• Risk-taking |
| | • Innovativeness | • Actively seeking innovation and ideas |

### 5.5.1 Teaming of Resources

The interviewees identified several resources they considered important for their businesses. As shown in Table 5.5, all three businesses identified financial skills, good management skills and previous business experience as important resources. Additionally, there were some resources that were considered important by individual businesses. The variations in responses

were predominantly influenced by the existence (or lack) of the resource(s) in the individual businesses.

**Table 5.5: Key Resources Identified by Cases for their Business**

| | Indigenous Case | | European Case | | Indo-Fijian Case | |
|---|---|---|---|---|---|---|
| **Tangible Resources** | **Resources they have** | **Resources they desire to have** | **Resources they have** | **Resources they desire to have** | **Resources they have** | **Resources they desire to have** |
| Financial | √ | | √ | | √ | |
| Skilled employees | √ | | √ | | | √ |
| Business location | √ | | √ | | | √ |
| Well-equipped tourist facilities | √ | | √ | | | √ |
| Own website | √ | | √ | | | |
| Growing farm produces | √ | | | | | |
| Marine conservation program | √ | | | | | |
| Telecommunication facilities | √ | | | | | |
| EFTPOS facilities | √ | | | | | |
| **Intangible Resources** | | | | | | |
| Good management skills | √ | | √ | | √ | |
| Previous business experience | √ | | √ | | √ | |
| Family support | √ | | | | √ | |
| Marketing ability | √ | | √ | | | √ |
| Previous work experience in the tourism industry | √ | | | | | √ |
| Community support | √ | | | | | |
| Maintain service quality | √ | | | | | |
| Good customer service attitude | | | | | √ | |
| Skills in IT aligned to tourism | | | | | | √ |

In relation to financial resources, having a strong cash flow position at start-up was considered to be a key tangible resource across all three cases. It was noted that strong cash flow enabled the TMT to set up their business with the necessary facilities, as desired. All three cases were able to start up their businesses from savings accumulated from an existing business; and for Indigenous Case, it also secured a business loan (which has been paid off). In Indigenous and European Cases, much of its business came from repeat business and direct bookings received via their websites. The ages of these two businesses and the accumulation of repeat business placed Indigenous and European Cases in a stronger cash flow position. It also put them in a

competitive advantage over Indo-Fijian Case which was relatively new, faced more intense competition and experienced low occupancy rates compared to Indigenous and European Cases.

This was evident from the following comments:

> *Occupancy wise ... people talk about you. That's probably why our occupancy has changed dramatically and I know my competitors are still behind.* (Owner, Indigenous Case)

> *We've had a progressive increase in occupancy, to the point where it sort of hit 90 odd percent ... now only less than 5 percent of our business comes from travel agents; the rest is repeat business and business that comes directly off our website.* (Owner, European Case)

To supplement Indo-Fijian Case's cash flow requirements, the Owner's additional source of income from his consultancy business as a land surveyor (a business relating to his previous profession of 30 years) has helped his hotel business survive:

> *That source sometimes survives us … it's very important during these difficult times when the cash flow is not very good; sometimes we have to survive through this other thing (i.e. alternative source of income).* (Owner, Indo-Fijian Case)

Three key intangible resources considered important across all three cases were good management skills, previous work experience in the tourism industry and previous business experience as an entrepreneur. All of the TMTs in the three cases have had extensive management experience, either from previous work experience (in the case of the TMT in Indigenous and Indo-Fijian Cases) or in managing their own businesses. On this basis, the TMT in all three cases appear to have adequate managerial expertise that may be advantageous to their business operation. The General Manager in European Case described her managerial function:

> *Keeping an eye on what happens. Managing them (staff) properly. Making sure everybody is doing what they are supposed to be doing; I think that's very important as well; keeping them on track.* (General Manager)

However, owing to financial constraints, exacerbated by, for example, low occupancy and intense competition, the Owner of Indo-Fijian Case mentioned that he was unable to hire the right calibre of staff, including managerial staff:

> *We had a big set of staff in the beginning. I appointed a manager and all that when we started, but eventually I found out that I wasn't making that enough money. Yeah, (good management skills) it's very important, but during these difficult times when the cash*

*flow is not very good, the inflow of tourism is not that good, we cannot employ good technical employees, with good calibre. We have to make do with whatever we have.* (Owner)

This indicates that Indo-Fijian Case may be resource-poor in terms of having reliable employees and employees who are team players. Recognising the need for skilled workers, including those with management experience, also suggests that having skilled workers is another tangible resource considered important to Indo-Fijian Case. As these are absent, the resource capabilities of Indo-Fijian Case are weakened.

Having previous business experience as an entrepreneur was considered to be advantageous and/or critical to business survival. The Owners of Indigenous and European Cases stressed that having business acumen was important to effectively manage the business:

> *Being a Fijian, we know a lot of indigenous Fijians who attempted to run a business, whether personally or a club or village (business). But when they start earning money from the business, they forget about the business. They think this is it; money to spend and they forget to pump it back into the business to keep it alive.* (Owner, Indigenous Case)

> *I think it is very important really, because it broadens your understanding of business which even though when our guests come here, they don't think they are coming to a business; they are coming here for a holiday but the reality is for it to work properly, it has to be run efficiently as a business, so I think it is important; it's not essential, because I had no experience in this particular type of business, but I think it is a big advantage to have business experience.* (Owner, European Case)

In Indigenous and European Cases, having reliable employees, well-equipped tourist facilities and their own website were identified as important tangible resources, with marketing abilities identified as a key intangible resource. Reliable employees were associated with honesty and having the right attitude. Staff training and development were considered a priority. Much of the training was conducted by the TMT to ensure employees had the right attitude and behaviours. In European Case, several employees had attended short courses. Being a team player is important for both Indigenous and European Cases:

> *One of our advantages here is that every staff is multi-skilled and trained. A chef can go and operate the boat to fetch the guests from the yellow boat (cruise boat that drops/picks-up guests). The service should be there at a certain time. It is not really a worry if two or three waiters are sick at the same time. Any gardener can come and be a waiter. It is a good thing to have multi-talented staff.* (Owner, Indigenous Case)

> *It is vitally important to have the staff who can understand what you want and who are prepared to go ahead and do that … There are many things that we do differently, and people must be prepared to hop in and help one another if it's 8 o'clock at night or whatever, get out of bed and go and help someone if the help's needed. Some of the*

*things that we do and some of the attitudes that we have are not taught in hotel schools. So from our point of view, someone who is reliable, an honest employee and wants to work, then we can do anything with them.* (Owner, European Case)

This indicates that skilled workers were an additional resource valued by the two case businesses, and strengthened Indigenous and European Cases' organisational capabilities. Also, looking after the well-being of employees was considered key to nurturing staff loyalty:

> *It's very important to keep them happy, to look after them. We offer them free accommodation and meals, so they don't have to pay for anything. We have provided a medical scheme for them to allow them to have better medical treatment".* (General Manager, European Case)

In Indigenous Case, employee loyalty was further strengthened by the "village-based business model" used by the TMT. Such a model, rooted in the indigenous culture of the Owners, promotes strong community support, and provides a possible competitive edge for the business.

In line with the European Case Owner's preference to operate a family-owned resort, many of their employees have worked for European Case for over 20 years and they consider the resort to be their home. The employees live in the staff quarters provided on the resort, and are "well recompensed", according to the Owner. They have a medical insurance scheme set up, which indicates that the employees are happy with their work environment, and they seem to be loyal to their employer. Hence, having loyal and reliable workers may add a competitive advantage to European Case's business, as does the interactive and "family" style of management adopted by the TMT. However, in Indo-Fijian Case, employee loyalty and reliability was less evident, which appears to place Indo-Fijian Case at a disadvantage, in terms of nurturing the right attitude and behaviours of its employees, and ensuring the smooth operation of the business. The Owner made the following comment concerning staff absenteeism:

> *Whenever the staff decides to stay at home, they don't even give a damn whether the boss knows it or not, until you ring them and find out. Sometimes we have lots of problems.* (Owner, Indo-Fijian Case)

Indo-Fijian Case is identified as a small business based on its small number of employees, which may disadvantage it in providing optimal services to its customers, when compared to Indigenous and European Cases.

Having access to well-equipped tourist facilities is a tangible resource. This includes having the capacity to provide the services (e.g. room capacity, as discussed in sub-section 5.3.3). However, interviewees had mixed opinions regarding such facilities. In Indigenous Case, the

Business Consultant indicated that its tourist facilities were what placed the business at a competitive advantage, and it was tailored toward Indigenous Case's niche market. In his view, the tourist facilities were "not for everybody". Indigenous Case's tourist facilities followed the Owners' concept of keeping the resort "traditional", to reflect the atmosphere of a Fijian village, and blend the resort's activities with indigenous Fijian traditions and culture. Hence, the ethnicity of the TMT in Indigenous Case has significantly influenced its business model and operations. In European Case, the business has continually upgraded its facilities over the 30 years it has been in operation. Examples of upgrades made in the last three years include the fitting of spas in rooms, and outdoor showers. Minor improvements are made when necessary. In contrast, although the Owner of Indo-Fijian Case appears to recognise the importance of having well-equipped tourist facilities, his business has not been able to offer them:

> *The facilities are there but, each time we are working hard to give them new facilities, and working towards improvement. In the beginning, we don't have too many facilities, but as the demand grows, then we provide other facilities.* (Owner)

This suggests that as a new business, Indo-Fijian Case is still working on improving the facilities it offers to its guests. This includes having a small bar for guests' use only, as well as recently building a restaurant to offer complimentary breakfast and sell meals to guests. In contrast, Indigenous and European Cases have been able to improve their well-equipped tourist facilities over time, in order to meet the demands of their customers.

Having a website is a tangible resource, and has been an added advantage for Indigenous and European Cases. Both businesses have experienced an increase in guest bookings and occupancy rates as a result. The website has been used as a marketing tool by the two businesses, and has strengthened their marketing abilities. For Indigenous Case, its New Zealand partner, a tourist operator, developed the website which has aided the marketing of the resort:

> *That website is almost 4–5 years old now. We have a good sister relation with one New Zealand operator that originated the website, established the website so that helps for the marketing side.* (Business Consultant)

Indigenous Case has been able to showcase its resources (see Table 5.5) on its website, such as location on an island, the serenity, tranquillity, beach, marine conservation program, growing of own fruit and vegetables, to name a few, which have attracted tourists:

> *All those (mentioned resources) are powerful tools in the marketing. We express these in our websites, and people are attracted to it and want to come and see it … They*

*(tourists) go on the website, and go to travel agents for Fijian products, and we get the recommendation from them (travel agents).* (Owner, Indigenous Case)

The fact that travel agents are recommending Indigenous Case to tourists as a holiday destination possibly gives Indigenous Case the competitive edge. Similarly, in European Case, the majority of guests' bookings were received directly via its website:

*Most of our business now is done through website interaction.* (Owner)

*The majority (of bookings) is direct here that's why we look after our customers; we try and look after them so well. We hardly get any agent bookings.* (General Manager)

The fact that most guest bookings were made via European Case's website (with fewer bookings coming from travel agents) suggests that the majority of its customers are repeat customers who have had long associations with the business. The age of European Case is a major factor influencing this trend. In contrast, Indo-Fijian Case relied heavily on overseas travel agents and a booking agent (i.e. booking.com) to direct tourists to it, as it is relatively new and has yet to establish itself in the tourism market.

Business location was another tangible resource considered important in Indigenous and Indo-Fijian Cases. Indigenous Case (similar to European Case) was located off shore, while Indo-Fijian Case was located on the mainland. An advantage of Indigenous Case's off-shore location is the wider range of resources and services at the business's disposal. Further, the tourist region where Indigenous Case is located was becoming increasingly popular with tourists at the time of the interview, which evidently gives Indigenous Case the competitive edge:

*I'd say the location again because the accessibility of the tourists. There could be places like this, and much better beaches in Lau (a remote province), but it's just not viable. That's why the Mamanucas (a tourist region nearer to the mainland) propelled because of its location, near Nadi airport. But now Mamanucas is overdeveloped. They cannot develop it any further. A lot of people don't envy going there anymore ... there's a lot of noises, so they would rather come out a bit; so we are next to them, and they are flowing out into us.* (Owner, Indigenous Case)

This was confirmed by the Owner of Indo-Fijian Case, who envied tourism accommodation businesses that operated in the outer islands. In his view, ideally, businesses should be located at the seaside because of tourists' preference for the beach and related activities such as snorkelling. Indo-Fijian Case was located 300 metres from the beach, which placed it at a disadvantage compared to its competitors who are located at the seaside and in the outer islands.

Intangible resources considered important to Indigenous and Indo-Fijian Cases included family support and previous work experience in the tourism industry. Family support (including community support) was valuable for Indigenous Case since its business model was based on the village community model, involving the Owners' relatives as employees in the business. The ethnicity of the TMT has influenced the way Indigenous Case has evolved and operated. Similarly, family support from his wife was mentioned by the Owner of Indo-Fijian Case to be important to the business. This included financial support during periods when Indo-Fijian Case faced financial difficulties. Indigenous Case also has an edge with respect to having had previous work experience in the tourism industry. The TMT (including the Owner's wife) has extensive previous management work experience in a five-star resort. For instance, the Owner had previously worked as a guest relations manager:

> *It is important to have the experience because when you are in contact or hosting the guests for the first time, you have to win their hearts, to impress them because there are two things that can happen. They can praise you and talk about you and they will bring other guests. But it can reflect badly on you if you treat them badly and hurt them when they leave. They will go and spread bad news about you like fire. The repercussion or impact of a negative comment is huge like wild fire than a positive one.* (Owner, Indigenous Case)

This comment reaffirms the importance Indigenous Case places on maintaining service quality as a key resource and the strategic importance it has for customer satisfaction. The Owner of Indigenous Case and the TMT in European Case do not have any tertiary qualifications but they have extensive business experience. In European Case, the Owners had never worked in the tourism industry prior to setting up the resort, but they had prior business experience, which was an added advantage.

Thus, having previous business experience as an entrepreneur is an intangible resource. Operating a tourism business for the past 36 years has placed European Case well ahead of its competitors in terms of knowing and retaining its niche market. In contrast, Indigenous Case's Business Consultant has tertiary qualifications in tourism and hospitality management, business experience in managing a tourism accommodation business, in addition to his tourism consultancy business. Hence, previous work experience (in Indigenous Case), and the managerial and business skills of the TMT in both Indigenous and European Cases are valuable and give them a competitive edge. In Indo-Fijian Case, the Owner lacked work and business experience in the tourism industry. He mentioned that it would have been advantageous, as one would have a better knowledge of "avenues of sales". This suggests that sourcing tourists was problematic for Indo-Fijian Case. In summary, Indigenous and European Cases had extensive

business and work experience in the tourism industry, which was lacking in Indo-Fijian Case. This gave them the competitive edge to manage their businesses effectively, source and know their markets and deliver services according to customer demands, resulting in repeat customers and improved organisational performance.

IT skills are an intangible resource. Indo-Fijian Case did not have it, although the Owner understood its importance. In his view, it was difficult to find an IT person with tourism industry experience. This suggests that the Owner recognised the need for real-time information to better inform him about the business activities and enhance his decision making:

> *We need people in IT; especially aligned to tourism; there's a special IT business in tourism ... We are doing everything manually right now and if we had somebody like that, we would have recognised (improved) ourselves.* (Owner, Indo-Fijian Case)

A good attitude toward customer service was also singled out as a key intangible resource by Indigenous Case. While European and Indo-Fijian Cases did not define this as a resource, the Owner of Indo-Fijian Case stressed the importance of his employees having a good attitude toward customer service at all times:

> *I must have repeated it before, this is a service industry; the only idea I have always been spreading around to everybody is, even though you are angry, you must smile, and you must service people the best you can. You get out of your way to service people. If you don't do that, you will not get customers.* (Owner, Indo-Fijian Case)

This indicates that customer satisfaction was a priority area for Indo-Fijian Case, and the Owner continuously reminded his employees of this, in order to direct their behaviour.

Access to telecommunications and EFTPOS facilities were important resources identified by Indigenous Case only. These facilities may have been made available progressively over time, due to the remoteness of the tourist region where Indigenous Case is located. According to the Business Consultant, telecommunications access was recently available through land, satellite and mobile:

> *The mobile one was only recently; but the other two, the Viti Sat and the landline have been there for over 5 years now. Plus the financial access when processing credit cards. The facilities are available on the island which makes it very convenient. So all those supporting resources are good for the operation.* (Business Consultant)

Internet access, however, was yet to be made available to the same tourist region.

Overall, there were some similarities and some differences in the tangible and intangible resources at the disposal of the three cases. It seems that Indo-Fijian Case has very limited key resources that could positively contribute towards a competitive advantage over its competitors. Its limited resource base may be predominantly influenced by the size, location and age of Indo-Fijian Case. Alternatively, the data analysis showed that Indigenous and European Cases have several key resources that place them in a stronger competitive advantage over their competitors. The age of the business, size, location and ethnicity of the Owners may be influencing factors in the control and use of the valuable resources at their disposal.

### 5.5.2 Organisational Routines

Organisational routines examined were formal planning and monitoring routines, which included procedures and processes used by the case organisations to assist in the management of their businesses. Important routines identified from the interviews were coded under second-level coding in Table 5.4. All three cases adopted similar routines but in varying degrees of complexity, ranging from simple and less formalised to well defined and formal. The data analysis reveals six key organisational routines adopted by the case businesses, namely: planning and control, reservations, accounting, staff development, quality management and operational routines (e.g. housekeeping and airport pick-ups).

Regarding planning routines (e.g. budgets, business plans, strategic plans and/or revision of plans), preparation of budgets was evident in varying forms and detail across the three cases. For instance, in Indigenous Case, a cash budget was prepared annually:

> *It's a very flexible budget ... The Owners can foresee the incoming bookings and they can decide on a budget on what to do; where to spend; what to commit to.* (Business Consultant)

European Case, on the other hand, did not prepare a budget:

> *We don't operate a budget. In Australia, in our business there, yes, we operate budgets, but out here, we don't have a budget. We do though record each week the amount of forward bookings that we have and we compare that to previous years, so we know what's happening and we know because we know how much people spend or how much income we'll get per* bure *per night. We know what effect that is going to have on the future. So we monitor it with the view to checking how it's running and how it compares to previous years, but we don't have a 6-month budget. We don't do budgets.* (Owner)

Hence, the number of forward bookings was a measure used in European Case to help the TMT manage the business. Similarly, Indo-Fijian Case did not prepare and use budgets as a means

of assessing its business activities. However, the Owner was aware of the need to have cash flowing in to the business to meet costs and for savings when possible:

> *No there's no use writing. I know that I have so many staff there; we have worked the salary out every day. We have $100 (i.e. A$60), and we know we only have $100 (i.e. A$60) of room sold. We know today is no good. If there's something wrong the next day, we tell one staff to stay home.* (Owner)

Thus, owing to the size of Indo-Fijian Case and the Owner's physical presence at the hotel each day, drawing a formal budget was considered unnecessary. The Owner knew off hand his daily operational costs such as wages, and cash takings were monitored on a daily basis. Additional reasons cited for not preparing budgets in Indo-Fijian Case were the Owner's religious faith and his health. According to his religious beliefs, the level of business he achieved was "fate", that is, dependent on what God wanted. Further, given his age and the deteriorating state of his health, the Owner indicated that he "did not want to worry too much about the business". These comments provide further evidence that the Owner's cultural orientation (religious beliefs) influenced Indo-Fijian Case's business practices, in this case, the extent of formal planning carried out.

Strategic planning was an important routine for Indigenous Case, and was determined and reviewed annually, and forecasted over a five- to ten-year period. Strategic areas considered in the long-term planning included improvements to its facilities, utilities and financial planning for the funding of future capital investments:

> *The strategies are based every year but we forecast it into 5 – 10 years. It's interesting because we have some background or ideas on how to manage hotels… … re-investment on the property or the product is important and is a priority like solar, water system, sewer systems plus all the things that goes into the product.* (Business Consultant)

Therefore, the interview data show that Indigenous Case adopted a more formal approach to planning its business operations compared to European and Indo-Fijian Cases. This may be a result of the age of the business, and Indigenous Case may have been experiencing a growth period. Also, the prior hotel management experience of the Owners and access to the services of a qualified Business Consultant may be a competitive advantage for Indigenous Case. The data analysis also provides evidence that size and ethnicity were influential factors in Indo-Fijian Case.

Concerning the reservations routine, Indigenous Case's reservation system was administered using both a computerised (via its website, which is a tangible resource) and manual reservation

system. The manual reservation system was controlled by the Resort Manager who received both tourists' and agents' bookings through the telephone and recorded them on a bookings record sheet. As there is no Internet coverage at the resort, the telephone was the only means of communication:

> *Once I receive a booking, I update my status, which helps me to check if I still have* bures *(units) left. The number of* bures *we have is 11. Out of the 11, 2 of our* bures *are allotted to company X (main travel agent). They are the only agents we have allotment with; otherwise, we have to keep it and they will release the booking in 21 days prior. So we will be working with 9* bures*, but if we want one of their* bures *we have to let them know. I update my status manually.* (Resort Manager)

It seems that Indigenous Case's reservations routine was not foolproof, as in several instances it had overbooked:

> *We have experienced a lot of problems in the last few years, even this year of overbooking, with company X (main travel agent) and also our direct bookings. Company X checks availability (of units) with me first, and they check with the (other) travel agents. But for the allocation, they don't check because they know they have the 2* bure *(units); so if there's anything, (i.e. overbooking), then that's our problem if we don't advise them we need the* bure. (Resort Manager)

There was a weakness in Indigenous Case's reservation system (a routine), in particular, its ability to coordinate the bookings made by their main travel agent partner with the resort's own bookings. In some instances, it resulted in disgruntled customers, who arrived at the resort and found they didn't have any accommodation. Such incidents would affect Indigenous Case's ability to satisfy its customers, and damage the resort's reputation. This suggests that Indigenous Case may be faced with a constraint on their accommodation capacity, and was unable to meet the increased demand.

European Case used an integrated computerised reservation and accounting system (i.e. a tangible resource), which is an organisational routine. It was developed by the Owner, to meet the information needs of the TMT. An "off the shelf" computerised accounting system was found to be insufficient:

> *One of the problems we had when we started looking at setting up the business and a few years after having set it up is that we found that it was virtually impossible to go and buy an off-the-shelf accounting system that is appropriate to resorts because even the systems that are written specifically for the hotel and tourism industry start when the booking is made by the agent or the guest walks in off the street. We need to know what flight they are coming on; we need to meet them on the mainland; we need to have a driver there; we need to have a boat to bring them across here; and none of that is in available off-the-shelf systems. So we chose then to write a system that could be used specifically for this situation. So yes, we looked at what was needed, how things run*

*here; drew on what expertise we could to bring about systems that will give us the information.* (Owner)

Bookings were mostly received online via European Case's website, and the reservation system was able to monitor the availability of units in real time (in days and months ahead). For bookings received by telephone, management accessed the same information from its reservation system. The Owner stated that a lot of information was obtained from its integrated reservation and accounting system. For example, sales information relating to guests' charges/bills were recorded and traced by different activities or services consumed:

> *All of our charging for example to the guests goes into the system and then from that we can pull out much of the information we want in relation to sales in particular areas and so on*. (Owner)

This suggests that European Case's integrated and computerised reservation and accounting system (a tangible resource) provided the TMT with financial and non-financial information that enhanced their decision making. Hence, this routine appears to give European Case a competitive edge in effectively managing its business operations.

Indo-Fijian Case predominantly used a manual reservation system (a routine), but in partnership with booking agencies and selected travel agents (e.g. booking.com, Expedia and Wotif); guests' bookings were also received and paid for online through these partner websites. On receipt of bookings, Indo-Fijian Case would be informed and the funds subsequently transferred into Indo-Fijian Case's bank account. Advertising through these world-renowned booking agencies and travel agents for a commission-based fee has enabled Indo-Fijian Case to address the competition it faces from other local accommodation operators. Hence, its online reservation system is a vital routine of the business, as it is an "avenue for sales". Bookings were also received via telephone. All bookings were entered manually into the "bookings diary".

In comparison to European Case, the accounting system (a tangible resource) in Indigenous Case appears to be weak in terms of record keeping and providing the TMT with up-to-date, real-time information:

> *There is a big gap there because operational wise they are good at it. But their recording and monitoring-wise, even though it's instances and its daily, their recording part is very very weak; for them to fall back on and how they performed … The record keeping is poor but the management of funds is good*. (Business Consultant)

The lack of apparent maintenance of an accounting system (a routine) by Indigenous Case may place it at a disadvantage in terms of the TMT's ability to plan and monitor its business operations effectively. In Indo-Fijian Case, its accounting system was simple with daily recording of transactions in a computer file in ACCESS (database software). Information recorded included: number of guests, room bookings received (in $) and operational costs such as wages and other daily expenses, which the Owner reviewed daily. Source documents such as invoices and receipts were also kept in files. Although Indo-Fijian Case had tried to computerise their booking and accounting system, according to the Owner, it was not economical due to the small size of the hotel. In any case, it seems that the Owner of Indo-Fijian Case was able to monitor his business closely and effectively. The daily recording of business transactions suggests that the Owner was financially disciplined, a characteristic of individualistic culture, and in keeping with the Owner's ethnic background.

Staff development routines were important routines in Indigenous and European Cases. There were procedures in place concerning the training of new staff, and further technical training through short courses was encouraged by the TMT. For instance, in European Case, new staff were trained on the job:

> *Training tends to be one-on-one. For example, a new Housekeeper comes in, she would work with the senior ladies until she got to know what to do properly and then probably 6 months or 12 months, we would all sit down together and discuss how things are going and make changes if anything needs to be changed, and just make sure they are all very clear on what they are supposed to do.* (General Manager)

Regarding further technical training, staff would be trained on the job by the TMT and also attend relevant short courses:

> *In the kitchen, my wife looks after all the menus and training the girls there. Whereas with the boys, with boats and engines and generators and so on, we'll occasionally get people in; we send some of our staff to courses and so on, but then that's only one segment of what they learn, and we sort of see that it's all bound together to fit what we want.* (Owner, European Case)

In Indigenous Case, much of the staff training was conducted on the job by the TMT to ensure all staff were multi-skilled:

> *I came in 2002 when it (resort) just opened. Now I know everything. If I go to the bar, I know how to mix cocktails. I learn on the job. If I go to the kitchen, they tell me to cook something I can do it. If I go to the* bure *(unit), I can clean up the* bure *which is a good thing about here; you know everything and you can do everything".* (Resort Manager)

The commitment of the TMT to developing their human resources was further evident in their sponsoring students from the Owners' village community to undertake tertiary studies in both local and overseas institutions:

> *Since we are in operation and have started making a profit, we have taken care of the education of university students from the village community. Right now as we speak, I have sent the first 3 students to study in New Zealand. They are studying IT and Business Management.* (Owner, Indigenous Case)

Practicing staff management by investing time and cash resources in their staff also enhanced the competitive advantage of Indigenous and European Cases. Further, recognising the need for qualified persons in the fields of IT and business management from their village community is a positive and strategic step taken by the TMT in Indigenous Case towards enhancing the sustainability of their business in the years to come. This may further place Indigenous Case at a competitive advantage. In contrast, as previously mentioned, Indo-Fijian Case was faced with financial constraints; most of the staff training had been conducted on the job by the Owners. Given the size of Indo-Fijian Case, however, the Owner has been able to supervise employees closely:

> *We are training them and trying to make sure they do the right thing. We are very strong; my wife is very strong; we go back to them and lash them on doing the right thing*. (Owner)

In relation to quality-related routines or procedures, the maintenance of service quality was a priority in Indigenous Case, and procedures put in place included customer feedback (through Trip Advisor) that was monitored and addressed regularly, as well as the Owners visiting overseas hotels to observe their facilities and operations. Indigenous Case also met the government's quality assurance guidelines:

> *On quality, we have feedbacks, plus the Owners who always go around on tour to New Zealand and Australia on trips once a year just to have a look at the other products, similar line of products and check it out. Even they work through the quality assurance system of government when it comes to license renewal and all those. So the Health (department) will come and check, the Police (department) will come and check, the Fire (authority) will come and check. All those compliances are part of the quality assurance.* (Business Consultant)

Other organisational routines identified in Table 5.4 relate to the operational aspects of the hotel (i.e. housekeeping, airport pick-ups, check-in routines and customer-focused routines). In Indigenous Case, the operational routines developed by the TMT were put in place to guide the

employees regarding their duties. The Resort Manager's role was to supervise the employees to ensure these tasks were carried out:

> *The Owner's wife, has spelled out the daily tasks (for the staff) to do. Take this as an example: Two guys, they come at 8 o'clock for two hours they have to be in the garden; after two hours they know what to do. All I have to do is just go around and check whether they are doing what they are supposed to do or not.* (Resort Manager)

At European Case, key organisational routines were predominantly related to the service operation activities of the resort, namely airport pick-ups, boat transfers (to and from the island), housekeeping, boat maintenance, talking to guests, preparation of meals, taking guests on fishing trips, to name a few. These comments suggest that the organisational routines developed in European Case were used to guide the employees in the delivery of on-time and quality services, to enhance customer satisfaction. The monitoring of these routines was manageable due to the size of the resort, and the TMT was able to "see for themselves" that these tasks were carried out up to standard, and they also received feedback from guests and employees. With the resort's computerised reservation and accounting system, these operational activities could be effectively planned, implemented and monitored by the TMT.

At Indo-Fijian Case, key operational routines included airport pick-ups and housekeeping. Airport pick-ups offered guests a personalised service upon arrival, and also countered the competition Indo-Fijian Case faced from travel agents at the airport who may sell tours (e.g. scenic tours, day trips to outer island resorts) and other tourist products to guests upon their arrival. By collecting guests from the airport, Indo-Fijian Case was able to sell the tourist products directly to its guests, thereby receiving a commission from the tourism operators. Regarding housekeeping, maintaining a high standard of cleanliness was emphasised to the staff "to match the standard of Sheraton hotel".

These comments suggest that all the case businesses perceived efficient and effective delivery of services to be a direct contributor to improved financial performance, and thus the reason for an increase in the number of organisational routines relating to internal business processes or operational routines.

### 5.5.3 Entrepreneurship

Entrepreneurship capability was examined in terms of the orientation of the TMT towards continually introducing new services, looking out for new opportunities, taking risks, as well as exhibiting entrepreneurial behaviours such as hard work, self-motivation and discipline.

These entrepreneurial orientations were coded as second-level coding in Table 5.4. Based on the interview data, the TMT in all three cases exhibited varying degrees of entrepreneurship behaviours. Several of the interviewees mentioned that being enterprising was a pre-requisite for running a business, and it involved looking for new opportunities and assessing the risks. Assessing risk and seeking opportunities were considered ongoing:

> *You have to be vigilante on the local scene and the international scene because you are not the only one fighting for the same tourists; and you are not the only destination that can take care of the same tourists; and you are not the only one at that pricing; there are many other offers also, and to be enterprising you need to be able to educate yourself on what's happening around you; identify opportunities and how to capitalise on those opportunities. Being enterprising is difficult, it's a lot of risks but you have to be there 24/7 to see what's going around you.* (Business Consultant, Indigenous Case)

> *You need to be aware of the risks. The risks fluctuate with the circumstances of how the business is going; and what's happening around you; what government is doing and so on. So yes, you keep in tune with it and relate that to your business and what effect it might have and do things accordingly.* (Owner, European Case)

The TMT in Indigenous Case indicated that pursuing one's goal through hard work and determination was critical:

> *I didn't have a clear picture of the steps to take to arrive at building the resort. I really worked hard. In doing that, I got to learn and found out about the services that are available; the doors to go and knock. Only because I started off my initiative; I was a self-starter. I was complemented with all these openings. I got to know people, government agencies. When I applied for a F$350,000 loan from FDB (Fiji Development Bank), I got rejected 5 times; but I reapplied 6 times and I got it. I now have repaid my loan two months ago. You have to believe higher; set your goals and work your strategic plan.* (Owner)

Introducing new services was considered important across the three businesses. In many instances, the case businesses were open to introducing new services, as suggested by their customers and other relevant stakeholders (e.g. travel agents):

> *"Yes, as new demands come every now and then from different source markets, from different clients and even from different suppliers too (e.g. travel agents), it was important to offer the new services.* (Business Consultant, Indigenous Case)

> *I think it's very important to be on the lookout for new ideas because even though you have people coming here saying "don't change a thing"; but there's no doubt that they do look for improvements when they return, so it's very important to keep the standard up … but it's really only little things; a while ago we put spa baths in some of the bures (units) for example; we were one of the first resorts to do that because at that time we were getting quite a lot of honeymooners, so we thought that would be an addition for the honeymooners-type things.* (General Manager, European Case)

As a new business, Indo-Fijian Case was planning to introduce new services for its guests. Providing entertainment for tourists at the hotel was a priority, which at the time of the interviews was non-existent. Some new activities planned included the inclusion of a private bar for guests, the staging of Indian classical dances and the use of its conference hall for teaching selected courses/skills. It was hoped that these new activities would attract more tourists. This behaviour indicates that the TMT in the three cases offered new services when appropriate, to satisfy customer demands.

In Indo-Fijian Case, the Owner's striving for excellent customer service, his good rapport with customers, and respectability contributed positively to the business. However, the skills and/or competencies needed to grow the business may have been lacking in this case. These include a limited resource base, or more specifically, the inability to employ experienced managerial staff and seek professional advice. The Owner admitted to opportunities that existed but he was unable to capitalise on them as he was "more of a technical man than a businessman" (i.e. he was trained as a land surveyor). This suggests a weak entrepreneurial capability on the part of Indo-Fijian Case. The Owner may lack the business acumen to effectively run the hotel business, and this has been exacerbated by the mismatch between his area of expertise and the tourism business he ventured into. Further evidence of this was that the business was ready to service guests for 10 rooms and not 20 rooms. The Owner explained that if they had a full house, it would be chaotic and he would be under a lot of stress. Employing casual staff was at times, very difficult. The age, size and business location of Indo-Fijian Case may be additional factors limiting its entrepreneurship capability.

### 5.5.4 Innovativeness

Innovativeness as a capability was examined in terms of the TMTs' orientation towards actively seeking innovation and ideas, and coded under second-level in Table 5.4. Innovative behaviour was more evident in Indigenous Case than it was in European and Indo-Fijian Cases. The TMT in Indigenous Case were keen to try out new ideas:

> *We want to be unique and most of the things are out of my (ideas or initiatives) and is something I believe in and to be ahead of it.* (Owner)

Examples of new services and/or initiatives introduced in the last three years included: fitted solar panels in the units and resort buildings, the introduction of a marine conservation program at the resort (the first in the district and a tourist attraction), the organising of day trips for guests

from large hotels on the mainland, and a tour of the resort with lobster lunch provided (part of its marketing initiative):

> *This is an enticing day trip to make them (guests) come back the next time and stay. Once they register that, some of them still have enough disposable income and time to spend another few days in Fiji so once they checked out of their hotel, they come straight to us for another 3 or 4 days*. (Business Consultant, Indigenous Case)

The Owner mentioned that while there was a general drop in tourist numbers, its business was still receiving bookings due to the attraction of its conservation program. He added that the new source markets the Fijian government was tapping into (e.g. the Chinese and Indian markets) were welcome, to compensate for the intense competition from Australia with its campaign for its people to holiday in Queensland at cheap rates. These comments suggest that due to the innovative behaviour and attitude of the TMT in Indigenous Case, it has been able to attract tourists, and gain an edge over its competitors. The age of the business, its location, and the TMT's extensive work and business experience in the tourism industry, among other factors, have also enhanced Indigenous Case's innovative capability, thus giving it a competitive edge.

In contrast, European Case reported no major changes in its services or new services introduced in the last three years; rather, European Case has made minor changes such as broadening guest activities. Many of these changes were "add-ons" to the existing services but "nothing major". Further, the TMT took a more cautious approach to change:

> *We do to an extent but cautiously, because every time you change things, first of all, your staff do not like change. Most people do not feel comfortable with change, so every time you change something, you have to spend time explaining to your staff; and if it is worthwhile, of course you do. But the point I am making, is that change can be disruptive; so you need to carefully assess and plan for any change. And of course, if you don't change, you'll go out of business, so change is an essential part of business but you need to treat it carefully and somewhat cautiously.* (Owner)

> *Yes yes definitely. We are always listening to both sides: the staff as well as the guests to see what ideas they bring up. For example, at one point, we had a senior person coming in, wanting to change the way we did things in the dining room; put a buffet-style meal and things like that in. So we thought "Oh we weren't too sure about this", but we trialled it for a couple of days and it wasn't popular, so we pulled it back again. So you do have to be a little bit careful sometimes, to make sure that the ideas are good ones.* (General Manager)

The lack of innovation shown in recent years in European Case may also be influenced by the age of the business, as major service innovations may have been introduced in its early to mid-life years. However, given the strategic priority of European Case to satisfying its customers, any new innovations or ideas that may be worthwhile introducing are perhaps inevitable.

Indo-Fijian Case had not introduced any new services in the 12 months prior to the interviews; however, the Owner was contemplating a number of ideas to entertain the guests, including Indian fire walking and dance groups. The Owner was always open to suggestions, "anything to attract the tourists". In the last three years, the business had acquired a piece of land adjacent to its property that had a bore hole, which represented an alternative water supply for the hotel. Indo-Fijian Case seems to be limited in its innovative capability and this may be explained by the size and age of the business, and the business's resource constraints, including the Owner's inexperience in the hotel industry. Since the business is relatively new, priority has been placed on improving the infrastructure of the hotel, and new services were in conception stage but not yet introduced. Hence, the innovative capability of its Owner may not be sufficient to contribute positively towards Indo-Fijian Case gaining an edge over its competitors.

## 5.6    Organisational Performance

Only the Owners of the three cases were asked to comment on the overall performance of their businesses. The Owners were asked to discuss their business performance (against expectations) over the past 12 months, based on four dimensions, namely occupancy rate, return on investment (ROI), profit and meeting budget targets. There were no other measures identified by the interviewees as a basis for gauging overall business performance. The data analysis indicates that Indigenous and European Cases performed reasonably well in the past year compared to Indo-Fijian Case across all four performance measures. Regarding its occupancy rate, the Owners of Indigenous and European Cases had better than expected performances:

> *It's not vastly different to last year, but it's extremely good, well above average.*
> (Owner, European Case)

The Owner of European Case was comparing the occupancy rate to the overall average occupancy rate recorded for his business in the past. Indigenous Case's occupancy rate had changed dramatically:

> *People talk about you (the business) and I know my competitors are still behind.*
> (Owner)

This gives Indigenous and European Cases an advantage over their competitors. The other three measures of ROI, profit and meeting budget targets all improved for Indigenous and European Cases in the 12 months prior to the interviews.

In contrast, the performance of Indo-Fijian Case over the previous 12 months was below average and confirmed the difficulties Indo-Fijian Case had faced in its early years of operation. Indo-Fijian Case operated at 50 percent of its accommodation capacity or lower in most months of the year with peak periods from June to September. The Owner mentioned that its ROI had been around 4 percent, rather than the expected 20 percent (based on an investment of F$2 million (A$1.1916) with an expected annual income of F$200,000 (A$119,140). It experienced cash flow difficulties in the low occupancy periods, which resulted in the Owner paying for wages out of his own pocket, and at times borrowing from a family member (i.e. his wife). At the time of writing, the business did not have an overdraft facility. The Owner attributed this poor performance to several factors, including: i) the age of his business, "we are so new"; ii) intense competition; iii) high costs of running the business; and iv) his possible lack of business acumen. He stated that the business "has been surviving, slightly more than break-even" (Owner, Indo-Fijian Case).

Both interviewees in Indigenous and European Cases perceived that their overall business performance compared to their competitors in the previous 12 months was "better". The following reasons contributed to this:

- "I think it's the result of the personal interaction between management, guests and staff" (Owner, European Case);
- the business concept of "keeping it traditional" (Owner, Indigenous Case );
- using environmentally friendly products (Owner, Indigenous Case);
- growing their own fruit and vegetables has minimised costs, resulting in a higher profit margin (Owner, Indigenous Case );
- "Our pricing" (Owner, Indigenous Case).

Conversely, the Owner in Indo-Fijian Case had mixed feelings about the performance of his business over the previous 12 months compared to his competitors. On the one hand, he perceived that seasonal periods of low and high occupancy levels affected all hoteliers within the hotel industry in the same way. This was confirmed upon making enquiries with other hoteliers. However, the price competition Indo-Fijian Case faced from other low-cost accommodation providers within the popular tourist region had been difficult to grapple with. He suggested that one means to overcome the current "cut throat" competition he faced was for more consultations between hoteliers so that a fairer pricing structure was developed based on,

for instance, hotel star ratings. Indo-Fijian Case offered a standard rate of F$70 (A$42) all year round and he had contemplated reducing the room rate to F$50 (A$30) on numerous occasions but had reservations about "attracting the wrong crowd" and not making a profit margin. He added that a four-star hotel may be charging a three-star rate. Such price competition disadvantaged Indo-Fijian Case in terms of losing potential tourists to competitors who had established themselves and were able to offer lower accommodation rates than Indo-Fijian Case. Furthermore, the "con" tactics of established competitors working with taxi drivers at the airport to lure tourists to their hotels on a commission basis exacerbated the issue for Indo-Fijian Case.

Also, high costs in terms of taxes on income and airport charges levied by the airport company for guest pick-ups were burdensome and diminished Indo-Fijian Case's profit margins. Taxes on income included a 15 percent value-added tax (VAT) and a 5 percent service tax; airport charges (i.e. F$1,125 or A$670) levied annually by the airport company to allow the business to enter the airport and pick up guests; and corkage fees (i.e. F$65 or A$39) annually for each vehicle. Health issues were also a setback for Indo-Fijian Case. The day-to-day stress of the business had landed the Owner in hospital, and required him to undergo heart treatment in New Zealand. However, he was committed to improving his business performance and needed to "make a breakthrough". The lack of networking among hoteliers was also an issue. The business was not a member of any tourism association, including the national hoteliers' body: "nobody wants us to be a member" and "we don't get any invitation from the big tourism association" (Owner).

Overall, the performance of all three businesses over the past 12 months varied, but generally Indo-Fijian Case's performance was poorer than that of Indigenous and European Cases, who both appeared to perform better. Circumstances surrounding the three cases differed to some extent (e.g. size, age, ownership (by ethnicity) and business capabilities), and these factors, amongst others, would have influenced the overall performance of the three case businesses.

## 5.7    Summary

This chapter presented an analysis of the qualitative data to answer the study's research question and address its three research objectives. The findings of this analysis will be used in Chapter 7 when discussing the overall findings of the study. The analysis in this chapter was guided by the theoretical framework developed in Chapter 3. The analysis was broken into three parts.

The first part analysed the factors that influenced the use of PMSs by Fijian tourism SMEs in the accommodation sub-sector. The main themes discussed included environmental uncertainty, ownership (by ethnicity), size and strategy (cost leadership and differentiation). The second part analysed the way PMSs were used, using Simons' (1991, 1995) classification of diagnostic use and interactive use. The third part analysed how the use of PMSs influences capabilities and, in turn, organisational performance. The main themes discussed in this sub-section included the four capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness, and overall organisational performance.

The case analysis reveals that there were similarities as well as differences in the responses of the interviewees. For example, while there were mixed results concerning the uncertainty of the business environment in which the three cases operated, there were similarities about specific factors that caused some degree of uncertainty across the three cases, namely the unpredictability surrounding government regulations, political stability, natural disasters and global economic conditions. In addition to these factors, the unpredictability of competitors' actions was a cause of uncertainty for Indo-Fijian Case only, but this factor was exacerbated by the age of the business (fairly new), and the Owner-Manager's lack of knowledge and experience in operating a tourism business.

The data analysis also revealed that the cultural orientation of the Owners had influenced the behaviours, business practices and the way the TMT in the three cases used their PMSs. The size of the case businesses was also a significant factor in terms of the resources available to the businesses, and the nature of their PMSs (i.e. less formal to more formal). Lastly, adopting a differentiation strategy approach also had implications for the way the case businesses used their PMSs to channel their resources in areas of strategic importance (e.g. on-time service delivery and customer satisfaction) and manage their business more effectively.

There was evidence from the case analysis that top management in all three cases used PMSs both diagnostically and interactively, to varying degrees. This was supported by the overall low degree of uncertainty in the business environment, perceived by all interviewees. However, the PMSs were simple and used informally. The size of the case businesses also enabled the TMT to use PMS information in an interactive manner, especially when it concerned issues of strategic importance (e.g. customer feedback). In Indigenous and Indo-Fijian Cases, much of the information was recorded manually and processed in the "back-office" by the office staff. Only European Case had an integrated software program that allowed for the recording,

updating and availability of real-time information about guests' reservations and accounting information (e.g. sales and cost data, which were traced to guests' activities). Decisions were largely made in an ad-hoc manner, as opposed to a systematic manner (e.g. staging of periodic staff meetings to discuss changing circumstances). Rather, the management team were able to adapt quickly to changing circumstances, based predominantly on the information at their disposal, including PMSs. The size of the case businesses (i.e. as SMEs), and the fact that they were family-owned, contributed to the informal nature of their PMSs, as the information flow was direct to the Owner-Manager, who made the decisions. Hence, the apparent interactive use of PMSs across the three cases placed them at an advantage in terms of their ability to make decisions promptly in uncertain situations (e.g. low occupancy caused by global economic downturn).

The four capabilities discussed were present to varying degrees among the three cases. Both tangible and intangible resources were important in enabling the three cases to offer the services they wanted to offer. However, access to different resources varied across the three businesses. Indo-Fijian Case was disadvantaged in its business location, but the location of their businesses (on an island) was an added advantage to Indigenous and European Cases, enabling them to offer more activities to their guests, as opposed to Indo-Fijian Case. Important tangible resources were cash flow availability, having reliable and skilled employees, well-equipped tourist facilities and business location. Important intangible resources included good management skills, previous business and tourism work experience, and marketing ability. The TMT in Indigenous Case displayed strong entrepreneurship and innovative capabilities compared to European and Indo-Fijian Cases, which may be the edge it has over its competitors. However, owing to the high occupancy rate they both enjoy, Indigenous and European Cases appear to know their niche market very well and have an established market share. This is partly the result of the age of the two cases, and partly the result of adopting a business concept that is tailored to their customers' needs. Overall, the data analysis showed that Indigenous and European Cases have performed above expectation in the past 12 months, compared to Indo-Fijian Case who had a sub-optimal performance over the same period.

Given the competitive nature of the tourism accommodation business (both locally and globally), the use of PMSs is one mechanism that can enhance the survival and growth of the case businesses. The case analysis provides insights into the factors that influence PMS use and the nature and use of PMSs in the Fijian context, including how PMS use can influence organisational performance indirectly by strengthening capabilities. Further, the case analysis

has demonstrated that with both an interactive and diagnostic use of PMSs, top management in the three cases are able to effectively and efficiently monitor their business activities, and to make informed decisions in order to enable them to mobilise their resources, routines, innovativeness and entrepreneurship capabilities towards strategic priority areas. Further, the case evidence showed that such use of PMSs helps to take advantage of opportunities and minimise threats to business, leading to improved organisational performance.

# 6 Survey Data Results and Analysis

## 6.1 Introduction

This chapter presents the results of the survey undertaken to test the hypotheses developed in Chapter 3. It starts with an analysis of the demographics of the survey respondents followed by a descriptive analysis of the survey results. The focus of the descriptive analysis also addresses this study's three research objectives.

This chapter is organised as follows. Section 6.2 describes the demographics of the survey respondents, Fijian tourism accommodation SMEs. Section 6.3 discusses the descriptive statistics of the contingent factors, PMS use, organisational capabilities and performance survey data. This is followed by Section 6.4, which presents the results of the validity and reliability tests and a discussion of the partial least squares (PLS model). Section 6.5 evaluates the structural PLS model and presents the hypotheses-testing results, and is followed by the conclusion of the chapter in Section 6.6.

## 6.2 Descriptive Statistics: Demographics

To provide an understanding of the characteristics of the sample in the study, this section presents some of the demographic information about the tourist accommodation businesses that participated in the survey. In particular, the section describes the background of the respondents and/or main business Owners and is followed by the profile of the responding tourist accommodation businesses.[55]

### 6.2.1 Profile of Respondents

The target respondents for the survey questionnaire were the business Owner(s), and either the Owner-Manager or, in the case of a company, the Managing Director. If the Managing Director was unavailable, the next top management person was identified, either the Resort Manager or

---

[55] The demographics data in this section corresponds to Section 4, Questions 12 and 13 in the final survey questionnaire (See Appendix 4).

the General Manager. Questions concerning the business Owner included education level, extent of previous work experience in the tourism industry and extent of previous business experience. The cultural orientation (i.e. ethnicity) of the main business Owner is a contingent variable in this study, and is analysed in Section 6.3.1. The results are presented and discussed below. Table 6.1 relates to the education level of the main business Owner and shows that the majority (69 percent) had tertiary qualifications, with 46 percent attaining a university degree. A total of 18.5 percent had high school qualifications.

**Table 6.1: The Main Business Owner's Highest Academic Qualification**

| Academic Qualification | Number of Owners | Percent |
|---|---|---|
| University degree | 30 | 46.2 |
| College diploma | 15 | 23.1 |
| High school certificate | 12 | 18.5 |
| Other[56] | 8 | 12.3 |
| Total | 65 | 100 |

Table 6.2 provides information about the extent of previous work experience in the tourism industry of the main business Owner, prior to commencing the tourism accommodation business. The respondents were asked to indicate their experience on a seven-point Likert scale ranging from 1 "none" to 7 "a substantial degree of experience". Less than a quarter of the respondents (23 percent) had a substantial degree of work experience, and a further 26 percent had a moderate to large degree of prior work experience in the tourism industry. Hence, almost half (49 percent) of the respondents had moderate to extensive work experience in the tourism industry, prior to commencing their tourist accommodation business. Alternatively, only 16.9 percent had no previous tourism work experience at all.

---

[56] Other academic qualifications mentioned included: postgraduate degree (1); business certificate (1); primary (1); apprenticeship (1); self-educated (1); don't know (1); Chartered Accountant (1); and engineer (1).

**Table 6.2: Extent of Main Business Owner's Previous Work Experience in Tourism**

| Extent of Previous Work Experience in Tourism | Number of Owners | Percent |
|---|---|---|
| None | 11 | 16.9 |
| Very little experience | 3 | 4.6 |
| A little experience | 9 | 13.8 |
| Some experience | 10 | 15.4 |
| A moderate degree of experience | 15 | 23.1 |
| A large degree of experience | 2 | 3.1 |
| A substantial degree of experience | 15 | 23.1 |
| Total | 65 | 100 |

Table 6.3 shows that 36.9 percent had a substantial degree of prior business experience as an entrepreneur, and a further 22 percent had a moderate to large degree of prior business experience. On the other hand, 16.9 percent had no prior business experience as an entrepreneur. This suggests that the majority of the main business Owners had previous business experience.

**Table 6.3: Extent of Main Business Owner's Previous Business Experience**

| Extent of Previous Business Experience | Number of Owners | Percent |
|---|---|---|
| None | 11 | 16.9 |
| Very little experience | 1 | 1.5 |
| A little experience | 7 | 10.8 |
| Some experience | 8 | 12.3 |
| A moderate degree of experience | 11 | 16.9 |
| A large degree of experience | 3 | 4.6 |
| A substantial degree of experience | 24 | 36.9 |
| Total | 65 | 100 |

### 6.2.2 Profile of Respondent Businesses

This sub-section provides demographics on the respondent businesses, including location, type of ownership (i.e. legal form), number of years in operation and accommodation type. The size of the respondent businesses is a contingent variable in this study, and is analysed in Section 6.3.1.[57] Table 6.4 shows the four geographical divisions or locations of the respondent businesses. The least number of respondents (8 percent) were from the eastern division, which,

---

[57] The demographics data in this section corresponds to questions in Section 1, Questions 1–4 in the final survey questionnaire (See Appendix 4).

geographically, is located on several small outer islands. The other three divisions are located on Fiji's two main and largest islands (i.e. Viti Levu and Vanua Levu).

**Table 6.4: Location of Respondent Businesses**

| Location of Business | Number of Businesses | Percent |
|---|---|---|
| Western division (Nadroga, Nadi, Lautoka, Yasawa, Ba, Rakiraki) | 32 | 49.2 |
| Central division (Suva, Deuba, Tailevu) | 14 | 21.5 |
| Northern division (Taveuni, Savusavu, Labasa) | 14 | 21.5 |
| Eastern division (Levuka, Lomaiviti, Kadavu, Lau) | 5 | 7.7 |
| Total | 65 | 100 |

Table 6.5 shows the legal form of the respondent businesses. The majority (61.5 percent) of the respondent businesses were private limited companies, followed by sole traders (23 percent) and partnerships (9 percent).

**Table 6.5: Legal Form of Respondent Businesses**

| Legal Form of Business | Number of Businesses | Percent |
|---|---|---|
| Private limited company | 40 | 61.5 |
| Sole trader | 15 | 23.1 |
| Partnership | 6 | 9.2 |
| Other[58] | 4 | 6.2 |
| Total | 65 | 100 |

Table 6.6 indicates the number of years the businesses have been in operation. Eighty percent of the respondent businesses had been in business for six years or more.

---

[58] Other legal forms in the sample include a trust (1); a subsidiary (1); a timeshare (1); and a limited company (1).

**Table 6.6: Number of Years in Operation of Respondent Businesses**

| Age of Business | Number of Businesses | Percent |
|---|---|---|
| Less than a year | 2 | 3.1 |
| Between 1–2 years | 2 | 3.1 |
| Between 3–5 years | 9 | 13.8 |
| Between 6–10 years | 21 | 32.3 |
| Between 11–20 years | 15 | 23.1 |
| Over 20 years | 16 | 24.6 |
| Total | 65 | 100 |

Table 6.7 shows that majority (45 percent) of the respondent businesses were classified as resorts, followed by 17 percent, which were hotels and 12 percent, which were motels. While this study has a small sample, this result supports that of Becken (2005) who note that tourism in Fiji is largely resort-based.

**Table 6.7: Accommodation Classification of Respondent Businesses**

| Accommodation Type | Number of Businesses | Percent |
|---|---|---|
| Resort | 29 | 44.6 |
| Hotel | 11 | 16.9 |
| Motel | 8 | 12.3 |
| Other[59] | 8 | 12.3 |
| Apartment | 3 | 4.6 |
| Home stay | 3 | 4.6 |
| Bed & Breakfast | 2 | 3.1 |
| Guest House | 1 | 1.5 |
| Total | 65 | 100 |

## 6.3    Descriptive Statistics

Sub-sections 6.3.1 to 6.3.4 present the descriptive statistics for each of the constructs that are later tested in the study's measurement and structural PLS model. Overall, the descriptive statistics show sufficient range and variability in the responses. Most of the indicators are not normally distributed, but either skewed to the left or to the right. However, the non-normal

---

[59] Other accommodation classifications mentioned by the respondent businesses consisted of backpacker (2); mini resort (1); marine tourism (1); private island (1); lodge (2); and private hotel (1). Note that "private hotel" was interpreted to be the same as the "hotel" category as per the Fiji Standard Industry Classification (2004).

distribution of the data has not created any problems for this study because PLS makes no distributional assumption (Chin, 1998). The descriptive statistics are listed in descending order of the indicators' mean scores.

### 6.3.1 Descriptive Statistics: Contingency Factors

This section presents the descriptive statistics for four contingent variables, namely environmental uncertainty, ownership (by ethnicity), size and strategy. In the last sub-section, a correlation matrix of the four contingent variables, using their composite scores (where applicable), will be provided and discussed, to check for multicollinearity[60] between the variables.

#### 6.3.1.1 Environmental Uncertainty

Eight items were selected to measure perceived environmental uncertainty. Respondents were asked to indicate on a seven-point Likert scale the extent to which each of the items was 'always predictable' (1) or 'always unpredictable' (7) insofar as it reflected the general and task environments[61] in which their firm was operating. As per Table 6.8 the results show low mean values for all items (ranging from 3.1 to 4.25), which indicates that the respondents had mixed perceptions about the degree of predictability ("a little predictable" to "neither predictable nor unpredictable") of the Fijian business environment. Natural disasters (e.g. floods) were perceived to be the major cause of environmental uncertainty with a highest mean score of 4.246. Several items that were also difficult for the respondents to predict with certainty included political stability and global economic trends (equal means 3.908), government regulations (mean 3.846) and economic stability (mean 3.769). Alternatively, customer demands (3.338), tourism industry policies (mean 3.108) and competitors' actions (mean 3.046)

---

[60] Multicollinearity is defined as "the extent to which a variable can be explained by the other variables in the analysis. As multicollinearity increases, it complicates the interpretation of the variate because it is more difficult to ascertain the effect of any single variable, owing to their interrelationships" (Hair et al., 2010, p. 2).

[61] The general environment pertains to external factors that are uncontrollable by a business such as the political, economic and legal environment. Task environment (also known as micro-environment) pertains to external factors that directly influence a business such as customer demands and competitors' actions.

had lower mean scores. This indicates that these three items were perceived by respondents to be less uncertain or a little predictable.

**Table 6.8: Descriptive Statistics for Environmental Uncertainty**

| Construct and Items | N | Minimum | Maximum | Mean | SD |
|---|---|---|---|---|---|
| **Environmental Uncertainty** | | | | | |
| EU7 natural disasters (e.g. floods) | 65 | 1 | 7 | 4.246 | 1.912 |
| EU6 political stability | 65 | 1 | 7 | 3.908 | 1.665 |
| EU8 global economic trends | 65 | 1 | 7 | 3.908 | 1.518 |
| EU3 government regulations | 65 | 1 | 7 | 3.846 | 1.787 |
| EU4 economic stability | 65 | 1 | 7 | 3.769 | 1.487 |
| EU2 customer demands | 65 | 1 | 6 | 3.338 | 1.986 |
| EU5 tourism industry policies | 65 | 1 | 6 | 3.108 | 1.733 |
| EU1 competitors' actions | 65 | 1 | 7 | 3.046 | 1.709 |

### *6.3.1.2 Ownership (by Ethnicity)*

Ownership was measured by the main business Owner's cultural orientation (ethnicity), and is a categorical variable. It is also a contingent variable, focusing particularly on the three dominant ethnic groups that may influence PMS use. Table 6.9 shows that the majority (41.5 percent) of the respondent businesses were owned by Europeans, followed by *itaukei* (indigenous Fijians) (18.5 percent) and Indo-Fijians (13.8 percent). These are the three dominant ethnic groups in Fiji.

**Table 6.9: The Main Business Owner's Cultural Orientation (Ethnicity)**

| Ethnicity | Number of Owners | Percent |
|---|---|---|
| European | 27 | 41.5 |
| *iTaukei* (indigenous Fijian) | 12 | 18.5 |
| Indo-Fijian | 9 | 13.8 |
| Part-European | 6 | 9.2 |
| Chinese | 1 | 1.5 |
| Other[62] | 10 | 15.4 |
| Total | 65 | 100 |

---

[62] Respondents were asked to specify their cultural background if they ticked the option "Other". A total of 10 respondents ticked this box and their responses were as follows: owned by an organisation (1); both Chinese and European (1); mixture of cultures (1); a couple: one Fijian and 1 European (1); American (1); Australian (3); Italian (1); and Korean (1).

The seven ethnic categories[63] were re-categorised into three main categories consisting of the three dominant ethnic groups in Fiji (i.e. *itaukei*/indigenous Fijians, Europeans/part-Europeans and Indo-Fijians).[64] This was deemed necessary to make the analysis and interpretation of the data of this construct more meaningful. Pallant (2005) states that calculating the mean and standard deviation (SD) for categorical variables is not appropriate, and instead suggests the use of frequencies when calculating their descriptive statistics. Hence, Table 6.10 presents the revised frequencies based on the three dominant ethnic groups in this study (as explained in footnote 64).

**Table 6.10: Frequency for Ownership (by Ethnicity) of Main Business Owners**

| Ethnicity | Number of Owners | Percent |
|---|---|---|
| European | 42 | 64.6 |
| *iTaukei* (indigenous Fijian) | 12 | 18.5 |
| Indo-Fijian | 11 | 16.9 |
| Total | 65 | 100 |

### 6.3.1.3 Size

Organisational size was determined by the number of full-time employees and the number of rooms each accommodation-type had.[65] Slightly more than one-third of the respondent businesses (i.e. 35 percent) employed five employees or less (see Table 6.11); this is categorised as a micro business, according to Fiji's SME Act (2002), as defined in Chapter 2. A small business is defined in the SME Act as employing between six and 20 employees, and a medium-sized business employs between 21 and 50 employees. The majority (48 percent) of the respondent businesses employed between six and 50 employees (see Table 6.11), and fell within the SME definition of this study (based on the number of employees' criterion). Only 11 percent

---

[63] Refer to Section 2, Q7 in the final survey questionnaire (See Appendix 4).

[64] Any respondent of European descent, including American and Italian respondents were added to the "European" category (i.e. six "Part-Europeans" and nine out of the ten respondents who were categorised under "Other"). The one Chinese and one Korean respondent were both added to the "Indo-Fijian" category on the basis that they were of Asian descent.

[65] The demographics data pertaining to accommodation capacity (e.g. number of rooms and beds) in this section corresponds to questions in Section 1, Question 5 in the final survey questionnaire (See Appendix 4).

(seven) of the respondent businesses had more than 50 employees, which would be categorised as large.

**Table 6.11: Number of Full-time Employees**

| Number | Number of Businesses | Percent |
|---|---|---|
| None | 4 | 6.2 |
| 1–5 | 23 | 35.4 |
| 6–20 | 20 | 30.8 |
| 21–50 | 11 | 16.9 |
| 51–100 | 2 | 3.1 |
| Over 100 | 5 | 7.7 |
| Total | 65 | 100 |

Using number of rooms as a size parameter (see Table 6.12), the majority (94 percent) of the respondent businesses fell in the category of a small accommodation business defined in this study (e.g. having up to 50 rooms) and the remaining 6 percent (four) of the respondent businesses were medium-sized (i.e. had between 51 and 100 rooms). Therefore, the majority of the responding businesses in the sample did meet the study's definition of an SME under both parameters of size (i.e. number of employees and number of rooms). Furthermore, these results confirm that all of the respondent businesses were SME tourism accommodation providers, which were the target group for this study.

**Table 6.12: Number of Rooms**

| Number | Number of Businesses | Percent |
|---|---|---|
| 1–5 rooms | 16 | 24.6 |
| 6–10 rooms | 23 | 35.4 |
| 11–20 rooms | 12 | 18.5 |
| 21–30 rooms | 5 | 7.7 |
| 31–40 rooms | 4 | 6.2 |
| 41–50 rooms | 1 | 1.5 |
| 51–100 rooms | 4 | 6.2 |
| Total | 65 | 100 |

Table 6.13 indicates the accommodation capacity of the respondent businesses, represented by number of beds. Twenty-five percent of the respondent businesses had up to ten beds; 80 percent had up to 50 beds, with a lesser number (20 percent) having more than 50 beds. This result is consistent with the demographic statistics based on number of rooms (see Table 6.12), which confirms that the majority of the respondent businesses were small tourism

accommodation operators, with only a small number of medium-sized operators, as measured by the number of rooms ( > 50 rooms) and the number of beds (> 70 beds).

**Table 6.13: Number of Beds**

| Number | Number of Businesses | Percent |
|---|---|---|
| 1–10 beds | 16 | 24.6 |
| 11–20 beds | 12 | 18.5 |
| 21–30 beds | 10 | 15.4 |
| 31–40 beds | 9 | 13.9 |
| 41–50 beds | 5 | 7.7 |
| 51–60 beds | 4 | 6.2 |
| 61–70 beds | 2 | 3.1 |
| > 70 beds[66] | 7 | 10.8 |
| Total | 65 | 100 |

Results in Tables 6.14 and 6.15 reveal two further dimensions of the accommodation capacity of the respondent businesses, in terms of number of units[67] and number of dormitories. A vast majority (83.1 percent) offered unit-style accommodation, which suggests that they may be targeting the upper-market range of tourists to a greater extent than the lower-income market range. However, given that 44.6 percent of the respondent businesses indicated that they also offered dormitory-type accommodation indicates that Fijian SME tourism accommodation operators also cater for the lower-income tourist market, such as backpackers, who normally seek dormitory-style accommodation. In contrast, over half of the respondent businesses (55.4 percent) did not offer dormitory accommodation. The accommodation capacity of the respondent businesses, as represented by number of rooms, beds, units and dormitories, is part of the physical resources of the businesses.

---

[66] Number of respondent businesses in this category all had over 100 beds as follows: 105 beds (1); 142 beds (1); 163 beds (2); 177 beds (1); 180 beds (1) and 184 beds (1).

[67] A unit is a large, possibly a self-contained style of accommodation, consisting of one or more bedrooms, and may contain cooking facilities and other amenities not available in a standard hotel room type of accommodation.

**Table 6.14: Number of Units**

| Number | Number of Businesses | Percent |
|---|---|---|
| None | 11 | 16.9 |
| 1–5 units | 26 | 40.0 |
| 6–10 units | 14 | 21.5 |
| 11–20 units | 7 | 10.8 |
| 21–30 units | 3 | 4.6 |
| 31–40 units | 1 | 1.5 |
| 41–50 units | 0 | 0.0 |
| 51–100 units | 3 | 4.6 |
| Total | 65 | 100 |

**Table 6.15: Number of Dormitories**

| Number | Number of Businesses | Percent |
|---|---|---|
| None | 36 | 55.4 |
| 1 dormitory | 11 | 16.9 |
| 2 dormitories | 2 | 3.1 |
| 3 dormitories | 5 | 7.7 |
| 4 dormitories | 2 | 3.1 |
| 5 dormitories | 3 | 4.6 |
| 10 dormitories | 1 | 1.5 |
| 18 dormitories | 3 | 4.6 |
| 20 dormitories | 1 | 1.5 |
| 40 dormitories | 1 | 1.5 |
| Total | 65 | 100 |

A careful examination of the responses reveals that in some instances, respondents either filled out number of rooms or number of units. For instance, several respondents filled in the number of units, and indicated the number of rooms to be zero and vice-versa. Therefore, in a few cases where respondents indicated the number of units, but indicated zero for number of rooms, it was decided to equate the number of rooms with the number of units, as "number of rooms" was one of the parameters used to define size in this study. It was envisaged that this treatment would not distort the size parameter results significantly, based on the number of rooms.

### 6.3.1.4 Strategy

Strategy was measured using Porter's (1980) strategy framework of low-cost strategy versus differentiation strategy. Two items measured low-cost strategy and four items measured differentiation strategy. Using a seven-point Likert scale, respondents were asked to indicate the extent to which these items were not emphasised (1) or always emphasised (7) by the firm over the past three years. This question was reverse coded before the data analysis was performed. A score of more than 4 across the items measuring low-cost strategy was considered to be potentially more low cost in focus, while a score of more than 4 across the items measuring differentiation strategy was considered to be relatively more differentiated in its focus. As per Table 6.16, three out of the four items relating to the pursuit of a differentiation strategy produced higher mean scores compared to the two items relating to the pursuit of a low-cost strategy.

**Table 6.16: Descriptive Statistics for Strategy**

| Constructs and Items | N | Minimum | Maximum | Mean | SD | Average Mean | Average SD |
|---|---|---|---|---|---|---|---|
| **Strategy** | | | | | | | |
| **i) Low-cost Strategy** | | | | | | 5.092 | 1.355 |
| S2 Achieve low service costs | 65 | 2 | 7 | 5.508 | 1.480 | | |
| S6 Offer low price on services | 65 | 1 | 7 | 4.677 | 1.778 | | |
| **ii) Differentiation Strategy** | | | | | | 6.092 | 0.828 |
| S1 Provide high-quality services | 65 | 5 | 7 | 6.538 | 0.709 | | |
| S5 Provide on-time service delivery | 65 | 2 | 7 | 6.262 | 0.989 | | |
| S3 Customise services to customers' needs | 65 | 2 | 7 | 6.092 | 1.155 | | |
| S4 Introduce new services quickly | 65 | 2 | 7 | 5.477 | 1.470 | | |

This indicates that respondents tended to emphasise a differentiated approach to a greater extent, and providing quality services (mean 6.538), on-time service delivery (mean 6.262) and customising services to customers' needs (mean 6.092) were strategic priority areas for the firms. A paired samples t-test was conducted to determine whether there was a statistically significant mean difference between low-cost strategy compared to differentiation strategy. There was a statistically significant difference in the scores for low-cost strategy (Mean = 5.092, SD = 1.355) and differentiation strategy (Mean = 6.092, SD =0.828); $t(64) = -6.495$, $p = 0.000$. Hence, it can be concluded that respondents used differentiation strategy significantly more than the use of low cost strategy.

Alternatively, the need for respondents to monitor their costs simultaneously (but not adopting a low-cost strategy *per se*) while providing customers with high-quality and on-time service delivery etc. (e.g. Chenhall, 2003) was evident. For instance, a score of 5 depicts "a great emphasis" and item S2 "achieve low service costs" has a mean score of 5.508, which indicates that respondents may also be conscious of their costs when delivering their services. However, offering low price on services was not always emphasised given its lower mean score of 4.677.

### 6.3.1.5 Relationship Between Contingent Factors

As mentioned previously, a correlation matrix was produced to ascertain if there were any correlations among the four independent variables, or contingent factors. Table 6.17 shows the correlation matrix of the four contingent variables, using their composite scores (where applicable). This also provided an indication of multicollinearity between the variables. The results show that there are no issues with multicollinearity among the four contingent factors as the correlations between the variables were below the recommended threshold of 0.70 (Hair et. al, 2010). There were a few significant relationships among the contingent variables, and these were expected. For instance, the significant relationship (at the 0.01 level) between the two measures of size (i.e. number of employees and room size) is related and acceptable. Also, the significant correlation (at the 0.01 level) between low-cost strategy and differentiation strategy was expected and the findings of this study also confirmed this. While there were significant correlations (at the 0.05 level) between the variable constituting strategy and size, and environmental uncertainty and size, overall, there was no correlation at the 0.01 level between any of the contingent variables, hence, the researcher did not consider these relationships in the PLS model, instead, all the contingent factors were treated as independent variables.

**Table 6.17: Correlation Matrix (Pearson) for Four Contingent Factors**

| Variables | Environmental Uncertainty | Ownership (by ethnicity) | Size (Number of Rooms) | Size (Number of Full Time Employees) | Low-cost Strategy | Differentiation Strategy |
|---|---|---|---|---|---|---|
| Environmental Uncertainty | 1 | 0.050 | -0.280 | -0.126 | -0.067 | -0.121 |
| Ownership by ethnicity) | | 1 | 0.001 | 0.140 | -0.121 | 0.080 |
| Size (Number of Rooms) | | | 1 | **0.461**\* | 0.267 | 0.147 |
| Size (Number of Full Time Employees) | | | | 1 | 0.024 | 0.109 |
| Low-cost Strategy | | | | | 1 | **0.437**\* |
| Differentiation Strategy | | | | | | 1 |

\*. Correlation is significant at the 0.01 level (2-tailed).

### 6.3.2 Descriptive Statistics: Use of PMSs

The use of PMSs was measured using two constructs: diagnostic use and interactive use (Simons, 1987, 1990). Four items measured the diagnostic use of PMSs and seven items measured interactive use. The respondents were asked to indicate on a seven-point Likert scale the extent to which they currently used PMSs (including use of performance measures), ranging from "not at all" (1) to "always" (7). This question was reverse coded before the data analysis was performed. A score of more than 4 across the items measuring diagnostic use was considered to be potentially more diagnostic, while a score of more than 4 across the items measuring interactive use was considered to be relatively more interactive. Table 6.18 shows the descriptives for both the constructs. The results reveal that diagnostic use of PMSs was predominantly "to monitor results" (mean 5.492) and "to track progress towards goals" (mean 5.400), as these two items had mean values greater than the average mean of 5.327. Alternatively, the remaining two items (DU3 and DU4) of the diagnostic use construct had mean scores below the average mean, which indicates a relatively low level of diagnostic use. In contrast, four out of the seven items measuring interactive use had means above the average mean of 5.470, which indicates a relatively high level of interactive use. Also, six out of the seven items measuring interactive use had higher mean scores compared to the average mean of 5.327 for all four items measuring diagnostic use.

As per Table 6.18, the overall ranking of the mean scores of the use of PMSs (diagnostic and interactive) reveals that four items (IU1, IU5, IU6, IU3) measuring interactive use had the highest mean scores in descending order. The results indicate that Owner-Managers tend to use

PMSs interactively to a greater extent than diagnostically, even though some diagnostic use was evident.

A paired samples t-test was conducted to determine whether there was a statistically significant mean difference between diagnostic use of PMSs compared to interactive use of PMSs. However, there was no statistically significant difference in the scores for use of PMSs (Mean = 5.327, SD = 1.759) and interactive use of PMSs (Mean = 5.470, SD = 1.482); t(64) = -1.093, p = 0.279. Hence, it can be concluded that respondents used PMSs diagnostically and interactively interchangeably.

**Table 6.18: Descriptive Statistics for Use of PMSs**

| Constructs and Items | N | Minimum | Maximum | Mean | SD | Average Mean | Average SD |
|---|---|---|---|---|---|---|---|
| **Use of PMSs** | | | | | | | |
| **i) Diagnostic Use** | | | | | | 5.327 | 1.759 |
| DU2 To monitor results | 65 | 1 | 7 | 5.492 | 1.795 | | |
| DU1 To track progress towards goals | 65 | 1 | 7 | 5.400 | 1.894 | | |
| DU3 To compare outcomes to expectations | 65 | 1 | 7 | 5.246 | 1.837 | | |
| DU4 To review key measures | 65 | 1 | 7 | 5.169 | 1.917 | | |
| **ii) Interactive Use** | | | | | | 5.470 | 1.482 |
| IU1 To enable discussion in meetings between management and employees | 65 | 1 | 7 | 5.800 | 1.383 | | |
| IU5 To enable the business to focus on common issues | 65 | 1 | 7 | 5.538 | 1.631 | | |
| IU6 To enable the business to focus on critical success factors | 65 | 1 | 7 | 5.523 | 1.612 | | |
| IU3 To provide a common view of the business | 65 | 1 | 7 | 5.508 | 1.612 | | |
| IU4 To tie the business together | 65 | 1 | 7 | 5.431 | 1.667 | | |
| IU7 To develop a common vocabulary in the business | 65 | 1 | 7 | 5.400 | 1.703 | | |
| IU2 To enable continual challenge and debate underlying data, assumptions and action plans | 65 | 1 | 7 | 5.092 | 1.843 | | |

### 6.3.3 Descriptive Statistics: Resource-based View and Capabilities

This section presents the descriptive statistics for the four organisational capabilities relevant to the context of this study: teaming of resources, organisational routines, entrepreneurship and innovativeness. Respondents were asked to indicate on a seven-point Likert scale the extent to which each of the items measuring the four capabilities described their business capabilities,

212

ranging from "is not at all descriptive" (1) to "is very descriptive" (7). Tables 6.18 to 6.21 show the descriptive statistics for each of the four capabilities, and these will be discussed briefly below. A score of more than 4 in each of the items measuring a capability signifies a business being more likely to have at its disposal those particular items. A score of 6 depicts "is descriptive" and a score of 7 denotes the item(s) "is very descriptive".

### 6.3.3.1 Teaming of Resources

Fourteen items were selected to measure the respondent businesses' resources, which consisted of seven tangible and seven intangible resources. Table 6.19 shows that all of the seven items measuring tangible resources had a mean score over 5, whilst only four of the seven items measuring intangible resources had a mean score over 5. This suggests that the Owner-Managers have more tangible resources at their disposal, relative to intangible resources. This implies that they have less access to intangible resources as a source of competitive advantage. Related to tangible resources, there were three items with relatively lower mean scores, below the average mean of 5.965, namely "well-equipped tourist facilities" (mean 5.938), "have reliable employees" (mean 5.877) and "cash flow availability" (5.754), indicating that these were three resource constraints respondents' faced in their business. Having "good management skills" was the most highly rated intangible resource (mean 5.985); however, low mean scores (below the average mean of 5.099) were noted for intangible resource items R7, R14 and R13.

High SDs from the mean value were evident for four items listed as intangible resources, namely: "strong family support" (SD 1.904); "established partnerships with travel agents" (SD 2.012), "previous business experience as an entrepreneur" (SD 2.219) and "previous work experience in the tourism industry" (SD 2.069). A possible reason for the high variability (i.e. some were very high and some were very low) in the responses relating to "established partnerships with travel agents" was because the vast majority of the respondent businesses were categorised as a small business, with differing size, based on the number of rooms (see Table 6.12). Hence, it may be that businesses with one to five rooms may not have established partnerships with travel agents, compared to businesses with 11 or more rooms. Further, established businesses rely less on travel agents than do new businesses. These reasons may explain the high SD reported for this item. These discrepancies will be evaluated in the discussion chapter (Chapter 7).

**Table 6.19: Descriptive Statistics for Teaming of Resources**

| Capabilities | N | Minimum | Maximum | Mean | SD | Average Mean | Average SD | t-value | p-value |
|---|---|---|---|---|---|---|---|---|---|
| **i) Teaming of Resources** | | | | | | | | | |
| **a) Tangible Resources** | | | | | | 5.965 | 0.828 | | |
| R4 Good business location | 65 | 2 | 7 | 6.108 | 1.226 | | | 13.857 | 0.000 |
| R12 Adequate telecommunications facilities (e.g. telephone) | 65 | 2 | 7 | 6.092 | 1.355 | | | 12.452 | 0.000 |
| R10 Have employees who are team players | 65 | 2 | 7 | 6.015 | 1.139 | | | 14.269 | 0.000 |
| R11 Have access to information technology (e.g. website) | 65 | 2 | 7 | 5.969 | 1.369 | | | 11.597 | 0.000 |
| R2 Well-equipped tourist facilities | 65 | 1 | 7 | 5.938 | 1.184 | | | 13.197 | 0.000 |
| R9 Have reliable employees | 65 | 1 | 7 | 5.877 | 1.409 | | | 10.742 | 0.000 |
| R8 Cash flow availability | 65 | 1 | 7 | 5.754 | 1.392 | | | 10.156 | 0.000 |
| **b) Intangible Resources** | | | | | | 5.099 | 1.156 | | |
| R1 Good management skills | 65 | 3 | 7 | 5.985 | 1.038 | | | 15.412 | 0.000 |
| R5 Strong family support | 65 | 1 | 7 | 5.431 | 1.904 | | | 6.059 | 0.000 |
| R6 Strong community support | 65 | 1 | 7 | 5.308 | 1.610 | | | 6.549 | 0.000 |
| R3 Network with key industry players | 65 | 1 | 7 | 5.169 | 1.664 | | | 5.666 | 0.000 |
| R7 Established partnerships with travel agents | 65 | 1 | 7 | 4.831 | 2.012 | | | 3.329 | **0.001** |
| R14 Previous business experience as an entrepreneur | 65 | 1 | 7 | 4.723 | 2.219 | | | 2.628 | **0.011** |
| R13 Previous work experience in the tourism industry | 65 | 1 | 7 | 4.246 | 2.069 | | | 0.959 | **0.341** |

Also, the high standard deviations reported for the items measuring intangible resources may be better explained by the one-sample t-test. The results of the one-sample t-test for both tangible and intangible items are listed in Table 6.19. These are depicted as the significance of the mean values of each of the items from the neutral or mid-point of 4 (based on the Likert-scale). Each of the mean of the items measuring tangible resources were significantly different from the mid-point of 4 (i.e. $p = 0.000$). This indicates that all the items measuring tangible resources were at the respondents' disposal, and may be considered to be necessary in operating their businesses smoothly. Alternatively, all of the items measuring intangible resources were significantly different from the mid-point of 4 (i.e. $p < 0.01$ and $p < 0.05$), except for item R13. This result explains the high SD reported for these items. Overall, this result indicates that the

respondents also have access to the intangible resources listed, and how a mix of both tangible and intangible resources are necessary to operate their businesses smoothly.

A paired samples t-test was conducted to determine whether there was a statistically significant mean difference between tangible resources compared to intangible resources. The results revealed that the mean score of tangible resources (Mean = 5.965; SD: 0.828) was greater than the mean for intangible resources (Mean = 5.099; SD: 1.156); t(64) = 7.240, p = 0.000. Hence, the result indicates that respondents had access to tangible resources significantly more than intangible resources.

### 6.3.3.2 Organisational Routines

Nine items were selected to measure organisational routines. All of the items measuring organisational routines (see Table 6.20) had mean scores over 5, indicating the Owner-Managers have these routines in their business. OR9, OR5 and OR4 constituted the routines most descriptive of the respondent businesses. OR2 and OR1 were routines with the lowest mean scores. This indicates that "practicing business planning" (OR2) and "practicing strategy development" (OR1) were less descriptive of the routines inherent in the sample businesses.

**Table 6.20: Descriptive Statistics for Organisational Routines**

| Capabilities | N | Minimum | Maximum | Mean | Standard Deviation | t-value | p-value |
|---|---|---|---|---|---|---|---|
| **ii) Organisational Routines** | | | | | | | |
| OR9 Maintaining a proper accounting or bookkeeping system | 65 | 3 | 7 | 6.246 | 1.031 | 17.560 | 0.000 |
| OR5 Adopting a customer focused approach to running the business | 65 | 1 | 7 | 6.154 | 1.176 | 14.770 | 0.000 |
| OR4 Following defined systems and procedures for key business operations | 65 | 1 | 7 | 6.062 | 1.059 | 15.697 | 0.000 |
| OR6 Practicing staff management | 65 | 3 | 7 | 5.754 | 1.046 | 13.514 | 0.000 |
| OR8 Monitoring business operations across different activities or departments | 65 | 1 | 7 | 5.662 | 1.471 | 9.104 | 0.000 |
| OR7 Adopting self-sustainable initiatives | 65 | 2 | 7 | 5.615 | 1.578 | 8.253 | 0.000 |
| OR3 Adopting quality management systems | 65 | 1 | 7 | 5.569 | 1.457 | 8.681 | 0.000 |
| OR2 Practicing business planning | 65 | 1 | 7 | 5.415 | 1.467 | 7.777 | 0.000 |
| OR1 Practicing strategy development | 65 | 1 | 7 | 5.354 | 1.397 | 7.815 | 0.000 |

The one-sample t-test (see Table 6.20) revealed that each of the mean of the items measuring organisational routines were significantly different from the mid-point of 4 (i.e. p = 0.000). This indicates that all the items measuring organisational routines were practised by the respondents in one form or another.

### 6.3.3.3 Entrepreneurship

Six items were selected to measure entrepreneurship. Table 6.21 shows that only one item ("wide-ranging acts are necessary to achieve objectives") had a mean score greater than 5 (mean 5.369). The five remaining items had mean scores between 4 and 5. The results indicate that the Owner-Managers need to pursue a range of different activities in order to meet their objectives, and were less inclined to specialise in a particular area. Moreover, they were limited in scope insofar as identifying and capitalising on new ideas as a source of competitive advantage for them, thus restricting the Owner-Managers' entrepreneurial orientation.

The one-sample t-test (see Table 6.21) revealed that each of the mean of the items measuring entrepreneurship were significantly different from the mid-point of 4 (i.e. p < 0.01), except for E5. This indicates that overall, the respondents carried out entrepreneurial behaviour and activities, as part of the capabilities necessary to operate their businesses.

**Table 6.21: Descriptive Statistics for Entrepreneurship**

| Capabilities | N | Minimum | Maximum | Mean | Standard Deviation | t-value | p-value |
|---|---|---|---|---|---|---|---|
| **iii) Entrepreneurship** | | | | | | | |
| E1 Wide-ranging acts are necessary to achieve objectives | 65 | 1 | 7 | 5.369 | 1.654 | 6.673 | 0.000 |
| E4 First business to introduce new services, techniques, etc. | 65 | 1 | 7 | 4.908 | 1.893 | 3.865 | 0.000 |
| E3 Continually offer new services | 65 | 1 | 7 | 4.862 | 1.704 | 4.077 | 0.000 |
| E6 Gradually explore the environment, cautious behaviour | 65 | 1 | 7 | 4.815 | 1.776 | 3.702 | 0.000 |
| E2 Dramatic changes in services | 65 | 1 | 7 | 4.646 | 1.709 | 3.049 | 0.003 |
| E5 Adopt a very competitive, "undo-the-competitors" posture | 65 | 1 | 7 | 4.446 | 1.854 | 1.940 | 0.057 |

### 6.3.3.4 Innovativeness

Three items were selected to measure innovativeness (see Table 6.22). The highest mean score was for the item "management actively seeks innovation and ideas" (mean 6.123), suggesting that the Owner-Managers were innovative. The one-sample t-test (see Table 6.22) revealed that each of the mean of the items measuring innovativeness were significantly different from the mid-point of 4 (i.e. $p < 0.01$). This indicates that overall, the respondents favoured innovation, as part of the capabilities necessary to operate their businesses.

**Table 6.22: Descriptive Statistics for Innovativeness**

| Capabilities | N | Minimum | Maximum | Mean | Standard Deviation | t-value | p-value |
|---|---|---|---|---|---|---|---|
| **iv) Innovativeness** | | | | | | | |
| I1 Management actively seeks innovation and ideas | 65 | 3 | 7 | 6.123 | 0.944 | 18.135 | 0.000 |
| I3 Innovation is perceived as too risky and is resisted | 65 | 1 | 7 | 3.200 | 1.796 | -3.592 | 0.001 |
| I2 People (incl. employees) are penalised for new ideas that don't work | 65 | 1 | 7 | 2.446 | 1.759 | -7.121 | 0.000 |

### 6.3.3.5 Relationship Between Capabilities

A correlation matrix based on composite values of the four capabilities used in this study was produced to ascertain if there were any relationships among the four capabilities, and to determine the presence of multicollinearity between the variables. Table 6.23 shows the results and no strong relationships were found between these variables (the correlation coefficients were much less than 0.70). There were also no multicollinearity issues present.

**Table 6.23: Correlation Matrix (Pearson) for Four Capabilities**

| Variables | Teaming of resources | Organisational routines | Entrepreneurship | Innovativeness |
|---|---|---|---|---|
| Teaming of resources | 1 | **-0.553**[**] | **0.388**[**] | -0.119 |
| Organisational routines | | 1 | **-0.473**[**] | 0.185 |
| Entrepreneurship | | | 1 | -0.265[*] |
| Innovativeness | | | | **1** |

**. Correlation is significant at the 0.01 level.

*. Correlation is significant at the 0.05 level.

While there were significant correlations (at 0.01 level) between several of the composite variables constituting the capabilities, the researcher treated the capabilities as independent variables. The primary reason for this was that this study followed Henri (2006a), who also showed significant correlations between the capabilities variables, but these relationships between the variables and how this may have influenced the SEM models was not considered in Henri's research. Hence, like Henri (2006a), this study only considered the independent effect of the capabilities variables on organisational performance. The significant correlations do provide an indication of the validity of the grouping of the four capabilities used in this research. Future research could consider the relationships between these variables, and with a bigger sample, determine how this may influence the SEM/PLS model.

### 6.3.4 Descriptive Statistics: Organisational Performance

Five items were selected to measure organisational performance (see Table 6.24). A mean score of 5 indicates a "somewhat better" performance compared to respondents' expectations of the measured items, whilst a score of 4 indicates that performance was "about the same" or as expected. Only one performance dimension had the highest mean value, closest to 5 (i.e. item OP5 "compared to competitors" (mean 4.892)). The remainder of the performance dimensions had mean scores closer to 4, with the two financial dimension items of OP3 and OP2 having the lowest mean scores. The one-sample t-test (see Table 6.24) revealed that only the mean of item OP5 was significantly different from the mid-point of 4 ($p = 0.000$). This indicates that the respondents were of the view that they had performed better than their competitors, however, the means of the other items measuring organisational performance were not significantly different from the mid-point of 4, suggesting an overall average business performance reported by the respondents.

**Table 6.24: Descriptive Statistics for Organisational Performance**

| Construct and Items | N | Minimum | Maximum | Mean | Standard Deviation | t-value | p-value |
|---|---|---|---|---|---|---|---|
| **Organisational Performance** | | | | | | | |
| OP5 Compared to competitors | 65 | 1 | 7 | 4.892 | 1.252 | 5.748 | 0.000 |
| OP4 Meeting budget targets | 65 | 1 | 7 | 4.369 | 1.842 | 1.616 | 0.111 |
| OP1 Occupancy rate | 65 | 1 | 7 | 4.292 | 1.702 | 1.384 | 0.171 |
| OP3 Profit | 65 | 1 | 7 | 4.185 | 1.887 | 0.789 | 0.433 |
| OP2 Return on investment | 65 | 1 | 7 | 4.092 | 1.765 | 0.422 | 0.675 |

## 6.4 PLS Model Evaluation

This section discusses the evaluation techniques of the PLS model adopted by this study. The evaluation of the proposed PLS model contains two parts: the measurement model, which is concerned with the relationships between a latent variable and its group of observable indicators, and the structural model which is concerned with the relationships among the latent variables. Hence, a two-step approach was used in this study for data analysis. The measurement model is also called the outer model and the structural model the inner model (Tenenhaus et al., 2005). Both of these models consist of reflective constructs only (see section 4.5.2.5 in Chapter 4) and they will be assessed for reliability and construct validity in sub-sections 6.4.3 and 6.4.4 respectively. The constructs relating to size and ownership (by ethnicity) will not be assessed as they are not latent variables but rather are ordinal and nominal in nature respectively. XLSTAT PLS software (version 2013) was used to evaluate the measurement model, and Partial Least Squares Path Modelling (PLS-PM), an add-in component of XLSTAT was used to obtain the results of both the measurement model and the structural model. The PLS model provides statistics indicating the significance and strength of the relationships between the variables and also provides statistics on the reliability and validity of the multi-item constructs.

The measurement model or the outer model defines "how each block of indicators relate to its latent variables" (Chin and Newsted, 1999, p. 322). Before evaluating the structural model, one must demonstrate that the measurement model has a satisfactory level of validity and reliability (Fornell and Larcker, 1981). This is to ensure that subsequent data analysis and interpretation are based on valid scales (Chin, 1998). The measurement model was assessed by examining for inter-correlations among the indicators, in particular their uni-dimensionality, construct reliability and construct validity. These tests are discussed next.

### 6.4.1 Evaluate Factorability of Constructs

One of the benefits of using PLS as a multivariate technique for management accounting researchers is its ability to use non-normal data due to the less rigorous (less strict) assumptions underpinning the technique, thus allowing for sample size to be smaller (Smith and Lang-field-Smith, 2004). This was one of the reasons that justified the use of PLS in this study (see Chapter 4), due to the small sample size (65 respondents). The approach that guided the factor analysis in this study is composed of five steps, and are listed below (Williams et al., 2010).

- Is the data suitable for factor analysis?

- How will the factors be extracted?

- What criteria will assist in determining the factor extraction?

- Selection of rotational method

- Interpretation and labelling

Further, Table 6.25 summarises the assumptions and sequential procedures that guided the decisions concerning the suitability of conducting factor analysis, and the subsequent interpretation of the factor analysis. These are discussed next.

**Table 6.25: Summary of Assumptions Underlying Factor Analysis**

| Criteria | Description |
|---|---|
| 1. Sample size | Minimum of 50 |
| 2. No. of variables (items) per proposed factor | At least 5 items |
| 3. Correlation matrix | Inter-correlations of 0.30 or more |
| 4. Statistical tests of significance of factor loadings:<br><br>i) Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy<br><br>ii) Bartlett's test of sphericity | <br><br>i) Significant at the 0.05 level<br><br><br>ii) Greater than 0.50 |
| 5. Number of factors to be retained | i) Factors with eigenvalues greater than 1.0<br><br>OR<br><br>ii) A predetermined number of factors based on prior research |
| 6. Percentage of variance explained | 60 percent or higher |
| 7. Communalities | 0.60 or higher |
| 8. Factor loadings (of each item on each factor) | 0.30 to 0.40 are minimally acceptable; greater than 0.50 may be required for practical significance |
| 9. Cross-loadings (where an item is found to have more than one significant loading on two or more factors) | 0.32 or more<br>0.50 or more (a strong cross-loading) |

*Source*: Tabachnick and Fidell (2013); Hair et al. (2010)

### 6.4.2 Factor Analysis

Prior to assessing the internal consistency or reliability of the study's reflective constructs, unidimensionality of the constructs must be established (Gerbing and Anderson, 1988, Hinkin, 1998). Unidimensionality testing involves an examination of the eigenvalues, communalities,

scree test, percentage of variance explained for each set of indicators, factor rotation method and the factor loadings (Hair et al. 2010; Hinkin, 1998). Therefore, before running the factor analysis for the items that measured the study's constructs, it was important to test whether the items were suitable or not for factor analysis. Guided by the guidelines on factor analysis listed on p. 219-220 and Table 6.25, firstly, a correlation matrix (see relevant tables in Appendices) was prepared for each construct to investigate whether the items of each construct were significantly related to each other (Hair et al., 2010). Inter-correlations of 0.30 or more provide evidence of commonality between the items measuring a construct; otherwise, factor analysis may not be appropriate. More complex measures for assessing the strength of the relationships and suggesting factorability of the constructs were examined using Bartlett's test of sphericity (in the SPSS statistical software program) and the KMO measure of sampling adequacy, whose values ought to be significant at the level of 0.05 and greater than 0.50 respectively.

Given the nature of this research, this study used Exploratory Factor Analysis (EFA). Specifically, it used Principal Axis Factoring (PAF) rather than Principal Components Analysis (PCA) for factor extraction. Furthermore, PAF was suited to the objective of the factor analysis, which was "to identify underlying factors or dimensions that reflect what the variables share in common" (Hair et al., 2010, p. 107). PAF considers only the common or shared variance of the variables and assumes that both the unique and error variance are not of interest in defining the structure of the variables. Conversely, PCA considers the total variance and the primary objective is focusing on the minimum number of factors needed to account for the maximum portion of the total variance represented in the original set of variables. In the case of PCA, prior knowledge suggests that specific (unique) and error variance represent a smaller proportion of the total variance (Hair et al., 2010). This study relied on the orthogonal factor rotation method, specifically VARIMAX rotation, given that it is the most widely used rotational method (Hair et al., 2010).

A set of indicators is unidimensional if the first eigenvalue is greater than 1.0, and the rest in the set are less than 1.0 or at least far from the first eigenvalue (Tenenhaus et al., 2005). In relation to communalities[68] of the factor items the literature suggests that 0.00 to 0.40 is considered to be low and thus the factor item would struggle to load on to the factor. Also, in

---

[68] The communality is the proportion of each variable's variance that is accounted for by the factor analysis.

the social sciences this would be lower and so lower to moderate communalities, say between 0.40 and 0.70, would be more realistic. Hence we considered a communality of 0.50 to be reasonable for this study. The extracted factors should account for at least 60 percent of the total variance explained, or even less in some instances (Hair et al., 2010); for the purposes of this exploratory study we assume 0.60.

The EFA literature informs us that there are no hard and fast rules concerning factor loadings, but loadings of 0.40 are most commonly used in evaluating factor loadings as meaningful (Ford et al., 1986). Tabachnick and Fidell (2013) and Pallant (2005) note that a loading above 0.30 was suitable. Alternatively, Hair et al. (2010) suggest that factor loadings be evaluated in terms of practical and statistical significance. Factor loadings in the range of $\pm 0.30$ to $\pm 0.40$ are appropriate to meet the minimal level for interpretation of the data set structure where the emphasis is on practical significance. However, the factor loadings for statistical significance are dependent on sample size. In a sample size of 60, a factor loading of 0.70 is required for significance, whilst in a sample size of 70, factor loadings of 0.65 and above are significant (Hair et al., 2010). Being an exploratory study, factor loadings of 0.30 and above will be used as the cut-off value for evaluating the factor loadings in the rotated factor matrices in this research. Further, since the sample size of this study is 65, any factor loading above 0.65 will be of statistical significance and interpreted as loadings that are highly correlated to the extracted factor(s).

A rule of thumb in a multi-dimensional scale is for a minimum of three items to load significantly on each factor in order for all of the subscales to be successfully identified (Raubenheimer, 2004). Hence, no fewer than three items per factor will be required in instances of multi-dimensionality produced by the factor matrix. Normally an item would be deleted from the group if it did not have a loading greater than 0.40 on any factor or if there were cross loadings of more than 0.20 (Hair et al., 2010) or 0.32 (Tabachnick and Fidell, 2003). This would not be appropriate in this study because of its exploratory nature. Instead, in such instances when factor analysis results are weak, the use of summated scales is more appropriate than the use of factor scores. Hence, no item(s) were dropped but they were used in hypothesis testing using summated scales[69] of the latent variables, where applicable. Summated scales were

---

[69] Summated scales/scores is a method of combining several variables/items that measure the same concept into a single variable in an attempt to increase the reliability of the measurement (Hair et al., 2010).

calculated by adding the original scale responses together and determining the mean value. The results of factor analysis are presented in the next sub-sections.

### 6.4.2.1 Unidimensionality Test for Environmental Uncertainty

Eight items were selected to measure environmental uncertainty. Appendix 12 presents the correlation matrix, which shows five[70] out of the eight items had at least one correlation coefficient greater than or equal to 0.30.[71] The results of the tests for factorability of the items measuring environmental uncertainty (see Table 6.26) show that the KMO value is 0.652, indicating that the adequacy of sampling and the Bartlett's test are significant (p = 0.000), further indicating that factor analysis can be performed as correlations exist between the items that measure environmental uncertainty in this study.

**Table 6.26: KMO and Bartlett's Test for Environmental Uncertainty**

| | | |
|---|---|---|
| KMO measure of sampling adequacy | | .652 |
| Bartlett's test of sphericity | Approx. Chi-Square | 89.910 |
| | Df | 28 |
| | Sig. | .000 |

Factor analysis shows that the majority of the items in this construct loaded onto one factor (see Table 6.27) with loadings greater than 0.3 in four of the five items. Fewer items loaded highly on factor two (i.e. two items) and factor three (only one item). Together, these three factors explain 42.649 percent of the total variance, which is weak (below the 60 percent threshold). Communalities for items above 0.40 loading (i.e. five out of the eight items) were equal to or above the 0.50 threshold. Low communalities were found for three items, namely tourism industry policies (EU5), customer demands (EU2) and competitors' actions (EU1). The existence of cross loadings, (greater than 0.20 across four of the items in Factor 1 made interpretability of the factor analysis somewhat problematic, which may be influenced by the limitation of the small sample. Additionally, less than three items loaded on to Factors 2 and 3,

---

[70] These items were government regulations, economic stability, political stability, natural disasters and global economic trends.

[71] The remaining three items: competitors' actions; customer demands and tourism industry policies had correlation coefficients less than 3.0. These items also had lower mean scores (see Section 6.3.1).

which suggests that they are weak factors. While the factor analysis provided some insights into the three underlying dimensions of the environmental uncertainty construct in this study, which were labelled as i) governmental factors (Factor 1); ii) external factors (Factor 2); and iii) competitors (Factor 3), the rotated factor matrix reveals weak factor scores, so it was decided to use summated scales instead, comprising of items in each of the three factors, as shown in the rotated factor matrix (Table 6.27). It is anticipated that the use of summated scales and not factor scores in subsequent analysis would improve the reliability and validity of the environmental uncertainty construct.

**Table 6.27: Rotated Factor Matrix and Communalities for Environmental Uncertainty[72]**

|  | **Factor**[a] | | | |
|---|---|---|---|---|
|  | **1**<br>**Governmental** | **2**<br>**External** | **3**<br>**Competition** | **Communalities** |
| EU4 Economic stability | **0.687** | 0.303 | -0.053 | 0.567 |
| EU6 Political stability | **0.593** | 0.254 | 0.407 | 0.582 |
| EU3 Government regulations | **0.588** | 0.348 | -0.498 | 0.715 |
| EU5 Tourism industry policies | **0.339** | -0.025 | -0.067 | 0.120 |
| EU2 Customer demands | **0.241** | 0.027 | 0.034 | 0.060 |
| EU7 Natural disasters | -0.029 | **0.888** | 0.006 | 0.790 |
| EU8 Global economic trends | 0.320 | **0.608** | 0.062 | 0.475 |
| EU1 Competitors' actions | 0.002 | 0.022 | **0.320** | 0.103 |
|  |  |  |  | **Total** |
| Eigenvalue | 2.175 | 0.718 | 0.519 | 3.412 |
| Percentage of variance explained | 18.071 | 17.966 | 6.6134 | 42.649 |

Extraction method: Principal axis factoring
Rotation method: Varimax with Kaiser normalisation
[a]*Items have been sorted by largest loadings on each factor, in descending order*

---

[72] The unrotated factor matrix for environmental uncertainty is shown in Appendix 13.

### 6.4.2.2 Unidimensionality Test for Strategy

Following the same procedure outlined for the environmental uncertainty scale, six items measuring strategy were examined. The correlation matrix was inspected (see Appendix 14) and all items had at least one correlation with another item greater than the 0.30 cut-off. However, the two items measuring low-cost strategy (items S2 and S6) did not have any correlations greater than 0.40 and they will be interpreted with caution in subsequent data analysis. Table 6.28 shows the KMO measure greater than 0.60, and the Bartlett's Test of Sphericity was statistically significant ($p = 0.000$), thus confirming the factorability of the items.

**Table 6.28: KMO and Bartlett's Test for Strategy**

| | | |
|---|---|---|
| KMO measure of sampling adequacy | | .708 |
| Bartlett's test of sphericity | Approx. Chi-Square | 97.279 |
| | df | 15 |
| | Sig. | .000 |

Table 6.29 summarises the results of rotated factors and item loadings and cross loadings for the strategy construct. Two factors were extracted with a total variance of 52.086 percent, which is weak (below the 60 percent threshold). The majority of the communalities of the six items were sufficiently high (greater than the 0.50 threshold) and all the factor loadings were above the 0.30 cut-off; hence, all the items were retained. Given the pattern of results, it was decided to label Factor 1 as "Differentiation Strategy", which consisted of four items (i.e. S1, S3, S4 and S5). Factor 2, with only two items loading on this factor (i.e. S2 and S6), was labelled "Low-cost Strategy". Therefore, the two-factor rotated solution suggests that the construct of strategy as per the literature may be evident in the results of this study. The existence of cross-loadings (greater than 0.20) in three of the items (S3, S4 and S6) was evident. Owing to the apparent weaknesses in the factor scores produced by the factor matrix, the use of summated scales was adopted in subsequent analysis, comprising items in each of the two factors as shown in the rotated factor matrix (Table 6.29).

**Table 6.29: Rotated Factor Matrix and Communalities for Strategy[73]**

| | Factor[a] | | |
| --- | --- | --- | --- |
| | **1**<br>**Differentiation Strategy** | **2**<br>**Low-cost Strategy** | **Communalities** |
| S5 Provide on-time service delivery | **0.742** | 0.053 | 0. 553 |
| S1 Provide high-quality services | **0.699** | 0.155 | 0. 512 |
| S3 Customise services to customers' needs | **0.671** | 0.270 | 0.523 |
| S4 Introduce new services quickly | **0.472** | 0.313 | 0.321 |
| S2 Achieve low service costs | 0.108 | **0.994** | 1.000 |
| S6 Offer low price on services | 0.319 | **0.338** | 0.216 |
| | | | **Total** |
| Eigenvalue | 2.306 | 0.826 | 3.132 |
| Percentage of variance explained | 30.417 | 21.669 | 52.086 |

Extraction method: Principal axis factoring
Rotation method: Varimax with Kaiser normalisation
[a]*Items have been sorted by largest loadings on each factor, in descending order*

### 6.4.2.3 Unidimensionality Test for Use of PMSs

Eleven items measuring the use of PMSs were examined, comprising two constructs: diagnostic use (four items) and interactive use (seven items). The correlation matrix (see Appendix 16) shows that all variables had strong correlation coefficients with other variables (i.e. > 0.50). Table 6.30 indicates strong confirmation of the factorability of the items. Note the KMO is greater than 0.80 for all 11 items.

**Table 6.30: KMO and Bartlett's Test for Use of PMSs**

| | |
| --- | --- |
| KMO measure of sampling adequacy | .904 |
| Bartlett's test of sphericity      Approx. Chi-Square | 957.322 |
| Df | 55 |
| Sig. | .000 |

[73] Appendix 15 shows the unrotated factor matrix pertaining to the six items measuring strategy.

The rotated solution in Table 6.31 produced a two-factor rotation and is consistent with the *a priori* theory, consisting of two constructs that measure use of PMSs in this study. The results show a clear structure with total variance of 82.717 percent, and the communalities were all above 0.5. The existence of cross-loadings (greater than 0.20) in all of the items indicates weak factor scores produced by the rotated factor matrix. To mitigate this, summated scales will be used rather than factor loadings in subsequent analysis (i.e. hypotheses testing).

**Table 6.31: Rotated Factor Matrix and Communalities for Use of PMSs**

| | Factor | | |
| --- | --- | --- | --- |
| | **1**<br>**Interactive**<br>**Use** | **2**<br>**Diagnostic**<br>**Use** | **Communalities** |
| IU5  To enable the business to focus on common issues | **0.870** | 0.380 | 0.901 |
| IU6  To enable the business to focus on critical success factors | **0.868** | 0.360 | 0.884 |
| IU4 To tie the business together | **0.844** | 0.402 | 0.875 |
| IU3 To provide a common view of the business | **0.826** | 0.448 | 0.883 |
| IU7 To develop a common vocabulary in the business | **0.788** | 0.404 | 0.783 |
| IU1 To enable discussion in meetings between management and employees | **0.628** | 0.426 | 0.576 |
| IU2 To enable continual challenge and debate underlying data, assumptions and action plans | **0.609** | 0.603 | 0.735 |
| DU1 To track progress towards goals | 0.303 | **0.898** | 0.898 |
| DU3 To compare outcomes to expectations | 0.435 | **0.844** | 0.902 |
| DU4 To review key measures | 0.443 | **0.799** | 0.835 |
| DU2 To monitor results | 0.529 | **0.739** | 0.826 |
| | | | **Total** |
| Eigenvalue | 8.273 | 0.826 | 9.099 |
| Percentage of variance explained | 45.901 | 36.816 | 82.717 |

Extraction method: Principal axis factoring
Rotation method: Varimax with Kaiser normalisation
[a]*Items have been sorted by largest loadings on each factor, in descending order*

### 6.4.2.4  Unidimensionality Test for Organisational Capabilities

Organisational capabilities were measured using four distinct latent variables (i.e. teaming of resources, organisational routines, entrepreneurship and innovativeness). With the exception of

innovativeness, each of the three remaining latent variables underwent similar procedures to determine the factorability of the items that measure the three constructs, as well as performing factor analysis using PAF to evaluate the dimensionality of the constructs, as previously followed. The innovativeness construct did not undergo the unidimensionality test as only three items measured this construct; hence determining unidimensionality was considered less useful in this instance. The next few sub-sections discuss the results of the EFA conducted on the three organisational capability constructs.

**a) Unidimensionality Test for Teaming of Resources**

Fourteen items measuring a wide range of key business resources at the businesses' disposal were examined, consisting of a mix of tangible and intangible resources. The correlation matrix (see Appendix 17) shows correlations greater than the 0.30 cut-off. The statistics in Table 6.32 confirm the factorability of the items.

**Table 6.32: KMO and Bartlett's Test for Teaming of Resources**

| | | |
|---|---|---|
| KMO measure of sampling adequacy | | .617 |
| Bartlett's test of sphericity | Approx. Chi-Square | 371.118 |
| | Df | 91 |
| | Sig. | .000 |

The rotated factor matrix (see Table 6.33) shows four factors accounting for 52.549 percent of the total variance (less than 60 percent threshold). The majority of the items loaded strongly on the first factor (> 0.50) and fewer items loaded on the remaining three factors, with cross-loadings (> 0.20), evidence that weakened the interpretability of the rotated factor pattern matrix. However, the results provide insights into the multi-dimensional nature of the teaming of resources construct, with a clearer structure allowing for the labelling of the four extracted factors.

**Table 6.33: Rotated Factor Matrix and Communalities for Teaming of Resources[74]**

_____

| | Factor | | | | |
|---|---|---|---|---|---|
| | **1**<br>**Physical and Other Intangible Resources** | **2**<br>**Owners' Experience and Relational Resources** | **3**<br>**Communication Resources** | **4**<br>**Human** | **Communalities** |
| R6 Strong community support | **0.743** | 0.404 | -0.067 | 0.090 | 0.727 |
| R2 Well-equipped tourist facilities | **0.688** | 0.142 | 0.062 | 0.104 | 0.508 |
| R1 Good management skills | **0.663** | 0.013 | 0.233 | 0.311 | 0.591 |
| R4 Good business location | **0.585** | -0.058 | 0.260 | 0.169 | 0.442 |
| R5 Strong family support | **0.558** | 0.285 | 0.090 | 0.120 | 0.415 |
| R8 Cash flow availability | **0.511** | 0.197 | 0.103 | 0.281 | 0.390 |
| R13 Previous work experience in the tourism industry | 0.037 | **0.747** | 0.195 | 0.001 | 0.598 |
| R14 Previous business experience as an Entrepreneur | 0.162 | **0.608** | 0.056 | 0.093 | 0.408 |
| R7 Established partnerships with travel Agents | 0.310 | **0.369** | -0.366 | 0.140 | 0.386 |
| R3 Network with key industry players | 0.312 | **0.393** | 0.009 | 0.311 | 0.349 |
| R12 Adequate telecommunications facilities (e.g. telephone) | 0.144 | 0.226 | **0.724** | 0.085 | 0.603 |
| R11 Have access to information technology (e.g. website) | 0.356 | 0.070 | **0.529** | 0.100 | 0.422 |
| R10 Have employees who are team Players | 0.290 | 0.084 | 0.112 | **0.886** | 0.889 |
| R9 Have reliable employees | 0.151 | 0.096 | 0.030 | **0.773** | 0.630 |
| | | | | | **Total** |
| Eigenvalue | 4.401 | 1.137 | 0.986 | 0.833 | 7.357 |
| Percentage of variance explained | 20.386 | 11.415 | 8.153 | 12.594 | 52.549 |

Extraction method: Principal axis factoring
Rotation method: Varimax with Kaiser normalisation
[a]_Items have been sorted by largest loadings on each factor, in descending order_

Communalities were over 50 percent for seven out of the 14 items. To mitigate for the weak results produced by the factor analysis as evident in the low percentage of variance explained (52.549 percent), cross-loadings across several items as well as items with low

---

[74] Appendix 18 shows the unrotated factor matrix pertaining to the 14 items measuring teaming of resources.

communalities, summated scales rather than factor loadings will be used in subsequent analysis (i.e. hypotheses testing).

**b) Unidimensionality Test for Organisational Routines**

Nine items were selected to measure organisational routines. The correlation matrix (see Appendix 19) shows that all items have at least one correlation with another item greater than the 0.30 cut-off. The statistics in Table 6.34 confirm the factorability of the items.

**Table 6.34: KMO and Bartlett's Test for Organisational Routines**

| | |
|---|---:|
| KMO measure of sampling adequacy | .797 |
| Bartlett's test of sphericity        Approx. Chi-Square | 390.726 |
| Df | 36 |
| Sig. | .000 |

Based on the rotated factor matrix (see Table 6.35), one factor had an eigenvalue greater than 1 and two factors had eigenvalues close to 1 (i.e. 0.879 and 0.783), with the three factors accounting for 70.723 percent of the total variance. Communalities for seven of the items were greater than 0.50 with only two items (OR7 and OR9) below this threshold. Cross-loadings made the results of the factor matrix weak, exacerbated by only three items loading on each of the extracted factors. All items were retained, but summated scales were used in subsequent analysis. Interpretation of the rotated factor pattern enabled the labelling of the multi-dimensional nature of the organisational routines construct, as indicated in Table 6.35.

**Table 6.35: Rotated Factor Matrix and Communalities for Organisational Routines[75]**

| | Factor | | | |
| | 1<br>Planning and Control Routines | 2<br>Operational Routines | 3<br>Sustainability Routines | Communalities |
|---|---|---|---|---|
| OR2 Practicing business Planning | **0.870** | 0.251 | 0.027 | 0.820 |
| OR1 Practicing strategy development | **0.866** | 0.251 | 0.139 | 0.831 |
| OR3 Adopting quality management systems | **0.771** | 0.299 | 0.335 | 0.796 |
| OR5 Adopting a customer-focused approach to running the business | 0.174 | **0.926** | 0.175 | 0.918 |
| OR4 Following defined systems and procedures for key business operations | 0.355 | **0.769** | 0.199 | 0.756 |
| OR9 Maintaining a proper accounting or bookkeeping system | 0.417 | **0.498** | 0.186 | 0.457 |
| OR8 Monitoring business operations across different activities or departments | 0.512 | 0.269 | **0.695** | 0.818 |
| OR7 Adopting self-sustainable Initiatives | -0.042 | 0.069 | **0.619** | 0.390 |
| OR6 Practicing staff Management | 0.364 | 0.267 | **0.612** | 0.579 |
| | | | | **Total** |
| Eigenvalue | 4.703 | 0.879 | 0.783 | 6.365 |
| Percentage of variance explained | 31.406 | 22.889 | 16.428 | 70.723 |

## c) Unidimensionality Test for Entrepreneurship

Entrepreneurship is the third measure of organisational capability, reflected by six items. All variables had strong correlation coefficients (i.e. > 0.40) with other variables (see Appendix 21). The statistics in Table 6.36 confirm the factorability of the items.

---

[75] Appendix 20 shows the unrotated factor matrix pertaining to the nine items measuring organisational routines.

**Table 6.36: KMO and Bartlett's Test for Entrepreneurship**

| | | |
|---|---|---:|
| KMO measure of sampling adequacy | | .864 |
| Bartlett's test of sphericity | Approx. Chi-Square | 220.337 |
| | Df | 15 |
| | Sig. | .000 |

The rotated factor matrix (see Table 6.37) shows all six items loaded significantly (i.e. > 0.65) on to a single factor with only one significant eigenvalue of 3.573, confirmed by the scree plot. Communalities for five of the six items were greater than 0.50 with only one item (i.e. E6) having communality closer to 0.50 (i.e. 0.468). The single factor explains 59.557 percent of the total variance, which is not a strong result; hence, the use of summated scales will mitigate for this in subsequent analysis.

**Table 6.37: Factor Pattern Matrix and Communalities for Entrepreneurship**

| | Factor 1 | Communalities |
|---|---|---|
| E1 Wide-ranging acts are necessary to achieve objectives | **0.708** | 0.501 |
| E2 Dramatic changes in services | **0.847** | 0.717 |
| E3 Continually offer new services | **0.913** | 0.833 |
| E4 First business to introduce new services, techniques, etc. | **0.744** | 0.554 |
| E5 Adopt a very competitive, "undo the competitors" posture | **0.707** | 0.500 |
| E6 Gradually explore the environment, cautious behaviour | **0.684** | 0.468 |
| | | **Total** |
| Initial eigenvalue | | 3.573 |
| Percentage of variance explained | | 59.557 |

### 6.4.2.5 Unidimensionality Test for Organisational Performance

Organisational performance was measured using five dimensions of performance. These include occupancy rate, return on investment, profit, meeting budget targets and competitors performance. The correlation matrix (see Appendix 22) shows that all variables had strong correlation coefficients with other variables (i.e. > 0.60). The statistics in Table 6.38 confirm the factorability of the items.

**Table 6.38: KMO and Bartlett's Test for Organisational Performance**

| | | |
|---|---|---|
| KMO measure of sampling adequacy | | .882 |
| Bartlett's test of sphericity | Approx. Chi-Square | 388.353 |
| | Df | 10 |
| | Sig. | .000 |

The rotated factor matrix (see Table 6.39) shows all five items loaded significantly (i.e. > 0.70) on to one factor, with only one significant eigenvalue of 4.065, confirmed by the scree plot. Communalities for all five items were greater than 0.50, and the single factor explained 81.308 percent of the total variance. These results indicate that all the items were a good measure of the organisational performance construct, and confirm the unidimensionality of this construct. To be consistent with prior practice, summated scales were used in subsequent analysis.

**Table 6.39: Factor Pattern Matrix and Communalities for Organisational Performance**

| | Factor 1 | Communalities |
|---|---|---|
| OP1 Occupancy rate | **0.884** | 0.782 |
| OP2 Return on investment | **0.941** | 0.886 |
| OP3 Profit | **0.983** | 0.966 |
| OP4 Meeting budget targets | **0.937** | 0.877 |
| OP5 Compared to competitors | **0.745** | 0.555 |
| | | **Total** |
| Initial eigenvalue | | 4.065 |
| Percentage of variance explained | | 81.308 |

### 6.4.3 Construct Reliability

Once the dimensionality of the scales (i.e. unidimensionality or multidimensionality) has been established, the reliability of each construct (or latent variable) is assessed (Gerbing and Anderson, 1988). Construct reliability assessment allows the evaluation of the extent to which a variable or set of variables is consistent in what it intends to measure (Straub et al., 2004; Brunner and Sub, 2005). The reliabilities of each of the latent variables were examined through internal consistency measures, that is, Cronbach's alpha (Cronbach, 1951) and composite reliability also known as Dillon–Goldstein's rho (Werts et al., 1974 c.f. Vinzi et al., 2010).

According to Chin (1998), composite reliability is considered to be a better measure as it uses actual factor loadings whereas Cronbach's alpha uses equal weighting (i.e. each manifest variable is assumed to be equally important in defining the latent variable). In other words, composite reliability is not influenced by existing numbers of items in each scale and uses item loadings extracted from the causal model analysed (Barroso et al., 2010). Also, Cronbach's alpha tends to provide a lower estimation of the internal consistency reliability compared to composite reliability, but they are interpreted in the same way (Henseler et al., 2009).

Recent management accounting studies using PLS-PM have used composite reliability as an internal consistency measure instead of Cronbach's alpha (e.g. Sakka et al., 2013; Pondeville et al., 2013). For these reasons, both estimates to cross check the reliability of the constructs were used in this study. The common threshold for either reliability estimate (i.e. Cronbach's alpha or composite reliability) is 0.7 or higher. Reliability between 0.6 and 0.7 may be acceptable if other indicators of a model's construct validity are good (Hair et al., 2010). High construct reliability indicates that internal consistency exists, meaning that the indicators all consistently represent the same latent construct (Hair et al., 2010). The tests are performed by using bootstrapping procedure in XLSTATPLSPM[76] with 1,000 replications of sampling[77]. The test results of the 15 out of 16 constructs resulting from the EFA are presented in Table 6.40. The "competition" factor under the "environmental uncertainty" construct (see Table 6.27) did not undergo reliability tests as it was comprised of only one item, and hence was omitted. Additionally, the constructs relating to ownership (by ethnicity) and size (based on rooms and number of full-time employees) were not required to undergo the reliability tests as these two constructs are not latent variables. Specifically, both composite reliability and Cronbach's alpha are only applicable to latent variables with reflective indicators (Chin, 1998b).

---

[76] PM in XLSTATPLSPM denotes the Path Modeling component of PLS in the XLSTAT statistical software.

[77] The lack of distributional assumptions in the PLS method requires the use of jack-knife or bootstrap procedures to determine the statistical significance of items and path coefficients (Chin, 1998). Hence, bootstrapping with 1,000 subsamples was carried out (similar to Ferreira et al., 2010).

**Table 6.40: Reliability Results – Cronbach's Alpha and Composite Reliability**

| Constructs | Cronbach's Alpha | Composite Reliability (*Dillon–Goldstein's rho*) |
|---|---|---|
| i) Governmental (GOV) | 0.596 | 0.755 |
| ii) External (EXT) | 0.686 | 0.875 |
| iii) Differentiation Strategy (DS) | 0.728 | 0.845 |
| iv) Low-cost Strategy (LCS) | 0.542 | 0.821 |
| v) Diagnostic Use (DU) | 0.960 | 0.971 |
| vi) Interactive Use (IU) | 0.962 | 0.970 |
| vii) Physical and Other Intangible Resources (P&OIR) | 0.822 | 0.881 |
| viii) Owners' Experience and Relational Resources (OE&RR) | 0.653 | 0.794 |
| ix) Communication Resources (CR) | 0.643 | 0.848 |
| x) Human Resources (HR) | 0.847 | 0.936 |
| x) Planning and Control Organisational Routines (P&COR) | 0.916 | 0.947 |
| xi) Operational Organisational Routines (OPOR) | 0.847 | 0.911 |
| xii) Sustainable Organisational Routines (SOR) | 0.725 | 0.853 |
| xiii) Entrepreneurship (E) | 0.894 | 0.919 |
| xiv) Innovativeness (I) | - | 0.711 |
| xv) Organisational Performance (OP) | 0.953 | 0.971 |

Cronbach's alpha for the majority of the constructs (ten out of 15) exceed 0.70, while all the constructs have composite reliability values that exceed the suggested threshold of 0.70. For the innovativeness construct (IN), only a composite reliability measure was produced when the three items measuring this construct were tested for internal consistency. This result may be explained by the low mean scores recorded for two of the items measuring this construct (see descriptive statistics in Table 6.22). Being an exploratory study, it was decided not to delete the two items, and its composite reliability was adequate (0.711), indicating that the three items were measuring the same underlying construct. Overall, internal consistency or reliability of the indicators measuring the study's latent constructs has satisfactorily been met.

### 6.4.4 Construct Validity

Construct validity is the extent to which a set of measured items actually reflects the theoretical latent construct those items are designed to measure (Hair et al., 2010). Convergent validity and discriminant validity are two components or sub-categories of construct validity that are explored in this study (e.g. see Henseler et al., 2009). Convergent validity requires that the indicators of a specific construct should converge or share a high proportion of variance in common (Hair et al., 2010). Average variance extracted (AVE) is commonly used to examine convergent validity (Fornell and Larcker, 1981). An AVE of 0.5 or higher suggests adequate convergent validity (Hair et al., 2010), meaning that a latent variable is able to explain more

than half of the variance of its indicators, on average (Henseler et al., 2009). In other words, the variance explained by the indicator exceeds the variance explained by measurement error (Fornell and Larcker, 1981). AVE results in Table 6.41 show that 14 out of 16 constructs have an AVE value of 0.5 or higher.

**Table 6.41: Convergent Validity Results – Average Variance Extracted (AVE)**

| Constructs | AVE |
|---|---|
| i) **Governmental (GOV)** | **0.333** |
| ii) External (EXT) | 0.673 |
| iii) Differentiation Strategy (DS) | 0.500 |
| iv) Low-cost Strategy (LCS) | 0.684 |
| v) Interactive Use (IU) | 0.820 |
| vi) Diagnostic Use (DU) | 0.893 |
| vii) Physical and Other Intangible Resources (P&OIR) | 0.540 |
| viii) **Owners' Experience and Relational Resources (OE&RR)** | **0.492** |
| ix) Communication Resources (CR) | 0.732 |
| x) Human Resources (HR) | 0.875 |
| xi) Planning and Control Organisational Routines (P&COR) | 0.858 |
| xii) Operational Organisational Routines (OPOR) | 0.766 |
| xiii) Sustainable Organisational Routines (SOR) | 0.635 |
| xiv) Entrepreneurship (E) | 0.654 |
| xv) Innovativeness (I) | 0.525 |
| xvi) Organisational Performance (OP) | 0.842 |

The remaining two constructs (i.e. GOV and OE&RR) have AVE values of 0.333 and 0.492 respectively. While their AVEs are below the 0.5 threshold, they are acceptable because of the exploratory nature of this study and because they both exhibit acceptable levels of composite reliability (i.e. > 0.7). Therefore, the results indicate satisfactory levels of convergent validity for each of the study's latent constructs.

Discriminant validity is the extent to which a construct is truly distinct from other constructs. High discriminant validity suggests that a construct is unique and captures some phenomena other measures do not (Hair et al., 2010). Discriminant validity can be determined by assessing the cross-loadings generated by the PLS algorithm (see Appendix 23). The results show all sets of indicators except one, the innovativeness construct, load highly to their corresponding constructs than to any other constructs, with little evidence of substantial cross loadings. The innovativeness construct had three items out of which the first item, I1 "management actively seeks innovation and ideas" had a low loading on this construct, compared to other items in other constructs. The other two items that measure innovativeness had strong loadings on this

construct. Further rigorous tests of discriminant validity were warranted, to assess this weak item further, as well as the rest of the study's latent variables, which are described next.

A more rigorous test of discriminant validity is to compare the AVE value for a construct with the square of the correlation estimate between the construct and each of the other constructs. The AVE should be greater than the squared correlation estimate to provide evidence of discriminant validity (Hair et al., 2010; Fornell and Larcker, 1981). The discriminant validity for the study's constructs was computed in this manner (see Appendix 24), and in each case, the AVE of each construct was much larger than the squared correlation of the specific construct and other constructs specified in the measurement model. In other words, in order to demonstrate discriminant validity, diagonal elements should be greater than off-diagonal elements (Fornell and Larcker, 1981). This highlights that one construct differs from the others. Similarly, a reverse procedure is also used to determine discriminant validity, where the square root of the AVE for a construct should be greater than each of the construct correlations (Barroso et al., 2010). As shown in Appendix 24, all constructs satisfy that condition. Therefore, all constructs pass the tests for discriminant validity. Overall, these results provide support for the overall quality of the study's latent variables. In particular, the statistics suggest the manifest variables or reflective indicators are internally consistent and have convergent and discriminant validity.

### 6.4.5    Revised Theoretical Framework

Based on the scale refinement and exploratory data analysis outlined earlier, the revised theoretical framework or model is presented in Figure 6.1. The results of the analysis of this revised theoretical model are the focus of the next section, that is, the evaluation of the structural model can now proceed.

**Figure 6.1: Revised Theoretical Framework**
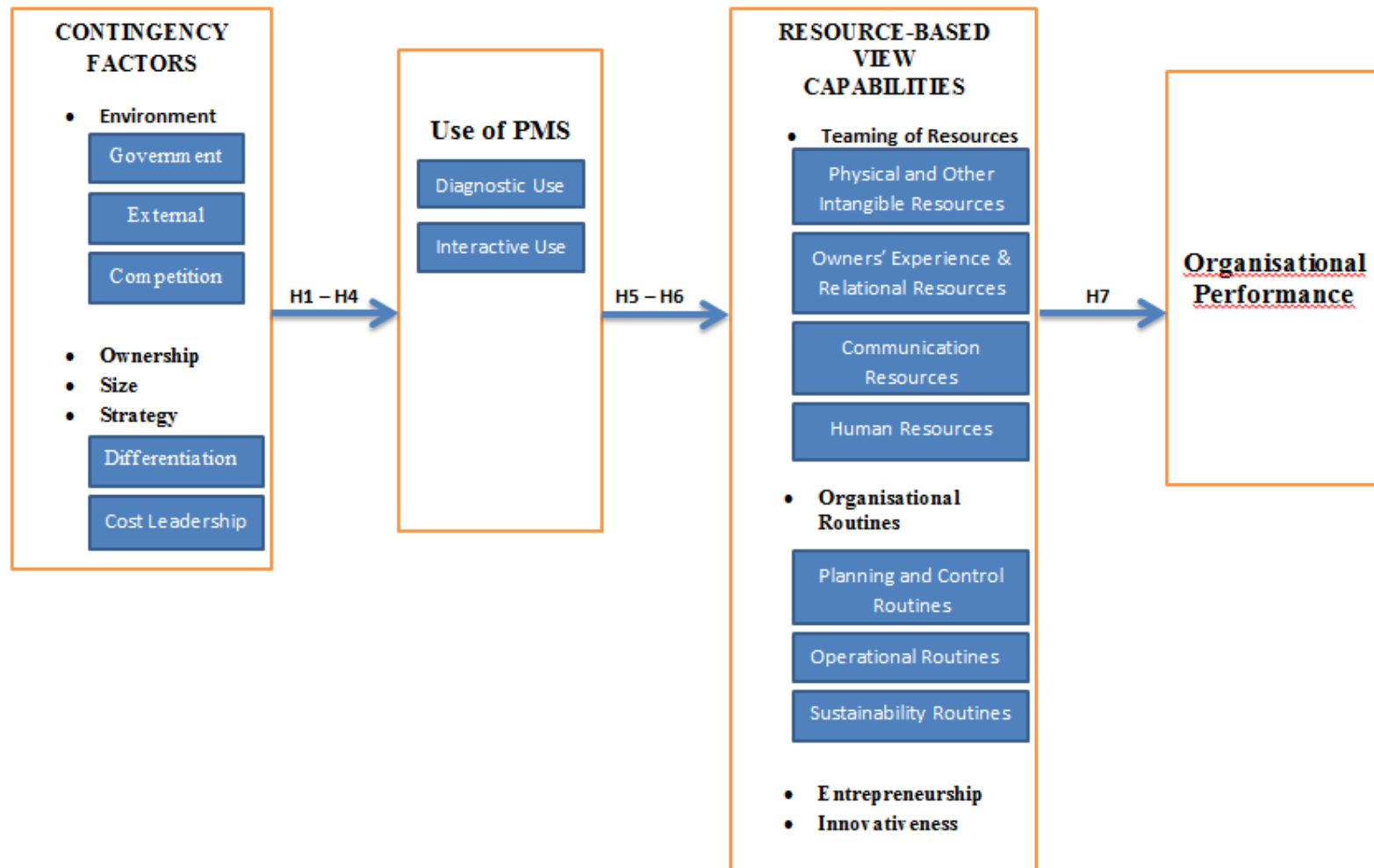
## 6.5 Evaluation of the Structural Model

PLS was used to estimate the path coefficients between the paths of the exogenous[78] and endogenous[79] constructs within the combined data set, using the revised theoretical model in Figure 6.1. In this study, the exogenous constructs are the variables measuring environment, ownership, size and strategy; and the endogenous constructs are the variables measuring use of PMSs, capabilities and organisational performance. An overview result of the structural model is presented in Figure 6.2, with significant relationships between the study's constructs denoted by the thickness of the arrows (either statistical significance at 1 percent, 5 percent and 10 percent levels). Owing to the complexity of this study's theoretical model, the results were split into three models to provide a much clearer description, which will be explained below. Further, each of the value of the study's latent constructs (as determined by the factor analysis) tested in the structural model represents summated scales or the mean of its manifest variables (e.g. Henri, 2006a, p. 542).

PLS-PM does not provide goodness of fit statistics. Nevertheless several assessment measures have been recognised in the PLS literature. This includes the goodness of fit (GoF) index. Such an index has been developed in order to take into account the model performance in both the measurement and the structural model and thus provide a single measure for the overall prediction performance of the model (Vinzi et al., 2010). Further, Chin (1998) recommends that the evaluation of PLS structural model should begin by examining the $R^2$ for each dependent variable. The determination coefficient ($R^2$) reflects the level or share of the latent construct's explained variance and therefore measures the regression function's "goodness of fit" against the empirically obtained manifest items (Backhaus et al., 2003, p. 63). $R^2$ is a normalised term that can assume values between 0 and 1. Because PLS employed OLS estimation, the interpretation of $R^2$ and the standardised path estimates can be examined and interpreted in the same manner as in OLS regression (Chin, 1998). Henseler et al. (2009) recommend that a moderate level of $R^2$ (0.33) is acceptable for a small structural model with one to two independent variables, whereas a substantial $R^2$ (0.67) is desired for a larger structural model.

---

[78] Exogenous construct is the variable that only predicts other latent variables.

[79] Endogenous construct is the dependent variable in the causal relationship.
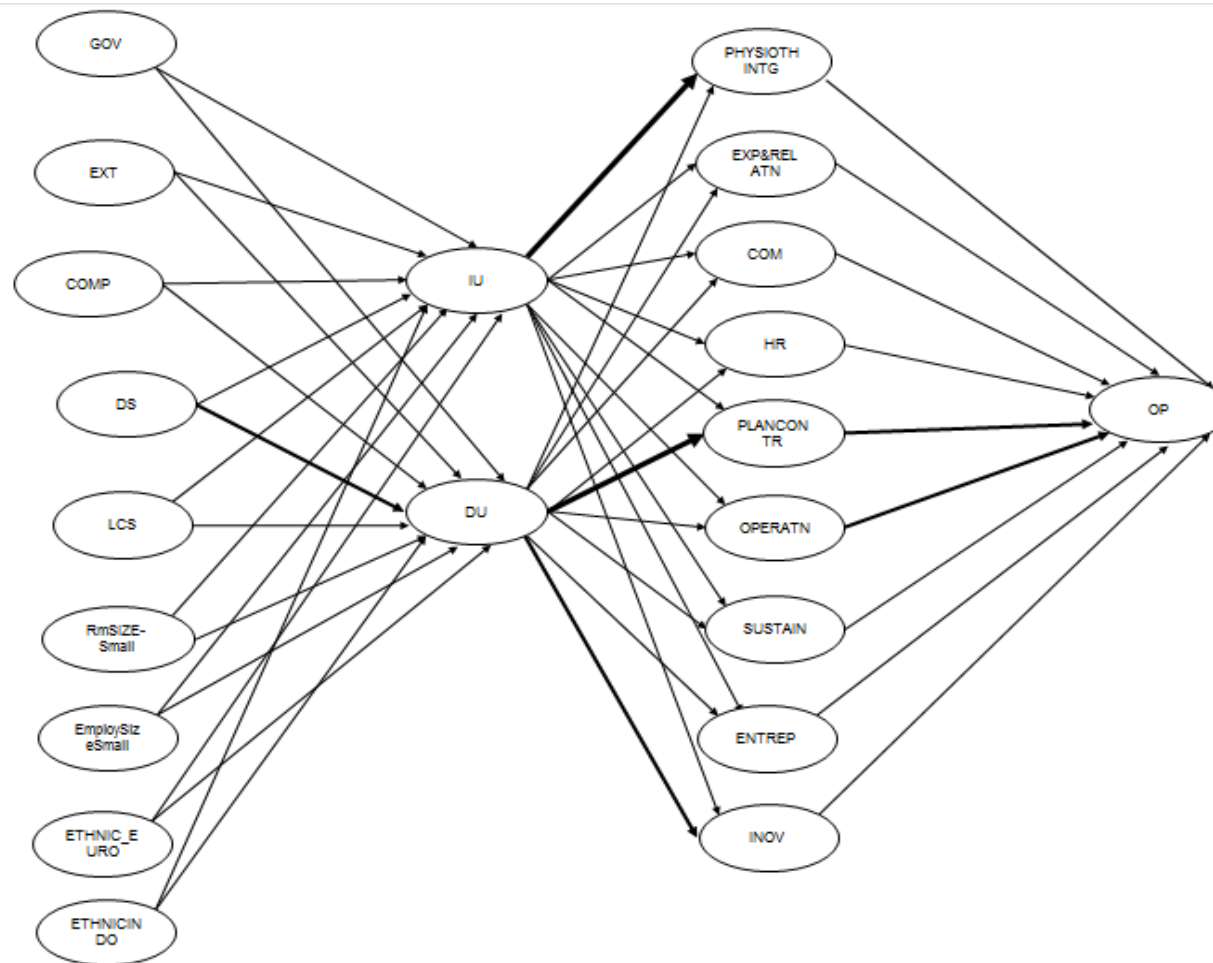
**Figure 6.2: Path Significance of Full Model**

Note: the thickest arrow shows significance at 0.01, followed by 0.05 and 0.10 significance levels respectively (less thicker).

However, according to Backhaus et al. (2003), no generalisable statement can be made about acceptable threshold values of $R^2$. Whether this determination coefficient is deemed acceptable or not rather depends on the individual study. However, the larger the $R^2$ is, the larger the percentage of variance explained. Falk and Miller (1992), however, suggest that the explained variance ($R^2$) should be greater than 0.1, which is adopted as the cut-off value in this study. The adjusted $R^2$ values represent a more rigorous measure for explained variance produced by the PLS structural model, however, being an exploratory study, and owing to its small sample size, the use of adjusted $R^2$ values were not considered appropriate. However, they can be used in future research, with a larger sample size.

Finally, similar to a multiple regression's coefficients, the evaluation of the model's quality should also be based on the path coefficients' directions and significance levels (Chin 1998b, p. 316). Testing the hypotheses in the structural model includes evaluating the path coefficients, *t*-values and p-values (to determine the level of significance) provided in the PLS-PM analysis. Based on the findings from the case analysis, only hypotheses 2 and 3 were modified from the original hypotheses formulated in Chapter 3. The study's revised hypotheses is summarised in Table 4.1. Specifically, the hypothesis relating to ownership (i.e. H2a and H2b) and size (i.e. H3a and H3b) were each combined and re-stated as hypothesis 2 and 3 respectively, as follows:

 *Hypothesis 2: Fijian tourism SME firms despite their ownership (by ethnicity) use PMSs interactively.*

*Hypothesis 3: Fijian tourism SME firms despite their size use PMSs interactively.*

Tables 6.42 to 6.45 present the statistical outcome of examining the hypotheses in this study. These results, which are related to the study's revised theoretical framework, are shown in Figures 6.3 to 6.5. Figure 6.3 and Figure 6.4 show the relationships between the constructs that correspond to Hypotheses 1 to 4 of this study; and the hypothesised relationships between the constructs that correspond to Hypotheses 5 to 7 are shown in Figure 6.5. These results will be presented and discussed in sequential order, as per the study's revised theoretical framework (see Figure 6.1). But first, the structural model is assessed for its degree of model fit, measured by $R^2$.

## 6.5.1  R-square

The explained variance or $R^2$ values of each of the study's endogenous or dependent constructs are shown in Table 6.42. All of the $R^2$ values were greater than 0.1, which met the cut-off value

adopted in this study. $R^2$ greater than 20 percent was noted for six of the constructs (IU, DU, P&OIR, P&COR, SOR and OP). The $R^2$ for the model was 0.357, which can be considered satisfactory, given the exploratory nature and the small sample size of this study. Hence, these results indicate that while some constructs had a low $R^2$ (less than 20 percent), a satisfactory percentage of the variance in the dependent constructs was explained by the independent constructs. These results can be improved upon in future studies, using a larger sample size, for instance.

**Table 6.42: Goodness of Fit Results – Structural Model**

| Latent Constructs[80] | $R^2$ |
|---|---|
| i) Interactive Use (IU) | 0.273 |
| ii) Diagnostic Use (DU) | 0.329 |
| iii) Physical and Other Intangible Resources (P&OIR) | 0.235 |
| iv) Owners' Experience and Relational Resources (OE&RR) | 0.085 |
| v) Communication Resources (CR) | 0.088 |
| vi) Human Resources (HR) | 0.103 |
| vii) Planning and Control Organisational Routines (P&COR) | 0.393 |
| viii) Operational Organisational Routines (OPOR) | 0.174 |
| ix) Sustainable Organisational Routines (SOR) | 0.238 |
| x) Entrepreneurship (E) | 0.164 |
| xi) Innovativeness (I) | 0.141 |
| xii) Organisational Performance (OP) | 0.357 |

The next sub-section discusses the path coefficients to enhance the understanding of the relative strength of the effect of each independent construct on the dependent construct.

### 6.5.2 Results of Significance Test of Path Coefficients

The results of the structural model will be presented and discussed in three parts as follows:

a) Contingency Factors and Use of PMSs;

b) Use of PMSs and Capabilities; and

c) Capabilities and Organisational Performance.

---

[80] Latent constructs or variables cannot be measured directly. Instead, multiple indicators (i.e., measures) for these latent variables need to be obtained (Chin et al., 2003).

**a) Results: Contingency Factors and Use of PMSs**

The results from the structural model for these hypothesised relationships (Hypothesis 1–4) are shown in Figures 6.4 and 6.5 and in Table 6.43.

Ownership (by ethnicity) were represented by three categorical variables, namely Indigenous-owned, European-owned, and Indo-Fijian-owned. To incorporate Ownership (by ethnicity) into the PLS model, three dummy variables were created, with Indigenous-owned variable as the reference group, with a value of '0', and European-owned, and Indo-Fijian-owned variables with a value of '1' respectively. The results of the path coefficients produced by PLS for the European-owned, and Indo-Fijian-owned groups and their use of PMSs were evaluated against the reference group (i.e. Indigenous-owned group), when interpreting the results. A similar approach was followed with the size variable (see also Appendix 26).

**Figure 6.3: Model A (i) – Hypothesis 1–4**
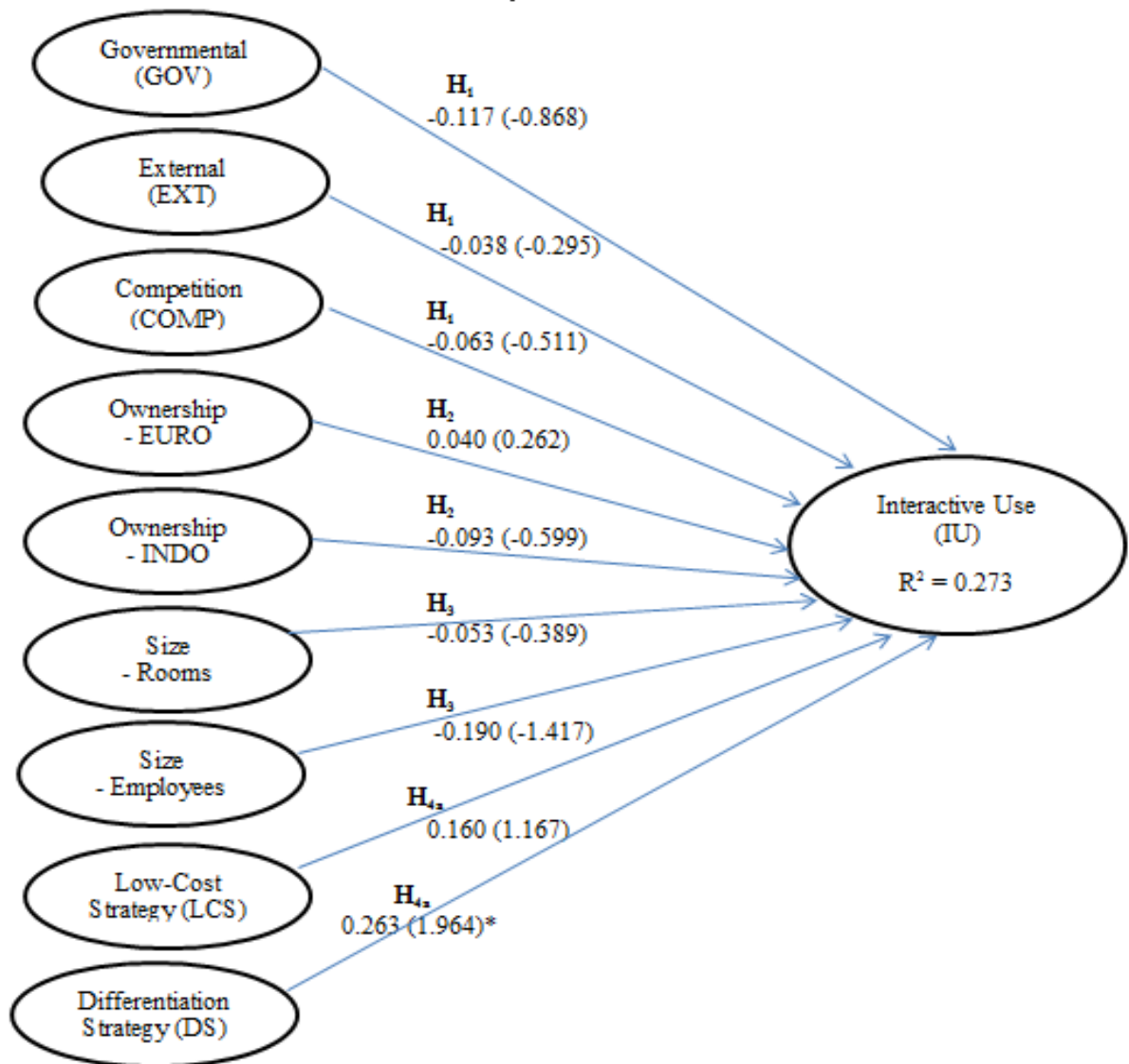


* significant at p-value < 0.1

**Figure 6.4: Model A (ii) – Hypotheses 1–4**



Governmental (GOV)

External (EXT)

Competition (COMP)

Ownership - EURO

Ownership - INDO

Size - Rooms

Size - Employees

Low-Cost Strategy (LCS)

Differentiation Strategy (DS)

Diagnostic Use (DU)
$R^2 = 0.329$

$H_1$
-0.085 (-0.658)

$H_1$
0.052 (0.423)

$H_1$
0.012 (0.097)

$H_2$
-0.104 (-0.705)

$H_2$
0.002 (0.011)

$H_3$
-0.005 (-0.041)

$H_3$
-0.180 (-1.403)

$H_{4a}$
0.191 (1.450)

$H_{4a}$
0.371 (2.882)***
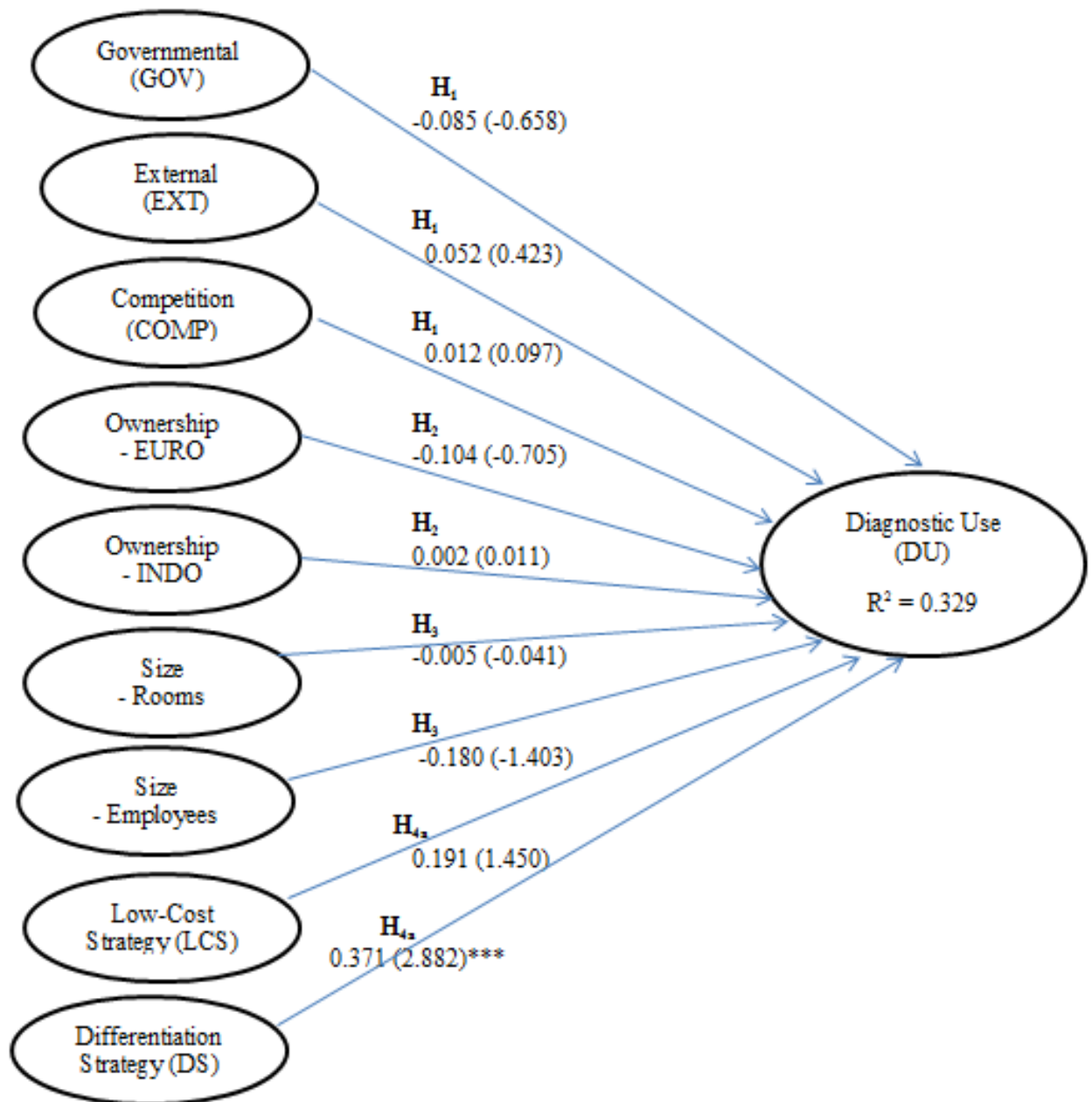
*** significant at p-value < 0.01

**Table 6.43: Results of Hypotheses Testing – Contingency Factors and Use of PMSs**

| Hypothesis | Path | Path Coefficient | t-value | p-value | Sig. Level | Result |
|---|---|---|---|---|---|---|
| 1a) Effects of Environmental Uncertainty on Interactive Use of PMSs | | | | | | |
| $H_1$ | GOV→ IU (+) | -0.117 | -0.868 | 0.389 | - | Reject |
| | EXT→ IU (+) | -0.038 | -0.295 | 0.769 | - | Reject |
| | COMP→ IU (+) | -0.063 | -0.511 | 0.611 | - | Reject |
| b) Effects of Environmental Uncertainty on Diagnostic Use of PMSs | | | | | | |
| $H_1$ | GOV→ DU (-) | -0.085 | -0.658 | 0.513 | - | Reject |
| | EXT→ DU (-) | 0.052 | 0.423 | 0.674 | - | Reject |
| | COMP→ DU (-) | 0.012 | 0.097 | 0.923 | - | Reject |
| 2a) Effects of Ethnicity on Interactive Use of PMSs | | | | | | |
| $H_2{}^1$ | EURO→IU (+) | 0.040 | 0.262 | 0.794 | - | Reject |
| | INDO→IU (+) | -0.093 | -0.599 | 0.551 | - | Reject |
| b) Effects of Ethnicity on Diagnostic Use of PMSs | | | | | | |
| $H_2{}^1$ | EURO→DU (-) | -0.104 | -0.705 | 0.484 | - | Reject |
| | INDO→DU (-) | 0.002 | 0.011 | 0.991 | - | Reject |
| 3a) Effects of Size on Interactive Use of PMSs | | | | | | |
| $H_3$ | SIZErm$^2$→IU(+) | -0.053 | -0.389 | 0.699 | - | Reject |
| | SIZEem$^3$→IU(+) | -0.190 | -1.417 | 0.162 | - | Reject |
| b) Effects of Size on Diagnostic Use of PMSs | | | | | | |
| $H_3$ | SIZErm$^2$→DU(-) | -0.005 | -0.041 | 0.968 | - | Reject |
| | SIZEem$^3$→DU(-) | -0.180 | -1.403 | 0.166 | - | Reject |
| 4a) Effects of Strategy on Diagnostic Use of PMSs | | | | | | |
| $H_{4a}$ | LCS→DU (+) | 0.191 | 1.450 | 0.153 | - | Reject |
| | DS→DU (-) | 0.371 | 2.882 | 0.006 | 0.01 | **Partially Accept** |
| b) Effects of Strategy on Interactive Use of PMSs | | | | | | |
| $H_{4b}$ | LCS→IU (-) | 0.160 | 1.167 | 0.248 | - | Reject |
| | DS→IU (+) | 0.263 | 1.964 | 0.055 | 0.10 | **Accept** |

Note: T-tests are two-tailed for hypothesised effects.

[1] Reference group is "indigenous-owned" dummy variable

[2] Reference group is "medium-sized business" (dummy variable: #rooms 51 – 100)

[3] Reference group is "medium-sized business" (dummy variable: #employees > 21)

The path coefficients of governmental, external and competition (i.e. three factors influencing environmental uncertainty) were tested for Hypothesis 1. The results show that the path co-efficient between all three constructs (GOV, EXT and COMP) and the interactive use (IU) construct were negative and statistically insignificant. Hence, Hypothesis 1 was rejected because the results were negative and statistically insignificant. In contrast, on whether the three said environmental factors negatively influenced a diagnostic use of PMSs, the results reveal that only governmental factors had a negative influence (path coefficient -0.085) on the diagnostic use of PMSs, while external and competition factors had low positive influences. However all these paths were statistically insignificant, hence, there was no support either for diagnostic use of PMSs given the degree of uncertainty faced by the respondents.

Concerning the ownership (by ethnicity) construct, Hypothesis 2 was rejected. The result reveals that European-owned (and managed) firms used PMSs interactively by 0.040 more than indigenous Fijian-owned (and managed) firms (i.e. a positive path coefficient), but it was statistically insignificant. Also, Indo-Fijian-owned (and managed) firms used PMSs less interactively (-0.093 path coefficient) compared to indigenous Fijian-owned firms; however, the relationship was also statistically insignificant. These results were confirmed when the relationship between ownership (by ethnicity) and diagnostic use of PMSs was also assessed. A reversal of the results was revealed, with a negative relationship (-0.104 path coefficient) found between European-owned (and managed) firms and diagnostic use of PMSs; and a positive relationship (0.002 path coefficient) between Indo-Fijian-owned (and managed) firms and diagnostic use. This indicates that European-owned (and managed) firms used PMSs diagnostically to a lesser extent (-0.104) compared to indigenous Fijian-owned (and managed) firms, while Indo-Fijian-owned (and managed) firms used PMSs slightly more diagnostically (0.002) than indigenous Fijian-owned (and managed) firms. However, in both instances, the path coefficients were statistically insignificant. These results suggest that all respondents (despite their ethnicity) used PMSs both interactively and diagnostically in varying degrees and the practical implications of these results will be discussed in Chapter 7.

The next construct of size measured as number of rooms and number of full-time employees shows a negative path coefficient to interactive use of PMSs (Appendix 26 provides an explanation on the basis of categorising the sample, based on the size parameters for this study). The results indicate that small firms used PMSs interactively to a lesser extent (-0.053 and -0.190 path coefficient), compared to medium-sized firms; however, the paths were statistically insignificant. Hence, Hypothesis 3 was rejected. Alternately, when size was assessed based on

its relationship with diagnostic use of PMSs, a negative relationship (which was hypothesised) was produced (-0.005 and -0.180 path coefficients), which indicates that compared to medium-sized firms, small firms used PMSs diagnostically to a lesser extent; however, the relationship was statistically insignificant. Further, when size was measured as "number of rooms", a -0.005 path coefficient reveals that there was a very small difference (0.5%) between the use of PMSs diagnostically by both small and medium-sized firms. This suggests that despite their size, respondents used PMSs diagnostically to the same extent. These results further support the notion that respondents used PMSs both interactively and diagnostically in varying degrees.

Hypothesis 4a was tested by examining the path coefficient of the low-cost strategy construct to the diagnostic use of PMSs construct. The result shows a positive relationship (0.191 path coefficient), but it was statistically insignificant. As a result, Hypothesis 4a was rejected. This result was cross checked against examining the path coefficient of the differentiation strategy construct and the diagnostic use of PMSs construct, where a negative relationship was hypothesised. It was interesting to note that differentiation strategy had a positive (0.371 path coefficient) and significant relationship with diagnostic use of PMSs at the 0.01 level. As a result, this relationship was partially accepted. The relationship between the differentiation strategy construct and the interactive use of PMSs construct (Hypothesis 4b) was positive (0.263 path coefficient) and statistically significant at the 0.10 level. Hence, Hypothesis 4b was accepted. Further, the relationship between low-cost strategy and interactive use was negatively hypothesised; however, the result shows that there was a positive (0.160 path coefficient) but statistically insignificant relationship; hence, this relationship was rejected.

**b) Results: Use of PMSs and Capabilities**

The results from the structural model for these hypothesised relationships (Hypotheses 5 and 6) are shown in Figure 6.5 (first two columns) and Table 6.44. The path coefficients originating from the diagnostic use of PMSs construct to the four capabilities' constructs were tested for Hypothesis 5. Diagnostic use of PMSs was negatively related to three of the four dimensions measuring the teaming of resources construct, namely physical and other intangible resources (P&OIR), Owners' experience and relational resources (OE&RR) and communication resources (CR); and positively related to the human resources (HR) construct, but was statistically not significant. As a result, Hypothesis 5 as it related to diagnostic use of PMSs and the teaming of resources capability was rejected.

A positive and significant relationship existed between diagnostic use of PMSs and two out of the three dimensions that measured the organisational routines construct, namely planning and control (P&COR) and sustainability (SOR). It was interesting to note that all three dimensions had a positive relationship with the diagnostic use of PMSs (opposite to the negative relationship initially hypothesised). The results reveal that the diagnostic use of PMSs positively influenced the organisational routines of respondent businesses, mainly P&COR (0.601 path coefficient, $p < 0.01$), followed by SOR (0.309 path coefficient, $p < 0.10$). Since the relationship between diagnostic use of PMSs and SOR was significant at the 10 percent level (and not at $p < 5$ percent or $p < 1$ percent), this result should be interpreted with caution. Given the exploratory nature of this study, it was decided not to discard this result. On this basis, Hypothesis 5 as it related to the diagnostic use of PMSs and the organisational routines capability was partially supported.

**Figure 6.5: Model B – Hypotheses 5-7**
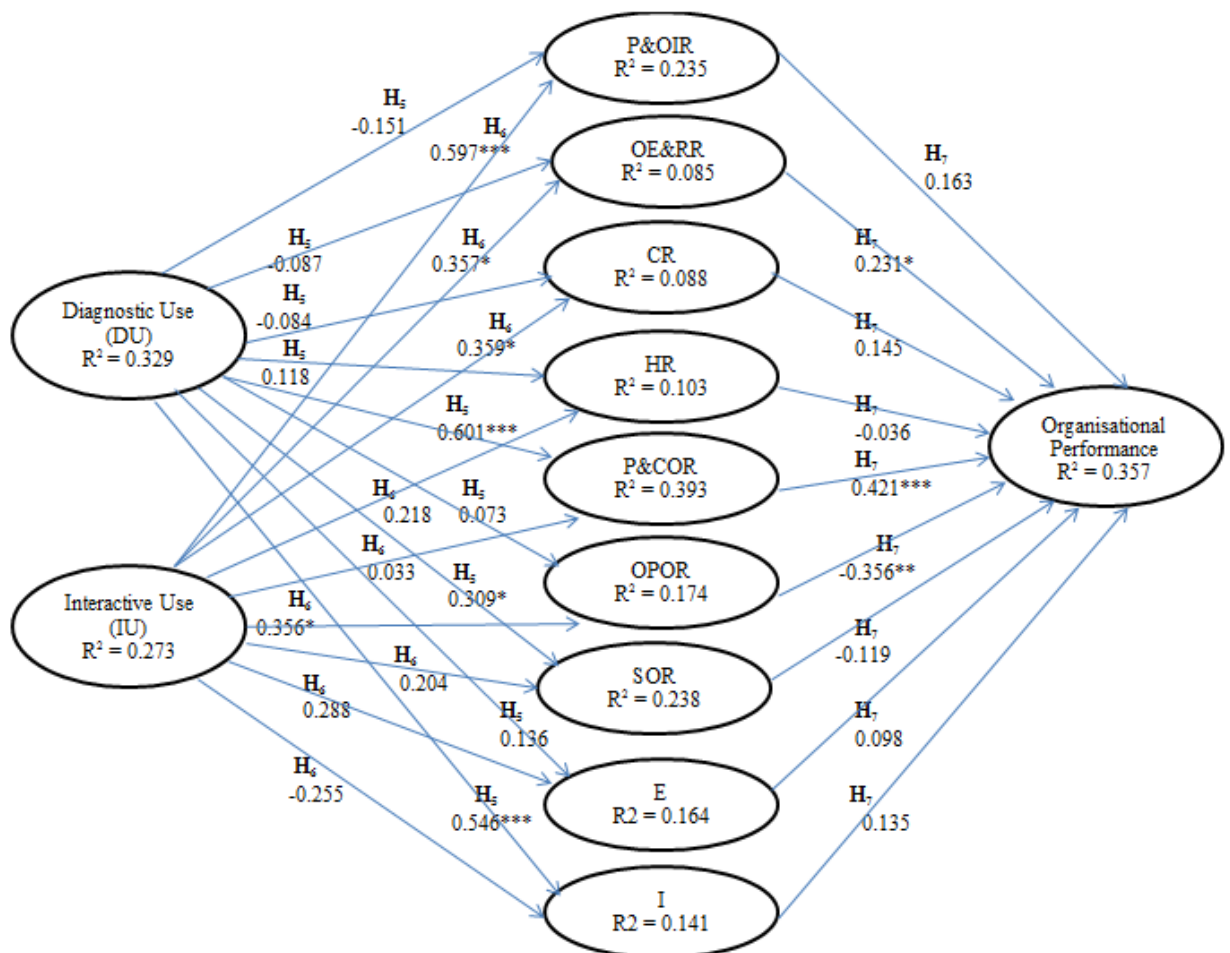


*** significant at p-value < 0.01; ** significant at p-value < 0.05; * significant at p-value < 0.1

**Table 6.44: Results of Hypotheses Testing – Use of PMSs and Capabilities**

| Hypothesis | Path | Path Coefficient | t-value | p-value | Sig. Level | Result |
|---|---|---|---|---|---|---|
| 1a) Effects of Diagnostic Use of PMSs and Teaming of Resources ||||||| 
| $H_5$ | DU→ P&OIR (-) | -0.151 | -0.817 | 0.417 | - | Reject |
| | DU→OE&RR(-) | -0.087 | -0.432 | 0.667 | - | Reject |
| | DU→ CR (-) | -0.084 | -0.416 | 0.679 | - | Reject |
| | DU→ HR (-) | 0.118 | 0.588 | 0.558 | - | Reject |
| b) Effects of Diagnostic Use of PMSs and Organisational Routines |||||||
| | DU→P&COR (-) | 0.601 | 3.643 | 0.001 | 0.01 | **Partially Accept** |
| | DU→ OPOR (-) | 0.073 | 0.378 | 0.707 | - | Reject |
| | DU→ SOR (-) | 0.309 | 1.674 | 0.099 | 0.10 | **Partially Accept** |
| c) Effects of Diagnostic Use of PMSs and Entrepreneurship |||||||
| | DU→ E (-) | 0.136 | 0.702 | 0.485 | - | Reject |
| d) Effects of Diagnostic Use of PMSs and Innovativeness |||||||
| | DU→ I (-) | 0.546 | 2.784 | 0.007 | 0.01 | **Partially Accept** |
| 2a) Effects of Interactive Use of PMSs and Teaming of Resources |||||||
| $H_6$ | IU→ P&OIR (+) | 0.597 | 3.223 | 0.002 | 0.01 | **Accept** |
| | IU→OE&RR(+) | 0.357 | 1.763 | 0.083 | 0.10 | **Accept** |
| | IU→ CR (+) | 0.359 | 1.776 | 0.081 | 0.10 | **Accept** |
| | IU→ HR (+) | 0.218 | 1.088 | 0.281 | - | Reject |
| b) Effects of Interactive Use of PMSs and Organisational Routines |||||||
| | IU→P&COR (+) | 0.033 | 0.199 | 0.843 | - | Reject |
| | IU→ OPOR (+) | 0.356 | 1.851 | 0.069 | 0.10 | **Accept** |
| | IU→ SOR (+) | 0.204 | 1.103 | 0.274 | - | Reject |
| c) Effects of Interactive Use of PMSs and Entrepreneurship |||||||
| | IU→ E (+) | 0.288 | 1.486 | 0.142 | - | Reject |
| d) Effects of Interactive Use of PMSs and Innovativeness |||||||
| | IU→ I (+) | -0.255 | -1.300 | 0.198 | - | Reject |

A positive (0.136 path coefficient) but statistically insignificant relationship was found between diagnostic use of PMSs and the entrepreneurship capability. As a result, Hypothesis 5 as it

related to diagnostic use of PMSs and the entrepreneurship capability was rejected. Concerning the hypothesised relationship between diagnostic use of PMSs and the innovativeness capability, this aspect of Hypothesis 5 was partially accepted. The results indicate that the diagnostic use of PMSs was positively (opposite to the negative relationship initially hypothesised) and significantly related to innovativeness capability (0.546 path coefficient, $p < 0.01$).

Hypothesis 6 tested the relationships between the interactive use of PMSs and the four capabilities. Positive relationships were found between interactive use of PMSs and each of the four dimensions that measured the teaming of resources capability; however, only three of the dimensions (P&OIR, OE&RR and CR) showed significant paths at $p < 0.01$, $p < 0.10$ and $p < 0.10$ respectively. Hence, the majority of the dimensions measuring teaming of resources had positive and statistically significant links). Since the relationships between interactive use of PMSs and two of the teaming of resource constructs (i.e. OE&RR and CR) were significant at the 10 percent level ($p < 0.1$), this result should be interpreted with caution. Given the exploratory nature of this study, it was decided not to discard this result. On this basis, Hypothesis 6 as it related to interactive use of PMSs and the teaming of resources capability was accepted. Further, interactive use of PMSs had the most influence on P&OIR (0.597 path coefficient), followed by CR (0.359 path coefficient) and OE&RR (0.357 path coefficient).

Positive relationships were found between interactive use of PMSs and each of the three dimensions that measured organisational routines; however, only the operational routines (OPOR) dimension had a statistically significant path (0.356 path coefficient, $p < 0.10$). As a result, there was some support for Hypothesis 6 as it related to interactive use of PMSs and the organisational routines capability. There was a positive but not significant relationship between interactive use of PMSs and entrepreneurship capability. Hence, Hypothesis 6 as it related to interactive use of PMSs and the entrepreneurship capability was rejected. Concerning the hypothesised relationship between the interactive use of PMSs and the innovativeness capability, this aspect of Hypothesis 6 was rejected.

## c) Capabilities and Organisational Performance

The results from the structural model for the final hypothesised relationships (Hypothesis 7) are also shown in Figure 6.5 (last two columns) and Table 6.45. Results from the previous section report some statistical significant relationships between diagnostic and interactive use of PMSs

and the four capabilities. The path coefficients originating from the four capabilities' constructs to organisational performance were tested for Hypothesis 7. Concerning the teaming of resources construct, positive relationships were found between three out of the four dimensions that measured the teaming of resources construct and organisational performance; however, only the Owners' experience and relational resources (OE&RR) dimension had a statistically significant path (0.231 path coefficient, $p < 0.10$). Consistent with previous treatment of results that were significant at $p = 0.10$, this result should be interpreted with caution. Further, given the exploratory nature of this study, it was decided not to discard this result. As a result, there was some support for Hypothesis 6, where the indirect relationship between diagnostic and interactive use of PMSs and performance was positive and significant through the teaming of resources construct, namely OE&RR.

**Table 6.45: Results of Hypotheses Testing – Capabilities and Organisational Performance**

| Hypothesis | Path | Path Coefficient | t-value | p-value | Sig. Level | Result |
|---|---|---|---|---|---|---|
| 1a) Effects of Teaming of Resources and Organisational Performance | | | | | | |
| H$_7$ | P&OIR→ OP (+) | 0.163 | 0.993 | 0.325 | - | Reject |
| | OE&RR→OP(+) | 0.231 | 1.814 | 0.075 | 0.10 | **Accept** |
| | CR→ OP (+) | 0.145 | 1.141 | 0.259 | - | Reject |
| | HR→ OP (+) | -0.036 | -0.290 | 0.773 | - | Reject |
| b) Effects of Organisational Routines and Organisational Performance | | | | | | |
| | P&COR→OP(+) | 0.421 | 2.709 | 0.009 | 0.01 | **Accept** |
| | OPOR → OP (+) | -0.356 | -2.306 | 0.025 | 0.05 | **Partially Accept** |
| | SOR→ OP (+) | -0.119 | -0.826 | 0.413 | - | Reject |
| c) Effects of Entrepreneurship and Organisational Performance | | | | | | |
| | E → OP (+) | 0.098 | 0.749 | 0.457 | - | Reject |
| d) Effects of Innovativeness and Organisational Performance | | | | | | |
| | I → OP (+) | 0.135 | 1.132 | 0.262 | - | Reject |

A positive and significant relationship existed between the organisational routine dimension of planning and control (P&COR) and organisational performance (0.421 path coefficient, $p < 0.01$). As a result, there was some support for Hypothesis 7. The remaining two constructs (OPOR and SOR) had negative relationships (opposite to the positive relationship initially

252

hypothesised) to organisational performance, with only operational routines (OPOR) having a significant path (-0.356 path coefficient, $p < 0.05$). Hence, while an interactive use of PMSs had positively and significantly influenced OPOR (see Table 6.44, and Hypothesis 6), a negative and significant relationship between OPOR and organisational performance was found. Hence, the indirect relationship between diagnostic and interactive use of PMSs and its effect on organisational performance was partially supported through OPOR, but weak and not supported through SOR.

Finally, the positive but not significant paths between the entrepreneurship (0.098 path coefficient) and innovativeness (0.135 path coefficients) capabilities and organisational performance indicate that the indirect relationship between diagnostic and interactive use of PMSs and organisational performance through these two capabilities, proposed by Hypothesis 7, was not supported.

## 6.6    Summary

This chapter discussed the results of the survey undertaken to test the hypotheses of this study and to address the study's research question and its research objectives. Descriptive statistics of the demographics of the sample helped to inform the profile of the survey respondents, followed by a descriptive analysis of the survey constructs that were later tested using the PLS-PM approach. PLS-PM (use of measurement and structural path model) was particularly relevant to this exploratory study as a significant number of the constructs were multidimensional and the relationships among them are not well understood.

Three sets of hypotheses were tested, as developed by the study's theoretical framework, drawing on contingency theory, Simons' levers of control (LOC) framework and resource-based theory, as discussed in Chapter 3. The first set included four hypotheses (Hypotheses 1 to 4), which were used to investigate the relationship between four contingent factors relevant to the Fijian business environment and the extent of use of PMSs. The PLS results indicate that perceived increase in environmental uncertainty, ownership (by ethnicity), business size and low-cost strategy did not have a significant influence on the use of PMSs by the respondents. However, differentiation strategy had a positive and significant impact on both uses of PMSs (diagnostically and interactively). In particular, the results reveal that firms using a differentiation strategy also used PMSs diagnostically, as well as interactively. This result

supports the notion that the respondents used PMSs both diagnostically and interactively in varying degrees.

The second set included two hypotheses (Hypotheses 5 and 6), which were used to investigate the effect of using PMSs on the deployment (positive or negative) of four organisational capabilities. The PLS analysis indicates that a diagnostic use of PMSs contributed positively and significantly towards the deployment of organisational routines, namely planning and control (P&COR) and sustainability (SOR) routines, and innovativeness. These positive results were contrary to the negative results that were hypothesised for both relationships, and further support the notion that respondents use PMSs both diagnostically and interactively in varying degrees. However, the results indicate that diagnostic use of PMSs did not have a significant influence on two of the capabilities, namely teaming of resources and entrepreneurship. In contrast, positive and significant relationships were found between interactive use of PMSs and the capabilities of teaming of resources and organisational routines. No significant relationships were found between interactive use of PMSs and the capabilities of entrepreneurship and innovativeness.

The final hypothesis contained one hypothesis (Hypothesis 7) used to investigate the effect of the use of PMSs and its effect on organisational performance, through its influence on organisational capabilities. The PLS analysis reveals some mixed results. There was support for a positive and significant influence of two capabilities of organisational routines and teaming of resources and organisational performance. However, no significant relationships were found between capabilities of entrepreneurship and innovativeness and organisational performance. Additionally, the results have confirmed the indirect effect of the use of PMSs on organisational performance.

The next chapter focuses on a discussion of the implications of this research.

# 7 Discussion

## 7.1 Introduction

This chapter discusses the findings of the study, in relation in relation to three research objectives examined in the study:

1.  To examine the influence of four contextual factors (environmental uncertainty, ownership (by ethnicity), size and strategy) on the use of PMSs by Fijian SME tourism ventures.
2.  To determine how Fijian SME tourism ventures use PMSs.
3.  To investigate the influence of the use of PMSs on capabilities and organisational performance of Fijian SME tourism ventures.

These three areas are discussed based on the qualitative and quantitative analyses presented in Chapters 5 and 6. The use of mixed methods in this study allowed the researcher to investigate beyond the survey results and to determine the reasons contributing to the results, both in terms of the triangulation of common elements, as well as discovery of complementary elements (e.g. Davila and Foster, 2007). The discussion will also be guided by the interpretational framework developed (see Chapter 3) and used in this study.

The chapter is organised as follows. Section 7.2 discusses the findings in relation to the factors that influence the use of PMSs by Fijian SMEs in the accommodation sub-sector of the tourism industry. Section 7.3 reports how they use PMSs (i.e. diagnostically or interactively) as a result of the influence of the said (four) contingent factors. Section 7.4 discusses findings in relation to the influence of PMS use on the four organisational capabilities and, in turn on overall organisational performance. Section 7.5 presents the chapter conclusion.

## 7.2 Factors Influencing Use of PMSs

Drawing on contingency theory and Simons' levers of control (LOC) framework, this study examined the influence of four contingent factors (namely, environment, ownership, size and strategy) on the way in which PMSs are used (i.e., diagnostically or interactively) by Fijian tourism SMEs. More specifically, discussions in this section pertain to the first two research objectives, the outcomes of the associated hypothesised relationships (see Table 4.1 and revised

255

hypothesis 2 and 3 on p. 241), and any other important findings that emerged from the semi-structured interviews.

The analysis undertaken to examine the influence of the four contingent factors on the use of PMSs, based on the quantitative (online and postal surveys) and qualitative (semi-structured interviews) data highlights a number of issues that would enhance our understanding of the use of PMSs within the context of Fijian tourism SMEs. Overall the data indicated mixed support for the research expectations reflected in the hypotheses. These findings will be discussed next (i.e. in Sections 7.21 – 7.24).

### 7.2.1 Influence of Environmental Uncertainty on Use of PMSs

Hypothesis 1 (H1a and H1b) hypothesised that Fijian tourism SME firms with high environmental uncertainty use PMSs interactively, rather than diagnostically. Environmental uncertainty is a multi-dimensional construct and it is measured in this study by governmental factors (i.e. economic and political stability, government regulations, tourism industry policies, and customer demands), external factors (i.e. natural disasters and global economic trends), and competition. H1a and H1b were rejected because PLS showed all the paths between all three environmental constructs, previously identified, and the interactive and diagnostic use construct respectively, were statistically insignificant. Consistent with prior studies, this study found that environmental uncertainty in the tourism industry is a multidimensional construct (e.g. Sharma, 2002; Gerloff et al., 1991). Specifically, governmental and external factors (e.g. Hall, 2010) were the two primarily contributors of environmental uncertainty in this study, with competition (e.g. Zigan and Zeglat, 2010; Vila et al., 2012) to a lesser extent.

Based on an examination of the low mean values (ranging from 3.1 to 4.25)[81] for the eight items measuring environmental uncertainty construct (see descriptive statistics in Table 6.8), this study found that on average, the surveyed firms perceived environmental uncertainty to be relatively predictable (i.e. uncertainty was neither very high or very low, but were in the middle-range). The interview data from all three cases also indicated mixed perceptions on the degree of environmental uncertainty. Furthermore, the interviews indicated that Fijian tourism SMEs in the accommodation sub-sector do not use PMSs interactively, rather, they used PMSs both

---

[81] A scale of 3 is 'a little predictable'. A scale of 4 is 'neither predictable nor unpredictable'.

interactively and diagnostically in varying degrees.[82] A discussion of the findings relating to the factors constituting environmental uncertainty based on the overall results will be discussed first. Thereafter, a discussion of the findings relating to the extent to which environmental uncertainty influences the use of PMSs is presented.

### 7.2.1.1 Factor 1: Governmental Factors

This study found that governmental factors have an influence on the perceived predictability of the external environment, evident from the analysis of the interview data. This finding implies that the government, as a major stakeholder in the tourism industry, has a significant role to play in influencing the stability of the external environment. Specifically, it was found that government primarily influences political stability and government regulations in the Fijian external environment. These factors in turn, influence the operations and performance of tourism SMEs in this study. For instance, government regulation such as the new legislation, a lack of consultative process between government and SMEs on such issues, stringent compliance requirements and high fees and taxes, impeded business operations across all three cases. Additionally, they were added strains to their limited resources.

Concerning political stability, the interview data revealed that the damaging effects of the coups had been short-lived, due to lessons learnt from previous coups, and the tourism industry was able to recover quickly. This finding was consistent with Coshall (2003) who mentioned that the damaging effect of political turmoils may be short-lived as the tourism demand recovers quickly once the crisis is overcome. This said, the tourism literature has recognised that events pertaining to continuous political crisis may have a more permanent and serious influence on the tourism industry of the destination (Sönmez et. al, 1999). However Sönmez, (1998) and Hall (2010) assert that there is a lack of research on the effect of such crisis in these countries so that practical solutions can be determined. These include the extent to which government assistance should be available to the tourism industry at times of crisis. Hall (2010) added that there was no clear understanding of the way in which various crises interact with each other

---

[82] In contrast, on whether the three said environmental factors negatively influenced a diagnostic use of PMSs, the results revealed that only governmental factors had a negative influence on the diagnostic use of PMSs, while external and competition factors had low positive influences. However all these paths were statistically insignificant, hence, there was no support, either for a diagnostic use of PMSs given the degree of uncertainty faced by the respondents.

and how this complicates the response to crisis at both a policy and business level. This study contributes to this empirical gap by providing evidence of a relationship between economic and political stability. That is, the interview data revealed that the predictability of economic stability was based predominantly on political factors, namely i) effect of past coups; ii) unknown future actions of the present military government (at the time of the interviews); and iii) the looming September 2014 Fijian general elections and the post elections period. As a result, perceived environmental uncertainty across all the three cases were influenced predominantly by these governmental factors.

### 7.2.1.2 Factor 2: External Factors

Another key finding of this study was that external factors, namely natural disasters and global economic trends influenced the predictability of the external environment. Other external factors identified from the interviews included: terrorist attacks and outbreak of wars. These factors prevent tourists from taking holidays, hence, not only affect the stability of the local economy but also affect the occupancy rates of the Fijian SME tourism businesses. For instance, the global financial and economic crisis of 2009 emanating from the US and Europe influenced the local economy. Being Fiji's traditional tourist source markets, the case businesses found a temporary drop in tourist arrivals from these two regions during this period. As a result, perceived environmental uncertainty across all the three cases were also influenced predominantly by these external factors. These findings provide empirical evidence from a developing country context how global financial and economic crisis (e.g. recession), consistent with the tourism literature (e.g. Hall, 2010), have far reaching effects on tourism destinations world-wide, including Fiji. The findings provide some answers to the issue raised by Hall (2010) as to how various crises interact with each other. It attempts to provide some understanding of the complexity of this notion, for the benefit of policy makers and other stakeholders in the tourism industry, in the handling of crises.

### 7.2.1.3 Factor 3: Competition

This study found that competition was a cause of environmental uncertainty for a young, newly established tourism accommodation business, but not for the more established case businesses. This finding is consistent with Singh (2006), who found that competition poses the major threat to small business operators in Fiji. This study found differences between the two larger and one small case businesses. For instance, the larger cases: 1) had been operating for more than 10

years, 2) the Owners and top management had previous work and business experiences in tourism, thus advantageously positioning them to manage the influence of competition, and 3) they had established strong long-term relationships with their guests, thus enjoying repeat customers. In contrast, Indo-Fijian Case was a young business (third year of operation). The Owner-Manager had no previous work and business experience in the accommodation business. Consequently, Indo-Fijian Case perceived a significant degree of environmental uncertainty emanating from the competition from established accommodation providers. This was exacerbated by the Owner-Manager's religious belief (associated with ethnicity), which limited the facilities and activities Indo-Fijian Case could offer its guests. Thus, Indo-Fijian Case was disadvantaged by the Owner-Manager's lack of experience to support strategies to attract customers, and the limited range of services offered due to the ethnicity of the Owner-Manager. The findings suggests that the ethnic background or ethnicity of Indo-Fijian Case's Owner influenced Indo-Fijian Case's business practices, to some extent. While the use of ownership by ethnicity as a contingent factor is almost non-existent in the management accounting literature, this finding suggests that ethnicity influences Indo-Fijian Case's business practice, thus, offers some support towards this notion. The influence of ownership (by ethnicity) on the use of PMSs will be discussed in a later section.

Thus the overall findings suggest that the perceived environmental uncertainty factors that may influence the use of PMSs by Fijian tourism SMEs are primarily, the external factors, political stability and government regulations (i.e. governmental factors), and competition in younger firms with less experienced Owners and/or management. These findings may explain why the survey respondents had mixed views about the predictability of the Fijian business environment, as opposed to a very high uncertain perception or a very low uncertain perception.

This next section provides the findings concerning how environmental uncertainty influences the use of PMSs in the Fijian tourism SME context (as per research objective one). Given that the Fijian environment is relatively certain or predictable, the respondent businesses are expected to use diagnostic controls under these predictable conditions. This is justified because in a less uncertain or predictable business environment, there is no need for the regular use, discussion and revision of information by management pertaining to its business operations and strategies (i.e. interactive use of PMSs), since circumstances are not changing constantly. In such situations, a diagnostic use of PMSs (i.e. management by exception basis) suffices (Simons, 1991, 1995). Although statistically insignificant, this study found that the use of PMSs diagnostically, occurred across the three businesses, based on the interview data. For

instance, in all three cases, the Owner(s) and top management team kept track of key financial performance measures (e.g. cash takings, sales, costs and net profit). These items are recorded daily or weekly, and monthly management reports are produced. The Owner(s) and top management review these monthly reports and compare them to previous months and past years' figures. Management reviews only those periods where there have been a drop in cash receipts, sales and/or profits. Similarly, the Owner-Manager of Indo-Fijian Case indicated that upon reviewing the monthly management reports, the nature of any variances may prompt him to engage in corrective actions.

In addition to a diagnostic use of PMSs, the study also found that based on the overall results, the respondent firms also used PMSs interactively under these predictable conditions. This finding is not consistent with previous research, which indicates a positive relationship between high environmental uncertainty and interactive use of PMSs (e.g. Simons, 2000; Abernethy and Brownell, 1999; Ezzamel, 1990; Chenhall, 2003; Henri, 2006a). There are several explanations for these findings. Firstly, it is possible that when some uncertainty is faced by organisations, such as the prevalence of natural disasters, global economic trends and/or crisis, governmental regulations, political instability and competition, there may be a tendency to be more "hands-on", with management directing their business operations through the uncertain period, and provoking the use of PMSs more interactively. The interview evidence does suggest that Fijian tourism SMEs can be subject to environmental uncertainty. For instance, when faced with a greater level of perceived environmental uncertainty by management, the need for an appropriate control system increases, see findings from previous studies in the services sector by Auzair (2011), Sharma (2002), Fitzgerald et al. (1991) and Brignall (1997).

Secondly, Simons (1994) stated that 'any diagnostic control system can be made interactive by continuing and frequent top management attention and interest' (p. 171). This involves the Owners and top management's direct involvement in the day-to-day operations of the business. The interview data suggested that based on the management reports generated, dialogue occurs between the Owners, top management and employees as to what caused the poor performance, and to discuss what actions to take to rectify the issue(s). Owners/Management continuously lookout for information, new ideas and ways to improve their services, and/or combat the uncertain periods. Regular dialogue and informal meetings are conducted between the management team and employees, so that everyone is informed about any new strategies that may emerge, and implement them accordingly in an effective manner. Employees' feedback are also welcomed and considered pertinent in gauging the effectiveness of the strategies, and/or

to provide new ideas that may be worth exploring by the management team. Specifically, the Owners and top management across the three cases continuously search for information to better inform themselves of competitors' actions (including services and prices), and to help cushion external environmental uncertainties caused by competition. For example, membership in tourism association bodies, including the national tourism body (i.e. Fiji Islands Hotel and Tourism Association or FIHTA) have helped European Case to be regularly updated on competitors' actions and government policies that affected the tourism industry and its business. In turn, the Owners and top management are able to act on the information by developing strategies and implementing them, when necessary. Hence, it is plausible that in this study, the diagnostic control system, however primitive, may have been made interactive by these SME Owners / management.

Finally, an alternative explanation is that the absence of a clear diagnostic or interactive use of PMSs which this finding implies, perhaps highlights the lack of a formal PMS among Fijian tourism SME firms in this study. Prior research have recognised the low level of PMS use in SMEs. For instance, in their study on SMEs in India, Sharma et al. (2005) found that while SMEs acknowledged the importance of PMSs in managing the day-to-day operations in today's dynamic and complex business environment, they were yet to implement, operate and exploit it fully in a formal and professional manner, so as to enable them to derive maximum business gains out of it. The limited empirical literature on use of PMSs by SMEs (Garengo et al., 2005) suggests that the majority of SMEs have simple systems and procedures, which allows flexibility, immediate feedback, short decision-making chain, better understanding and quicker response to customer needs than larger organizations (Singh et al., 2008); and they tend to be short-term focused on operational and financial performance (Garengo et al., 2005). Hence, amongst other things, the nature of SMEs and the simplicity of their PMSs, may limit the type of information top management can record and monitor concerning their business operations. Findings from the case analysis provided some evidence of this. Therefore, future research can be directed towards examining the level of use of PMSs among SMEs, in different settings and countries.

Overall, the findings indicated that the degree of environmental uncertainty was average (i.e. not very high and not very low). While the findings showed that governmental factors, external factors and to some extent, competition were factors that caused environmental uncertainties in the Fijian context, the study did not find the Fijian environment to be highly uncertain. Hence, we cannot expect the Owners and top management to use PMSs interactively. Although the

discussion in Chapter 2 suggested that the three-tiered environment (i.e. economic, tourism and SME environment) which affected Fijian tourism SMEs in the accommodation sub-sector were unstable or highly uncertain, the perception of the respondents suggested otherwise. More on the use of PMSs will be discussed in Section 7.3.

### 7.2.2   Influence of Ownership on Use of PMSs

Hypothesis 2 (H2) of the study hypothesised that Fijian tourism SME firms despite their ownership (by ethnicity) use PMSs interactively. This study found that there were no significant differences in the use of PMSs (either interactively or diagnostically), based on the ethnicity of the respondent firms, hence H2 was rejected. Based on the quantitative and the qualitative results, this study finds that ownership influenced an interactive and diagnostic use of PMSs in varying degrees. While the interview data did not provide compelling evidence of a relationship between ownership (by ethnicity) and the use of PMSs, it did provide several useful insights pertaining to the effect of ownership (by ethnicity) on the business practices and management style of the three cases.

This study also found that the case businesses, were family-owned businesses. This finding is consistent with the management accounting, entrepreneurship and SME literatures which state majority of SMEs are known to be family-owned businesses (e.g. Chu, 2009; Morrison and Teixeira, 2004, Hailey, 1985). Concerning the influence of ownership (by ethnicity) on their business practices, the interview data indicated that the cultural orientation of the three Owners, (each representing the three major ethnic groups in the multi-cultural setting of the study), strongly influenced their business concepts. For example, Indigenous Case's business concept (a "village experience" to its guests) was embedded in the indigenous culture of the Owners, thus gave the business its competitive edge. In European Case, the Owners' western/European ethnicity influenced its business concept of offering personalised family holidays for its niche market, through knowledge of the lifestyle and expectations of western and/or European tourists, thus providing the business with its competitive edge. In Indo-Fijian Case (see section 7.2.1), the Owner-Manager's religious belief, imposed limitation on its business practices. This finding supports research conducted by Hailey (1985) in the Fijian entrepreneurship context where he found that the cultural orientation of the different ethnic groups present (i.e. indigenous Fijians, Indo-Fijians, Chinese, Part-Europeans, had influenced their businesses. For instance, Hailey (1985) mentioned that the communal nature of indigenous Fijian culture were added strains to the indigenous Fijian entrepreneur, who had to balance traditional obligations

with meeting business demands. In contrast, individualism and economic motives of the Indian ethnic community were reflected in their business performance. Hence, this finding addresses the literature gap mentioned in the accounting and SME literatures (e.g. Hosen at al., 2011; Chand and White, 2006) on the influence of ethnicity on accounting practices.

Hoftstede's (1980) societal values of individualism-collectivism and power distance were apparent among the ethnic groups based on the interview data. These societal traits also influenced the management style of the three cases. For instance, in European and Indo-Fijian Cases, the cultural background of its Owners (i.e. European and Indo-Fijian) were characteristic of individualistic, masculine and low power distance societies. Hence, a focus on the immediate family and an informal or flexible management style were evident in these two cases. This includes the use of personal observation by the Owners and top management as a form of control mechanism, to monitor business operations. For example, direct interaction and informal talks with customers and staff provided the Owners and top management with first-hand information about customer satisfaction. Also the holding of informal meetings with staff, either routinely (e.g. weekly) or as and when the need arose to address issue(s) that the Owners and top management saw fit. If necessary, informal meetings were held with individual staff only, if it concerned an issue with a particular staff. The communication channels were direct between the Owners, top management and subordinates, given the close proximity of the Owners and top management to the business operations. Also the close-knit relationship between the Owners, top management and staff (either relatives or staff who have worked for many years) have also contributed to a flexible and informal style of management practised across the three cases. For example, in Indigenous Case, this was rooted in the group consensus nature of decision-making and consultations in the indigenous Fijian society, characteristic of an informal style of management (for Indigenous Case), and the immediate family-type of business, with a close and informal interaction between top management and its employees (for European and Indo-Fijian Cases). Hence, consistent with prior management accounting research (e.g. Merchant, 1985; Ouchi, 1980) this finding suggests that the Fijian tourism SMEs in this study will use informal and personal controls to a greater extent than formal controls (e.g. formal performance measurement system).

These findings suggest that the ethnicities of the Owners have influenced a flexible and informal management style practised by the Owners and top management across the three cases. Prior MCS and PMS research have not used ownership (by ethnicity) as a contingent factor. This study has therefore attempted to address this gap in the literature through an examination of

263

ownership (by ethnicity) as a potential contingent factor in a multi-cultural society. Overall, it is possible that the flexible and informal management style, influenced by the ethnicities of the Owners of the case businesses, may be conducive to a more interactive use of PMSs. Particularly, the significant amount of attention paid by the Owners and top management towards areas of strategic importance and/or strategic uncertainties that may affect the achievement of goals is characteristic of an interactive control system (Bisbe and Otley, 2004; Marginson, 2002). To reduce these uncertainties, the Owners and top management are in constant dialogue with staff, and may modify or develop new strategies to ensure the achievement of goals (e.g. increase market share). This finding may also indicate that the flexible and informal management style practised by the case businesses may not provide a suitable setting for the use of diagnostic controls as they require more formal and systematic implementation and monitoring of business performance (Simons, 1995). While this finding cannot be generalised, it is suggestive of a possible relationship between ownership (by ethnicity) and use of PMSs interactively, that can be explored in future research.

This finding also adds to the gap in the literature on PMS use in developing countries (discussed in Chapter 3). This finding is supportive of the study of Georgise et al. (2013), who stated that the cultural context (i.e. individual and organisational behaviour) of developing countries needs to be factored into the design and use of PMSs, for the PMSs to be effective. Given that this study found no differences in the use of PMSs (diagnostically or interactively) based on the ownership (by ethnicity) of the respondent businesses, further research is required on this issue in different contextual settings.

### 7.2.3    Influence of Size on Use of PMSs

Hypothesis 3 (H3) of the study hypothesised that Fijian tourism SME firms, despite their size, use PMSs interactively. This study found that there were no significant differences in the use of PMSs (either diagnostically or interactively), based on the size (i.e. number of employees and number of rooms) of the respondent firms; H3 was rejected. This finding indicates that the respondent businesses may be using PMSs both diagnostically and interactively, irrespective of size. This finding is consistent with the mixed results reported earlier (in sections 7.2.1 and 7.2.2) that the respondent businesses in the survey, used PMSs both interactively and diagnostically to varying extent. Another finding from the quantitative study was the higher number of respondent businesses that were classified as "small", compared to "medium-sized" tourism accommodation businesses. As described in section 6.3.1.3 (p.206-207), 94% were

small businesses (based on number of rooms criteria), and 48% were small businesses (based on number of employees criteria). This finding is consistent with previous Fijian tourism SME studies (e.g. Singh et al., 2007; McMaster et al., 2004; Yusuf, 1995) who found that majority of the enterprises were "small" in nature.

Based on the interview data, this study found that size had an influence on the use of PMSs (both interactively and diagnostically) in varying degrees, across the three cases. Size also influenced their business practices. For instance, all three cases used less formal and simple controls, including personal controls (e.g. direct observation) to monitor their business operations. Its flat business structure combines well with an interactive style of control system, as the Owners and top management are directly immersed in running the business, and they continually look for information and ways to improve their business performance. There is a direct flow of information shared between the Owners, top management and staff, which can be acted upon promptly, should a change or a crisis arise. Else, it was business as usual, with the routine checking (i.e. weekly and monthly) of key performance measures in terms of room occupancy, sales, cost and profit data. This approach was characteristic of a diagnostic control system that were also used by the case businesses.

Another key finding was that size influenced the resources (i.e. financial, human and technical) available to the case businesses. For instance, Indigenous Case (medium-sized business) had access to a Business Consultant (e.g. human resource), to support strategic planning. This resource was not evident in Cases B (medium-sized) and C (small-sized), who could not financially afford to recruit such expertise. Hence, the immersion of the Owners of European and Indo-Fijian Cases in the operations of their businesses, exacerbates their ability to effectively measure and evaluate their business performance. This finding is consistent with previous studies (e.g. Garengo et al., 2005) who found that the specific characteristics of SMEs can be obstacles to the implementation and use of a PMS. This finding implies that unless SME Owners see the value of having an effective planning and control system, such as a PMS, their ability to grow their business may be compromised greatly (e.g. Davila and Foster, 2005). Consistent with research in the PMS SME literature (e.g. Garengo et al., 2007; 2005), this study supports the view that information systems, including accounting systems platforms need to be designed according to the specific characteristics of (tourism accommodation) SMEs, and which keeps in mind the limited resources they have.

These findings contribute to the scant research on the effect of organisation size on the use of PMSs in contingency-based literature (Chenhall, 2003), in PMS in SMEs literature (e.g. Garengo and Bititci, 2007, Garengo et al., 2005), and in PMS in the service industry and in tourism literature (e.g. Haktanir and Harris, 2005; Cruz, 2007). Given that majority of the surveyed firms were categorised as a "small" business, their features previously referred to in this section, suggests that the use of PMSs interactively and diagnostically may occur in this setting.

## 7.2.4 Influence of Strategy on Use of PMSs

Overall, this study found that Fijian Tourism SMEs pursue a differentiation strategy rather than a low-cost strategy. Given the relative certainty of the Fijian environment identified previously, this finding is not consistent with previous empirical MCS and PMS studies (e.g. Abdel-Maksoud et al., 2005; Hyvönen, 2007). These studies found that firms that used differentiation strategy were often associated with a high uncertainty level. In the context of this study, several reasons may explain this: i) the need to meet and maintain customer demands and service quality; ii) the global economic factors which affect the tourist numbers travelling, rather than the local economy were a cause of uncertainty across the three cases; iii) competition (for a new business), and iv) the different nature of the industry in which the studies were conducted (i.e. service and tourism industry versus manufacturing industry, which was the context of the above mentioned studies). This finding is consistent with Auzair (2011) who stated that the design of MCS in hotels should also consider the external environment in which the hotels operate as managers of these organizations are constantly exposed to customers and competitors. In his study on Malaysian hotels, Auzair (2011) found that the type of MCS utilized by hotels is associated with the business strategy pursuit and the PEU.

Hypothesis 4a (H4a) of the study hypothesised that Fijian tourism SME firms pursuing a low cost strategy use PMSs diagnostically; this hypothesis was rejected. Hypothesis 4b (H4b) of the study hypothesised that Fijian tourism SME firms pursuing a differentiation strategy use PMSs interactively; this hypothesis (H4b) was accepted. Even though this study found that participants primarily pursued a differentiation strategy, it was also determined that the PMS use occurred diagnostically and interactively. Specifically, there was a positive and significant relationship between firms pursuing a differentiation strategy and the use of PMSs diagnostically. This finding again supports the notion that in this study, the respondent firms used PMSs diagnostically and interactively in varying degrees. One explanation for this finding

is that, due to the less uncertain perception of the environment by the respondent firms, the routine use of financial information is expected to be used diagnostically by the Owners and top management. It is the non-financial performance areas, or the key strategic areas that are managed more interactively, as revealed by the case interviews. This finding suggests that the Owners and top management are well aware that the non-financial performance areas are pertinent to manage effectively, in order to improve the financial performance of the case businesses. This finding lends support to previous studies, conducted predominantly in large firms that assert the importance of linking business strategies to PMSs (e.g. Franco-Santos et al., 2012; Kaplan and Norton, 2000; Langfield-Smith, 1997).

Evidence from the interview data also determined that firms using differentiation strategy used PMSs interactively. For instance, the interviewees mentioned that meeting customers' demands were paramount, and involved offering quality, on-time and flexible service. For example, feedback from customers was an important performance measure used across the three cases, and this was obtained by either top management's direct interaction with guests (in all three cases), as well as feedback from guests' reviews on the Trip Advisor website (in Indigenous Case). Corrective action(s) were taken immediately, when necessary. This information was conveyed by top management to the staff responsible (via informal meetings), and immediate changes were made to address the issue(s). This is indicative of interactive use of PMSs. This finding is consistent with prior studies (e.g. Auzair and Langfield-Smith, 2005; Chenhall and Langfield-Smith, 1998; Kumar and Subramaniam, 1997).

Additionally, the continuous focus by the Owner(s) and top management of the case businesses on key areas of strategic importance to their business have influenced an interactive use of PMSs. These priority areas were predominantly customer satisfaction and service quality. The Owners and top management believe they must monitor these areas personally to ensure that the goals of the firm are achieved. This finding is consistent with previous tourism research (e.g. Gomes et al., 2007) which have recognised the importance of customising services and monitoring and improving service quality for the complicated global customers.

Therefore, findings suggest that participants use a differentiation strategy, with a diagnostic and interactive PMS use occurring. A possible explanation for this finding is that the strategy pursued by the case businesses is focused on key strategic areas that the Owners and top management identified as crucial to their business operations (e.g. customer satisfaction, and efficient and effective service delivery).

### 7.2.5 Other Factors Influencing PMS Use

This section presents further insights from the case interviews on non-contingent factors that may have contributed to an internal environment conducive to promote the use of PMSs in the context of this study. These factors include: i) the close proximity of the Owner(s) and top management to the business, ii) open and free flow of communication between the Owner(s), top management and employees, and iii) informal management style adopted. Each of these factors are discussed below. As a consequence of business size there is a close proximity of the Owners and top management to the business operations. Smaller firms tend to implement systems where the control, coordination, and communication mechanisms are more informal and personal (Chenhall, 2003; Merchant, 1981; Bruns and Waterhouse, 1975). Interview data suggested that given the size of the case businesses, the direct flow of communication between the Owners, top management and employees (and vice-versa), was enhanced. This was influenced by the flat and flexible organisation structures, characteristic of SMEs (Yusof and Aspinwall, 2000). While decision making was centralised to the vision and discretion of the Owners, the management style practised was flexible and informal. This finding suggests that the informal management style prevalent in the SMEs' studied may have also facilitated the use of PMSs interactively, to a significant degree. This supports previous MCS and PMS research (e.g. Chenhall, 2003) that have associated having interpersonal and flexible organisational structures as conducive towards an interactive use of controls, including the use of PMSs.

In summary, this section presented the findings concerning the factors that influenced the use of PMSs by Fijian tourism SMEs, which are related to the study's first research objective. The findings indicated that the contextual environment of the SMEs in the study, were relatively predictable, with uncertainties tending to be influenced by factors such as natural disasters, political stability, government regulations and global economic downturns. The predictability of other environmental factors (e.g. customer demands and competition), have moderated the extent of uncertainties from the environment, hence, overall, the environment was relatively predictable. The findings indicated that the environmental factors influenced participants in using PMSs both diagnostically and interactively in varying degrees. The same outcomes were found for the effect of ownership (by ethnicity), size and differentiation strategy on the use of both a diagnostic and interactive use of PMSs. This section also discussed the findings that were not hypothesised, particularly those that had emerged from the case interviews. While there was insufficient evidence from the case interviews for a strong relationship between ownership (by ethnicity) and use of PMSs, interview data provided empirical evidence that ownership (by

ethnicity) did influence the business practices of the case businesses. This included its influence on the business concept and informal management style adopted across the three cases. This is a positive and novel finding which may raise interest to other MCS and PMS researchers to further explore the use of ownership (by ethnicity) as a potential contingent factor, in a multi-cultural research setting. Overall, the discussion in this section has enabled the researcher to determine what factors influenced the use of PMSs by Fijian tourism SMEs in the accommodation sub-subsector. Hence, the first research objective was achieved.

The next section will discuss the issues raised in the second research objective of this study, and will complement the findings on the use of PMSs that has been identified and discussed in this section.

## 7.3    Use of PMSs

This section presents findings relating to the second research objective identified in Table 4.1. This study found that PMSs was used diagnostically and interactively. PMSs was used diagnostically for two major purposes, namely: i) to monitor results; and ii) to track progress towards goals. The interview data supported this finding. For instance, Owners of the three cases used management by exception approach when tracking sales, costs, cash takings and room occupancy information on a daily, weekly and/or monthly basis. These measures are consistent with Ijiri (1975) who identified the same accounting measures that were commonly used in diagnostic control systems. Management is prompted by a drop in sales or room bookings, and investigate the reason(s) for their decline. Corrective action (e.g. increase advertising for Indo-Fijian Case) would be undertaken as a result thereof.

PMSs was used interactively in four main ways: i) to enable discussion in meetings between management and employees; ii) to enable the business to focus on common issues; iii) to enable the business to focus on critical success factors; and iv) to provide a common view of the business. Interestingly, one of the uses of PMSs that had the lowest mean score, below the average mean was the item 'to enable continual challenge and debate underlying data, assumptions and action plans'. This finding suggests that the respondent firms may not be revising their plans and budgets continuously. Based on this study's findings, it may be due to the lower uncertainty of the external environment perceived by the respondent firms that has resulted in the lower ranking of this item. However, this finding may also signal that the

respondent firms may not have a formalised and regular information system to provide them with the updated performance measurement information.

The interview data also indicated that PMSs was used in an informal manner, with less recording and monitoring of key measures. This finding suggests that the recording and monitoring of Indigenous Case's business performance was quite weak, exacerbated by perhaps the lack of managerial capacity to effectively design and use PMSs, and/or little attention given to the formalisation of PMSs in Indigenous Case. This finding is consistent with prior studies on PMSs in SMEs who found that the specific characteristics of SMEs can be obstacles to the implementation and use of a PMS (see Garengo et. al, 2005).

These findings are consistent with Georgise et al. (2013) who identified some of the challenges faced by firms in developing countries and their use of PMSs (see Chapter 3). Specifically, the apparent lack of expertise to properly design and use PMSs, and the lack of basic information technologies infrastructure to facilitate the data collection process, analysis and decision making. These challenges were evident in this study. This finding adds to the scant empirical research on PMS use in tourism SMEs in developing countries. Future research can explore the design of PMSs in tourism SMEs, which is beyond the scope of this study.

Additionally evidence, based on the interviews, which supported a mixed use of PMSs was related to the size, informal management style, direct communication channel, the differentiation strategy adopted by the case businesses and the close proximity of the Owners and top management to the business operations. As a result, any information that can improve the business day-to-day operations (e.g. direct feedback from customers or via Trip Advisor website) are discussed with relevant staff, and implemented efficiently. This may be conducive to an interactive use of PMSs. This finding is consistent with previous studies that have researched on the effect of interactive use of MCSs, including PMSs (e.g. Bisbe and Otley, 2004; Marginson, 2002; Simons, 1991, 1995).

In summary, this section has discussed further findings in relation to how Fijian tourism SMEs in the accommodation sub-sector use PMSs. Based on the overall results, the findings confirm the diagnostic and interactive use of PMSs, in varying degrees. These findings have provided further insights into how the respondent firms in this study used PMSs, thus addressing the second research objective in this study.

## 7.4 Influence of PMS Use on Organisational Capabilities and Organisational Performance

Drawing on Simons LOC framework and resource-based theory (RBT), this study further examined the influence of use of PMSs (diagnostically and interactively) on organisational performance, indirectly, via its effects on organisational capabilities (a multi-dimensional construct) of teaming of resources, organisational routines, entrepreneurship and innovativeness. Discussions in this section address the third and final research objective (see Table 4.1).

### 7.4.1 Influence of Diagnostic Use of PMSs and Organisational Capabilities

Hypothesis 5 (H5) of the study hypothesised that a diagnostic use of PMSs limits the deployment of (negatively influence) Fijian tourism SME firms' capabilities of teaming of resources, organisational routines, entrepreneurship, and innovativeness. Organisational capabilities consist of the multidimensional constructs of teaming of resources (Physical & Other Intangible Resources, Owners' Experience & Relational Resources, Communication Resources and Human Resources), organisational routines (Planning & Control Organisational Routines, Operational Routines, Sustainability Organisational Routines), and unidimensional constructs of entrepreneurship and innovativeness. The findings relating to each of the four capabilities, as hypothesised in H5 are discussed next.

### 1) Influence of Diagnostic Use of PMSs on Teaming of Resources

This study found that there was no relationship between the diagnostic use of PMSs and the teaming of resources, hence the diagnostic use of PMSs does not negatively influence the teaming of resources capability. The teaming of resources was a novel capability introduced in this study, grounded in Grant's (1991) work. It was argued in this study that a diagnostic use of PMSs will limit the firm's teaming of resources capability. For instance, it would limit the Owners and top management's ability to make better use of their resources to take advantage of changing circumstances and exploit new opportunities, or modify existing plans due to change in business climate, new developments or strategy.

Several reasons may explain this finding. First, the size of the tourism SMEs in this study were predominantly small, hence, their PMSs were less formal in nature, as opposed to the use of more formal diagnostic controls. Secondly, this study finds that PMSs was used both diagnostically and interactively, hence, this may account for absence of a relationship between

the two hypothesised constructs in this instance. Thirdly, due to the general weaknesses found in the recording and updating of key performance measurement information in the participant cases, the use of PMSs diagnostically may be loosely applied among the respondent firms in this study. This flexible use of PMSs diagnostically among the case firms may have resulted in the outcome of H5, as it relates to the teaming of resources capability. Since teaming of resources is a novel capability explored in this study, no comparisons can be made to the findings from the existing literature.

This study found that both tangible (e.g. good business location, adequate telecommunication facilities, have employees who are team players, and have access to information technology) and intangible (e.g. good management skills, strong family support, strong community support, and network with key industry players) resources were important to the respondent firms, although there were some variability in the availability of these resources to the respondent firms. This finding is consistent with prior research that has found that firms require significant tangible and intangible resources that can be harnessed into strengths, and thereby lead to competitive advantage (Grant, 1991; Covin and Slevin 1991; Barney, 1991; Barney et al., 2001). This study also found several key tangible resources appeared to be lacking in the respondent firms, namely: cash flow availability, reliable employees and well equipped tourist facilities. Having a strong cash flow at start-up was important across all the three cases. All of the cases used their own savings accumulated from a previously existing business. Additionally, government subsidised start-up loans were granted to Indigenous Case. This finding is consistent with previous studies that found that cash flow was a pressing issue of SME businesses (e.g. Garengo et al., 2005).

This study also found other intangible resources that were available to lesser degree to the respondent firms, namely: established partnerships with travel agents, previous business experience as an entrepreneur, and previous work experience in the tourism industry. For instance, only Indo-Fijian Case, a new business, and to a lesser extent in Indigenous Case relied on partnerships with travel agents. European Case does not rely on travel agents, but receives almost all its booking off its website. This finding suggests that the age of the business influences the degree of the case businesses dependence on travel agents. The more established businesses (i.e. Indigenous and European Cases) do not need to rely on travel agents as they have a lot of repeat businesses, and 'word of mouth' advertising of previous guests may be promoting their businesses. However, as a new business, establishing partnerships with travel

agents appears to be the key intangible resource that will boost the marketing of Indo-Fijian Case in its early years of operation.

A further explanation for the low rating given by the respondent firms to the two intangible resources of 'previous business experience as an entrepreneur' and 'previous work experience in the tourism industry' is shown in Tables 6.2 and 6.3 in Chapter 6. Only 26 percent of the respondent firms had a substantial to a large degree of work experience in tourism; whilst 42 percent had a substantial to a large degree of previous business experience. This finding suggests that majority of the Owners who start their accommodation business did not have prior work experience in the tourism industry and/or previously operated a business. The results from the quantitative study concerning the apparent lack of these two intangible resources may suggest that these two intangible resources may be further examples of the inimitable resources, that if present in respondent firms, would give them a competitive edge. The interviewees across the three cases emphasised the importance of 'previous work experience in tourism' and 'previous experience as an entrepreneur' as important intangible resources. Interview data also found that the Owners and top management of Cases A had extensive previous work experience in the tourism industry. This would give Indigenous Case the competitive edge. The Owner of Indo-Fijian Case indicated that 'previous work experience in tourism' was advantageous, since this enhances their industry knowledge. The Owner-Manager of Indo-Fijian Case lacked this knowledge as he was new to the tourism accommodation business. Also all the Owners of the case businesses have operated prior businesses, which is a strength.

Another key intangible resource identified by Indo-Fijian Case (which it lacked), was to have employees with IT skill in tourism business. This resource would add value towards the maintenance of the cases' website, that can be designed to receive online bookings and for the cases to disseminate marketing information to their regular customer, new markets, online booking agencies and travel agents. Having an integrated online reservation system with a computerised accounting system was also mentioned by the interviewees as a key resource. The Owner of European Case had developed such a system himself, as he had IT skills. Hence, such resource would enable information to be available in real-time to the Owners and top management.

## 2) Influence of Diagnostic Use of PMSs on Organisational Routines

This study found that there was a statistically significant and positive relationship between the diagnostic use of PMSs and Planning & Control Organisational Routines[83] and Sustainable Organisational Routines; the interview data also supported this finding. This is an interesting finding given that these routines, based on the descriptive results, were the least practiced routines identified by the respondents.

European and Indo-Fijian Case did not have formalised strategic planning routines, whilst Indigenous Case practiced strategic planning. This may be influenced by the age of the businesses, as well as the resources at their disposal. This finding is consistent with previous studies that reported that SMEs do not have formal planning and control systems (e.g. Garengo and Bititci, 2007; Sharma et al., 2005). Indigenous Case's ability to link its business operations to its strategy, via the strategic planning routine is a positive trend for the business. This finding is consistent with previous studies (e.g. Singh et al., 2008; Pechlaner and Sauerwein, 2002; Langfield-Smith, 1997). Research has shown that SMEs which link operations to their business strategies outperform their competitors (Singh et al., 2008).

Another possible explanation for the low use of planning and control routines in this study is the notion that small tourism firms are often generally described in the tourism literature as lifestyle entrepreneurs. The tourism literature have described these firms to lack strategic planning routines and management strategies (Morrison et al., 2001), as well as adopting a generally informal business approach (Mottiar, 2007), and lacked skills (Lashley and Rowson, 2010), to name a few. Interview data suggested that the Owners of European Case are lifestyle entrepreneurs. Their motivation to operate their accommodation business was based on their love for the country and its people, when they visited as tourists. While European Case has been operating as a family-owned resort for over 30 years, the Managing Director indicated that they don't prepare budgets or have formal plans. While determining which of the respondent firms were lifestyle entrepreneurs and which were business minded entrepreneurs is beyond the scope of this study,  it may be that some of the respondent firms, many of which are small in size,

---

[83] Planning and Operational routines consist of: 1) practicing business planning, 2) practicing strategy development and, 3) adopting quality management systems

may be lifestyle entrepreneurs, hence, having formalised planning and control routines may be non-existent in these firms.

This finding also suggested that more awareness on the benefits of strategic planning must be communicated to Owners and top management of SME tourism businesses. Such an initiative would also enhance the use of PMSs by these firms, and may persuade the lifestyle tourism entrepreneurs to engage in strategic planning routines, when they see the benefits that can be derived, to grow and sustain their business. These findings also provide empirical evidence on the strategic planning orientation of SMEs in a service industry and in a developing country context, and adds to the scant research on the planning and control routines and use of PMSs in SMEs as highlighted in the literature (Ghobadian and O'Regan, 2000; Chenhall, 2003; Singh et al., 2008; Franco-Santos et al., 2012), and in tourism SMEs (Auzair, 2011).

This finding may also be explained by the relatively certain external business environment, where the diagnostic use of PMSs would be appropriate especially in the instances of practicing business planning. For instance, budgets were prepared in varying degrees across the case businesses. Strategic planning was practiced and reviewed annually in Indigenous Case. It was projected over 5 – 10 year period, and covered planning on improvements to facilities and funding of such future capital investments. Additionally, the size, age and ethnicity of the Owner (in Indo-Fijian Case) had influenced the degree of formal planning carried out, to some extent.

In contrast, to the previous finding, this study also found no significant relationship between the diagnostic use of PMSs and Operational Routines. Operational Routines (e.g. adopting a customer focused approach to running the business, following defined systems and procedures for key business operations, maintaining a proper accounting or bookkeeping system) may be evolving and/or modified based on new circumstances and strategies that would prompt the Owners and top management to adopt, in order to manage the areas of strategic importance. These are also the most practiced routines that participants identified. The use of a differentiation strategy by the respondent firms further suggests that the Operational Routines would be changing in periods of environmental uncertainties, such as a crisis situation, and/or changing customer demands. Therefore, this may explain the finding relating to no relationship found in this study between a diagnostic use of PMSs and Operational Routines. Additionally, this finding may suggest that the operational routines were used in an interactive manner, to a greater extent, than in a diagnostic manner. Their size and the case businesses' focus on

strategic areas of importance (e.g. service quality and customer satisfaction), exacerbated by their use of differentiation strategy, may be reasons contributing to a more interactive use of PMSs by the case businesses, when it comes to the operational routines. This was supported by the interview data. This finding suggests that top management focuses a lot of its time on the daily operations of the business, and is consistent with previous studies (e.g. Hailey, 1985; Fairbairn, 1988).

Finally, sustainability routines consist of: 1) monitoring business operations across different activities or departments, 2) adopting self-sustainable initiatives, and 3) practicing staff management. This relationship has a significance of 0.10 and so this result was interpreted cautiously. This finding may be explained by the relatively certain external business environment, where the diagnostic use of PMSs would be appropriate, especially in the instances of established (either formally documented and/or implicit) routines pertaining to the monitoring of business operations across different activities or departments, and practicing staff management. There is little need for regular and/or continuous changes made to these organisational routines, as circumstances are not rapidly changing, and these routines, by their nature, have been adopted practices in the studied firms. In such circumstances, a diagnostic use of PMSs was justified (as previously discussed in Section 7.2.1), and in turn, may have positively influenced the said organisational routines.

**3) Influence of Diagnostic Use of PMSs on Entrepreneurship**

This study found that there was no relationship between the diagnostic use of PMSs and entrepreneurship. This finding is inconsistent with previous RBT and management accounting research (e.g. Henri, 2006a). Henri (2006a) found a negative influence of diagnostic use of PMSs on entrepreneurship, due to the restrictive nature of diagnostic controls on entrepreneurship characteristics of introducing new services, creativity and risk taking. There may be several explanations for this study's finding. A diagnostic use of PMSs limits PMSs to a measurement tool (Kaplan and Norton, 2001). The Owners and top management are alerted by the PMS, only in instances, when expected plans and financial performance measures are not achieved. In this study, it was found that a diagnostic use was prevalent among the studied firms, as there was generally a low perceived level of environmental uncertainty. In such circumstances, there may be no pressing need for the respondent firms to engage in entrepreneurship activities, which would be expected in a context of high environmental uncertainty. Also, the informal management style present in the respondent firms, would result

in less constraints placed on entrepreneurship capability, due to the use of diagnostic controls. Hence, the low level of environmental uncertainty perceived by respondents in this study, and the informal management style practised may explain why a diagnostic use of PMSs and the capability of entrepreneurship did not have a negative relationship.

Another reason may be that majority of the respondent firms were 'small' in nature, hence, their entrepreneurship capability is limited by their size, resources at their disposal, and the age of the business. For instance, resource constraints prevented Indo-Fijian Case from offering new services, and for European Case to expand their accommodation capacity. Moreover, the Owners of European Case have been upgrading their facilities over the past 30 years, and suggesting a moderation of their entrepreneurial activities. The Managing Director mentioned, that they just focus on maintenance of the resort, and offer new services if guests suggest them, and only after careful consideration. Finally, the existence of lifestyle entrepreneurs among the respondent firms may also curtail their entrepreneurship capability, since the Owners may be satisfied with the status quo, and may not see the need to continuously be enterprising. Instead, they are happy just to maintain and add value (if possible) to their existing businesses. The Owners of European Case were lifestyle entrepreneurs. However, across the three cases, assessing risk and seeking opportunities were an ongoing process, carried out in varying degrees.

**4) Influence of Diagnostic Use of PMSs on Innovativeness**

This study found that the diagnostic use of PMSs was statistically significant and positively influenced the organisational capability of innovativeness, thus contradicting the hypothesised relationship in H5. This finding is not consistent with previous studies (e.g. Henri, 2006a), who have found that a diagnostic use of PMSs negatively affected the innovativeness capability. The results suggested that the respondents of this study displayed an innovative orientation. For instance, innovativeness was practised to a greater extent in Indigenous Case only, which is medium-sized. Business size, age and resource constraints were influencing factors on the innovativeness capability practised across the three cases. For example, Indigenous Case pursued environmentally friendly facilities such as solar power energy, a marine conservation program and new day tour programs, all constituting an added attraction for tourists. Indigenous Case was rich in its natural resources, due to its location on the outer island. Indo-Fijian Case had a weak innovative capability compared to Indigenous and European Cases. Alternatively, the age of European Case has limited its innovative capability to some extent. This finding is

consistent with previous studies who found that innovativeness is higher in larger hotels than in smaller ones (e.g. Jacob and Groizard, 2007; Orfila-Sintes and Mattsson, 2009; Pikkemaat, 2008). This finding adds to the limited empirical research on innovativeness in tourism, and in tourism SMEs (e.g. Hjalager, 2002; 2010; Sundbo et al., 2007; Tether, 2003).

Evidence to support this finding is that the respondent firms use PMSs diagnostically, due to the low level of perceived environmental uncertainties they faced. Also the diagnostic controls may be used loosely or less formal in nature. Hence, given the relatively predictable business environment in which they operate in, and the informal management style of the respondent firms, the innovativeness capability of the respondent firms were not constrained, as they would for larger firms (which were evaluated by Henri, 2006a). Therefore, a diagnostic use of PMSs had a positive influence on the innovativeness capability, in this study's context.

### 7.4.2 Influence of Interactive Use of PMSs on Organisational Capabilities

Hypothesis 6 (H6) of the study hypothesised that an interactive use of PMSs promotes the deployment of (positively influence) Fijian tourism SME firms' capabilities of teaming of resources, organisational routines, entrepreneurship, and innovativeness. The findings relating to each of the four capabilities, as hypothesised in H6 are discussed next.

### 1) Influence of Interactive Use of PMSs on Teaming of Resources

This study found that the interactive use of PMSs significantly and positively influenced three out of the four teaming of resources constructs, namely: Physical & Other Intangible Resources (P&OIR), Owners' Experience & Relational Resources (OE&RR), and Communication Resources (CR). However, there was no statistically significant relationship for the interactive use of PMSs on the Human Resources (HR) construct. As previously mentioned, the teaming of resources is a novel capability introduced in this study (see Grant, 1991). Therefore, no comparison can be made to previous research.

This finding is consistent with prior studies that view PMSs as an interactive tool (e.g. Simons, 1990, 1991, 1995; Bisbe and Otley, 2004; Marginson, 2002). The channelling of the case businesses' key resources to offer quality, on-time and flexible services, are key strategic areas that the case businesses focus on. Further, the pursuit of a differentiation strategy across the three cases further confirms the interactive nature of the use of PMSs, among the case participants, in nurturing their capability of teaming resources to achieve its aim of offering

guests a satisfying holiday. Such approach, would enhance the cases' likelihood of maintaining their market share, and gaining repeat customers, as indicated in the qualitative findings. Therefore, this justifies why the use of PMSs interactively would positively influence the teaming of resources capability, found in this study.

## 2) Influence of Interactive Use of PMSs on Organisational Routines

This study found that an interactive use of PMSs significantly and positively influenced only the organisational routines construct of operational routines. For instance, the Owners and top management focused a lot of their time on the daily operations of the business, and in uncertain conditions, would use PMSs interactively. This involved continuous direct interaction with guests and staff. This finding is consistent with previous studies that support the use of PMSs interactively (e.g. Bisbe and Otley, 2004; Marginson, 2002; Simons, 1990, 1991, 1995).

## 3) Influence of Interactive Use of PMSs on Entrepreneurship

This study found that whilst there was a positive relationship between the interactive use of PMSs and entrepreneurship, the relationship was not a significant one. This finding is inconsistent with previous RBT and management accounting research (e.g. Henri, 2006a). The interview data revealed varying degrees of entrepreneurship practised by the case businesses. This was influenced by the age, resources available and size of the case businesses (all of which were family-owned).

A possible reason for this finding is that given the low level of business uncertainty, the responding firms may not be constantly looking out for new opportunities, as they would be expected to do if perceived environmental uncertainty was high. Also, the limited resources at the firms' disposal may restrict their entrepreneurial capability. This finding suggests that there may be room for improvement in assisting these tourism SME firms to strengthen their entrepreneurship capabilities, as it is a source of competitive advantage.

## 4) Influence of Interactive Use of PMSs on Innovativeness

This study found that the interactive use of PMSs does not have any relationship or influence on the organisational capability of innovativeness. This finding is inconsistent with Henri (2006a) study who found positive influence of interactive use of PMSs and innovativeness capability. A possible reason for this inconsistency in this study's finding compared to Henri

(2006a), is that Henri's study was conducted in the manufacturing industry, and in a large firm context. It may be that the resources available to larger firms, enabled them to positively foster their innovativeness capability. In contrast, this study is based on SME businesses in the tourism industry. Many of the firms in this study are small in size, thus do not have the resources to exploit new business opportunities like the large firms. This finding suggests that the respondent businesses may need additional assistance (e.g. both financial and mentoring expertise) to assist Owners and top management to develop new ideas and bring them to fruition. Enhancing the innovativeness capability would give the respondent firms the edge and enhance the sustainability of their business.

In summary, this section has discussed the findings in relation to the influence of the use of PMSs (diagnostically and interactively) on the organisational capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness, and, where possible, related these findings to previous research. The discussion was organised around the study's third and final research objective, and the findings relating to the associated hypothesised relationships (i.e. H5 and H6 as summarised in Table 4.1). In some instances, the hypothesised relationships were accepted, in other instances, they were rejected or produced conflicting results from what was hypothesised. Overall, the discussion in this section has enabled the researcher to partially address the issues raised in research objective 3. The next section discusses the findings related to Hypothesis 7.

### 7.4.3    Influence of Use of PMSs on Capabilities and Organisational Performance

Hypothesis 7 (H7) of the study hypothesised that the diagnostic and interactive use of PMSs by Fijian tourism SME firms has an indirect effect on organizational performance through their contribution to capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness. The findings relating to each of the four capabilities and organisational performance, as hypothesised in H7 are discussed next.

### 1) Influence of Teaming of Resources and Organisational Performance

This study found that out of the four constructs constituting teaming of resources, only the Owners' Experience & Relational Resources construct has a positive and statistically significant influence on organisational performance. This implies that in the context of this study, the use of PMSs both diagnostically and interactively positively influenced organisational performance, through the teaming of resources routine of Owners' Experience

280

& Relational Resources. This finding indicates that the four resources constituting Owners' Experience & Relational Resources (i.e. previous work experience in the tourism industry, previous business experience as an entrepreneur, established partnerships with travel agents, and network with key industry players), when combined together, had the most influence on the performance of the respondent businesses. This finding suggests that the Owners' Experience & Relational Resources, which are intangible resources, may be inimitable and unique, and if present in the respondent firms, would give them sustained competitive advantage, and consequently leads to improved business performance. A possible explanation for the statistically insignificant relationship between the other three categories of resources (i.e. P&OIR, CR and HR) and organisational performance, may be that these resources can be duplicated or easily available to the respondent firms. These findings lend support to previous studies in the RBT and MCS literatures (e.g. Henri, 2006a; Hult and Ketchen, 2001) that have found that unique resources and capabilities are sources of competitive advantage and contribute positively to organisational performance.

This study's finding is not consistent with Henri (2006a). In his study, Henri (2006a) did not find a clear support for the relationship between the four capabilities he examined (i.e. market orientation, entrepreneurship, innovativeness, and organizational learning) and organisational performance. Henri (2006a) attributed this finding in his study to the restrictive scope of the performance variable used which was limited to the financial dimension only, and excluded other dimensions of performance such as market share and customer satisfaction. While the teaming of resources capability is a novel capability, and was not examined in Henri's study, it can be expected that as a capability, it should also enhance organisational performance. Like Henri (2006a), this study only used the financial dimension to measure organisational performance, however, it produced a positive and significant relationship in this instance. However, more research needs to be done in different empirical settings to validate the finding of this study, with respect to a positive and significant relationship between teaming of resources capability, via the Owners' Experience & Relational Resources on improved organisational performance.

**2) Influence of Organisational Routines and Organisational Performance**

Second, the relationship between the three (3) organisational routines' constructs and organisational performance produced mixed results. Consequently, the study found that the planning and control routines construct was positive and statistically significant with

organisational performance. However, there was a negative and significant relationship between the operational routines construct and organisational performance. This implies that in the context of this study, the use of PMSs both diagnostically and interactively may negatively affect overall organisational performance, through the operational routines adopted by the respondent businesses. This is an interesting finding, and while no prior study has examined the influence of organisational routines capability on organisational performance, no comparisons can be made to the findings from the existing literature, to provide some explanation towards this finding. Future research can use these constructs to see if their findings will be consistent with this study, and further explain why or why not.

A possible reason for this finding can stem from the informal PMSs that the respondent businesses may have, hence, it is not providing value to the Owners and top management as they should, in particular, strengthening their capabilities to monitor operational activities effectively. For example, in Indigenous and Indo-Fijian Cases, there were weaknesses found in their accounting system, and the monitoring of business activities. This finding implies that there is an informal PMS, and top management may be focused on short-term business operations, with no strategic planning and focus. Hence, more training in the design and use of PMSs is warranted to tourism SME Owner-Managers and top management, particularly in the capabilities relating to the routines of planning and monitoring of operational hotel/resort activities as well as how use of PMSs can strengthen operational routines, and improve organisational performance.

**3) Influence of Entrepreneurship and Innovativeness and Organisational Performance**

This study found that the organisational capabilities of entrepreneurship and innovativeness did not significantly influence the overall organisational performance. This finding is somewhat contradictory to the study's findings in section 7.4.1 (sub-section 4) where it was reported that a diagnostic use of PMSs had a positive influence on the studied firms' innovativeness capability. Alternatively, this study also found that an interactive use of PMSs did not influence the entrepreneurship and innovativeness capabilities of the studied firms. Therefore, the findings indicate that the use of PMSs diagnostically and interactively, did not influence organisational performance, through the entrepreneurship and innovativeness capabilities. This finding is consistent with the finding discussed earlier which revealed that the case businesses were constrained in their capability to be entrepreneurial and innovative. Specifically, their small size, business age and resource constraints have limited these two capabilities. This

implies that assistance in the form of technical expertise and innovative know-hows on developing business ideas are necessary to equip Owners and top management with the skills to take advantage of new opportunities. Alternatively, entrepreneurial qualities and innovativeness skills were evident in the Indigenous and European Cases. While the survey results may not reveal this, in the Indigenous and European Cases for example, the competitive edge that they have over their competitors have been attributed to their ability to take advantage of opportunities and embark on sustainability projects (e.g. marine conservation programs), which were added tourist attractions. Having the services of a Business Consultant was a resource available to Indigenous Case, which improved its planning and control capabilities.

Evidence from the interviews also suggested that the unique resources and capabilities available to a firm may lead to its sustained competitive advantage. Also, those capabilities contribute positively to organisational performance (Henri, 2006a; Hult and Ketchen, 2001). For instance, in European Case, the Managing Director had developed its own reservation and accounting system, to enable it to better plan and coordinate its operational activities.

This finding is consistent with Henri (2006a). In his study, Henri (2006a) did not find clear support for the relationship between the four capabilities he examined (i.e. market orientation, entrepreneurship, innovativeness, and organizational learning) and organisational performance. The same finding was found in this study, concerning the capability of entrepreneurship and innovativeness, and its influence on organisational performance. Resource constraints is one of the main causes found in this study to limit these two capabilities among the studied firms. This finding further confirms the notion that tourism SME firms in this study need to be aware of how entrepreneurship and innovativeness are key capabilities they should develop in their business. The Owners and top management need to be trained in entrepreneurial and innovative skills.

In summary, this section has discussed the findings relating to the influence of use of PMSs (diagnostically and interactively) on organisational performance, indirectly, via its effects on organisational capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness. Specifically, evidence exists that the organisational capabilities examined in this study do influence organisational performance. In particular, teaming of resources routines, namely Owners' Experience & Relational Resources and organisational routines, namely Planning & Control Organisational Routines have influenced organisational performance in a positive and statistically significant manner. However, there were no

significant relationships found between entrepreneurship and innovativeness capabilities and organisational performance. Hence, these findings indicated that the use of PMSs diagnostically and interactively, have influenced organisational performance through the capabilities of teaming of resources and organisational routines, and there were no influence through the capabilities of entrepreneurship and innovativeness. Overall, the discussion in this section have provided further insights into how the studied firms' use of  PMSs (interactively and diagnostically) have influenced organisational performance indirectly, though organisational capabilities. Hence, the third research objective was achieved.

## 7.5    Summary

This chapter discussed the findings in relation to the three areas examined in the study, as per the study's three research objectives. The discussions were based on the quantitative analysis (see Chapter 6) and qualitative analysis (see Chapter 5) undertaken in the study. A summary of the research findings relating to each research objective are presented below.

Concerning the first research objective, the analytical model investigated the factors (i.e. environment, ownership (by ethnicity), size and strategy) that influence the use of PMSs by Fijian SMEs in the accommodation sub-sector of the tourism industry. The second research objective investigated how they use PMSs (i.e. diagnostically or interactively) as a result of the influence of the said (four) contingent factors. The study's findings revealed that the contextual environment of the SMEs in the study, were relatively stable, or predictable, with uncertainties predominantly influenced by seasonal factors such as natural disasters, political stability and global economic downturns. The predictability of other environmental factors (e.g. customer demands and competition), have evened out the uncertainties from the environment, hence, overall, the environment is relatively predictable. Based on this outcome, the findings indicated that the studied firms used PMSs both diagnostically and interactively in varying degrees. The same outcomes were found to be true for the effect of ownership (by ethnicity), size and differentiation strategy on the use of both a diagnostic and interactive use of PMSs in the studied firms.

The third research objective investigated the influence of PMS use on the four organisational capabilities, and in turn on overall organisational performance. The findings provided some support for the positive influence of PMS use (both diagnostically and interactively) on several of the organisational capabilities. This outcome advocates the notion of designing and

implementing effective PMSs for Fijian tourism SMEs in the accommodation sub-sector, as it strengthens firm capabilities, give them sustained competitive advantage, and enhance their business performance. Overall, the empirical findings in this study supported the notion that an interactive and diagnostic use of PMSs does influence business performance indirectly, by strengthening two organisational capabilities, namely teaming of resources and organisational routines.

The next chapter discusses the contributions of this research, limitations and directions for future research.

# 8     Contributions, Limitations, and Areas for Future Research

## 8.1 Introduction

This exploratory study has provided some insightful findings with respect to the use of PMSs in Fijian SMEs in the accommodation sub-sector of the tourism industry. This study examined the use of PMSs in Fijian SMEs in the accommodation sub-sector of the tourism industry. It also identified factors influencing their use of PMSs, and how that use influenced their organisational capabilities and overall organisational performance. The research question for this study was: How do Fijian SMEs in the tourism industry use performance measurement systems? The chapter summarises the key findings and highlights important issues relevant to the use of PMSs in the context of the study. The main contributions of the study to existing knowledge, practical and policy contributions are discussed. The limitations of the study are also identified, followed by suggestions for future research.

## 8.2 Summary of Key Findings

The first research objective of this study was to examine the influence of four contextual factors (i.e. environmental uncertainty, ownership by ethnicity, size and strategy) on the use of PMSs by Fijian Tourism SMEs. In relation to this objective, the results suggest that the external environment in which the participants operated was relatively stable, with uncertainties influenced by seasonal or irregular factors (e.g. natural disasters and global economic crisis), with the result that PMSs was used both diagnostically and interactively in varying degrees. Apart from the routine (daily, weekly) monitoring of their organisational performance (i.e. the diagnostic use of a PMS), an interactive use of a PMS was more prevalent in areas of strategic priority, namely, customer satisfaction and service quality. Although no clear evidence was found concerning the influence of ownership (by ethnicity) on the use of a PMS, there was evidence from the interviews that ownership (by ethnicity) had influenced the business practices and management style of the three cases. This study introduced ownership (by ethnicity) as a new contingent factor, and there may be potential for this contingent factor to be used in future research, as will be explained in a later section.

This study found that participants used a differentiation strategy, and the results found a significant and positive relationship between differentiation strategy and an interactive use of PMSs across the participants. The size of the respondent firms also influenced their use of PMSs both diagnostically and interactively in varying degrees. Given most of the participants were small (by definition), their flat organisation structure and informal management style were conducive to an interactive use of PMSs.

The second research objective of this study was to determine how Fijian tourism SMEs used PMSs. The findings revealed that PMSs were used diagnostically to monitor results and to track progress towards goals. Additionally, PMSs were used interactively to enable discussion in meetings between management and employees; to enable the business to focus on common issues; to enable the business to focus on critical success factors; and to provide a common view of the business. The informal management style and the flat organisation structure of the studied firms, both a consequence of their size, have enhanced the flexible use of PMSs, both diagnostically and interactively, by the studied firms.

The third research objective of this study was to investigate the influence of the use of PMSs on capabilities and organisational performance of Fijian Tourism SMEs. The findings revealed that PMSs used diagnostically have some positive value for the Owners and top management in this study, particularly for the deployment of capabilities of teaming of resources, organisational routines, entrepreneurship and innovativeness. Contrary to the hypothesis (H5), there were no significant negative relationships found between the diagnostic use of PMSs and each of the four capabilities. This may be explained by the joint use of PMSs (both diagnostically and interactively) in varying degrees evident from this study, which has resulted in the rejection of the negative hypothesised relationship (e.g. Henri, 2006a), in this study. Specifically, the results showed that a diagnostic use of a PMS positively influenced planning and control routines and sustainability routines. No relationship was found between a diagnostic use of a PMS and Operational Routines. This suggests that the Operational Routines may be continuously changing, hence, a diagnostic use of PMSs may not be appropriate to influence this type of capability, compared to Planning and Control Organisational Routines and Sustainable Organisational Routines. A diagnostic use of a PMS had a positive and statistically significant influence on the innovativeness capability of the studied firms. This suggests that, in the context of this study, the firms were not constrained by their diagnostic uses of PMSs in their efforts to continuously innovate their services. The relatively certain environment experienced by the participants may be a reason for this. Also, the studied firms' strategic

priority is to satisfy their customers and, hence, these firms were perhaps satisfied with their innovative capability to satisfy their niche customers.

Additionally, the results revealed that PMSs used in an interactive manner contributed positively to the deployment of capabilities of teaming of resources and organisational routines only. There was no significant relationship found between an interactive use of a PMS and the capabilities of entrepreneurship and innovativeness. The latter finding may be caused by the size of the studied firms. Being small tourism businesses many might lack the resources to innovate and exploit new opportunities in comparison to larger firms. Specifically, an interactive use of a PMS positively influenced three out of the four teaming of resources constructs, namely, Physical & Other Intangible Resources, Owners' Experience & Relational Resources, and Communication Resources. However, there was no statistically significant relationship for the interactive use of PMSs on the Human Resources construct. Also, an interactive use of PMSs positively influenced operational routines, and this finding has confirmed that, due to the changing nature of operational routines, an interactive use of a PMS was more appropriate, than a diagnostic use of PMSs (as discussed earlier).

Finally, from a joint use of PMSs (i.e. diagnostically and interactively), the results found an indirect relationship between the use of PMSs and organisational performance through the positive influence on capabilities of teaming of resources and organisational routines. These were specifically Owners' Experience & Relational Resources, and planning and control routines. These findings suggest that these may be examples of two key capabilities that may be inimitable and have the potential to give a competitive edge to the studied firms. However, there were no significant relationships found between entrepreneurship and innovativeness capabilities and organisational performance. This may be exacerbated by the small size of these firms, and the apparent resource constraints they have, compared to large firms.

The next section outlines the contributions of the study to understanding the use of PMSs in Fijian SMEs in the accommodation sub-sector of the tourism industry.

## 8.3 Research Contributions

The hospitality industry is becoming a highly competitive, global industry (Claver et al., 2006). However, very little is known about PMSs in tourism enterprises, especially in hotels (Pellinen, 2003), with a call for more research in this area in order to offer service organizations better approaches to the measurement and management of their performance (Yasin and Gomes,

2010). Fundamental to firms in achieving high performance in globalised and turbulent markets is their ability to effectively measure and monitor its performance (Cocca and Alberti, 2010). Knowledge of how Fijian tourism SMEs use PMSs is non-existent. This exploratory study provides an insight into the use of PMSs in Fijian tourism SMEs in the accommodation sub-sector. The study provides a step for further investigations of PMS use in SMEs in Fiji and other developing countries. Hence, this study has three broad contributions, namely, empirical and theoretical contributions, practical contributions, and policy contributions. These are discussed in the following sub-sections.

### 8.3.1 Empirical and Theoretical Contributions

Firstly, this study contributes empirically to the extant literature on management accounting, performance measurement, small and medium enterprises, and tourism literature. It reduces the paucity in empirical research on PMS use among service businesses, particularly SMEs in the accommodation sub-sector of the tourism industry, in a developing country context, namely, from a Fijian perspective. Numerous studies have been conducted on PMSs in developed countries, therefore leaving an empirical gap in the literature which this study sought to fill. The study's empirical contribution also included insights into the business practices, capabilities and management style of the studied firms to the said literatures.

Secondly, the study adds to the PMS and management accounting literature by developing a new comprehensive theoretical framework currently not evident in the extant literature. The novel framework encompassed contingency theory, Simons' levers of control (LOC) framework and resource-based theory (RBT), and together they guided the development of the study's research question and objectives. It also facilitated a more holistic investigation, including the proposed linkages between the factors that influenced the use of PMSs by the studied firms, and how their use of PMSs influenced organisational performance by way of enhancing capabilities. The developed framework has provided interesting insights into the factors that have influenced the use of PMSs (diagnostically and/or interactively) by the studied firms, and how their use of PMSs can influence organisational performance indirectly, and capabilities too. Additionally, the study extends to the service industry, and in tourism SMEs in a developing country context the novel theoretical framework, which was adapted from Henri's (2006a) study. Henri's study was conducted in large firms in the manufacturing industry, in a developed country context. This study used Henri's framework and adapted it to the context of a service industry in a developing country.

Thirdly, this study advances the field of mixed methods research in the management accounting literature. It responded to repeated calls by management accounting researchers for validating empirical research by combining qualitative and quantitative methods (e.g., Ferreira and Merchant, 1992; Ittner and Larcker, 2001; Shields, 1997; Modell, 2005; Henri, 2006a). For instance, Henri (2006a) mentioned as a future research area that qualitative methodologies would be useful to provide further explanations and new insights into the issues found in his study. Hence, this study extended Henri's (2006a) study by using quantitative (online and postal surveys) and qualitative (semi-structured interviews) research methods to gather relevant data.

Fourthly, the use of ownership (by ethnicity) as a new contingent factor in this study provides an opportunity for future studies to use this factor in similar multi-cultural research settings. This study has extended previous contingency-based research by empirically finding some evidence for the influence of ownership (by ethnicity) on the business practices and management style of the studied firms. Based on this finding, ownership (by ethnicity) may be considered an additional contingent factor in future contingency theory research.

Finally, in response to Henri (2006a), who suggested that other capabilities can be explored, this study introduced two new capabilities deemed relevant to SMEs, namely, teaming of resources and organisational routines. These new capabilities have never been used before in management accounting research and, for that reason, this study has extended existing management accounting and RBT literatures to include these two new factors.

### 8.3.2   Practical Contribution

The study's findings have implications for practice, namely, for tourism SME Owners, top management and other relevant stakeholders, as described below. The study found that all of the contingent factors examined (i.e. perceived environmental uncertainty, ownership (by ethnicity), size and strategy) had some influence on the use of PMSs, both diagnostically and interactively, in varying degrees. As the first study on PMS use to be conducted in the Fijian context, this finding informs the Owners and top management of Fijian tourism SMEs that their use of control systems, in this instance, PMSs, is contingent on both internal and external factors. This knowledge may provide the Owners and management with an enhanced understanding of the factors that affect the use of PMSs, and can guide them to use their PMSs more effectively. This finding will also benefit accountants, business consultants and training providers, who can use this information to develop effective PMSs for SME tourism clients.

Training providers can incorporate the effect of these contextual factors on PMS use in their management accounting course content.

This study has provided empirical evidence concerning a joint use of PMSs (diagnostically and interactively). The results support the view of control systems as tools contributing to the implementation of intended strategies (diagnostic use), but also as tools stimulating the emergence of new strategies (interactive use). This approach may be useful to SME Owners and top management teams, accountants, business consultants and training providers, so they know the circumstances in which different uses of PMSs are appropriate in helping SME Owners and top management to operate and manage their businesses effectively.

### 8.3.3   Policy Contribution

The study's findings also have implications on policies for the development and growth of SMEs in the tourism industry, as outlined below. Firstly, this study found that environmental uncertainty was a multi-dimensional construct, consisting of governmental factors, external factors and competition. Governmental factors were one of the most influential factors contributing to the perceived uncertainties in the external environment in this study. These consisted of economic stability, political stability, government regulations and tourism industry policies. The Fijian government, as a major stakeholder in the tourism industry, has a significant role to play in reducing the uncertainties in the external environment under which Fijian tourism SMEs operate. It is therefore crucial that regular dialogue between government (via senior representatives from the tourism ministry, including finance ministry etc.), tourism operators and/or tourism bodies (e.g. FIHTA) and SME agencies be established. This will demonstrate that a consultative process is in place to inform and deliberate with stakeholders the impact of impending changes to tourism polices and legislations by government. This should create awareness and greatly reduce the uncertainties that SME tourism businesses face surrounding any changes to tourism industry policies and legislations.

Secondly, a wider understanding and appreciation of the way various crises interact and influence the Fijian business environment, and the performance of SME tourism ventures, could be communicated to government officials. The assistance of government through policies during crisis periods (e.g. political turmoil, global economic crisis) must be a priority in order to cushion the effects of these events on SME tourism businesses. This would ensure that

291

government creates a conducive environment so that tourism SME ventures can operate their businesses smoothly, even during times of crisis.

Finally, the study found that the use of PMSs (diagnostically and interactively) strengthened several capabilities (e.g. teaming of resources and organisational routines) of tourism SMEs, resulting in improved organisational performance. Therefore, developing policies and programs to enhance the capabilities of tourism SMEs should be a priority area for government and partner institutions to help tourism SMEs exploit opportunities, minimise threats and improve organisational performance. Government should continue to develop policies and programs to provide financial assistance via SME loans or grants to tourism businesses, both at start-ups and in growth periods of these businesses. Policies should also be targeted at developing the innovative and entrepreneurial capabilities of SME tourism Owners. For instance, providing a pool of experienced SME business mentors to help develop PMSs for these businesses should be encouraged. IT support in terms of information technologies should also be designed and incorporated in the PMSs in order to enhance the availability of performance data, for effective planning and control, as well as improved decision-making by the top management team.

## 8.4    Limitations of the Thesis

This study has several limitations. Firstly, by focusing on SME tourism accommodation businesses, the study is industry-specific and size-specific, hence, the generalizability of the findings to SMEs in other industries such as manufacturing, and even into larger tourism accommodation businesses is cautioned.

Secondly, with respect to the novel theoretical framework that was developed in this study, only four contingent factors were examined due to the comprehensiveness of the framework. However, other contingent factors could also have been considered (e.g. national culture, life-cycle stage). Moreover, the theoretical framework only examined the individual effect of diagnostic and interactive uses of PMSs on capabilities. It did not consider that their joint effects (i.e. both a diagnostic and an interactive use) might result in dynamic tension, and its effect on capabilities like Henri (2006a) did. Similarly, only four capabilities were examined. Others could also have been considered (e.g. market orientation and organisational learning).

Thirdly, the sample size of the quantitative study was small (65 cases), which may limit the generalisability of this study's findings. Despite this, several significant findings have emerged from the statistical tests, suggesting real relationships existed amongst the hypothesised

relationships, many of which were confirmed by the qualitative study. Fourthly, only one control system was examined (PMS) in this study. Other control systems could also be examined (e.g. budget, management controls, project management). Finally, the data were collected from SME tourism businesses in only one developing country, namely Fiji. Thus, caution is needed in generalising the findings to other developing countries.

## 8.5    Recommendations for Future Research

While this exploratory study has provided an understanding into how Fijian SMEs in the accommodation sub-sector of the tourism industry use PMSs, the findings provide recommendations for future research in a number of ways. Future research can examine if ownership (by ethnicity) influences the use of PMSs or any other management control systems in a similar multi-cultural setting or cross-culturally between countries. It can explore the types of performance measures (including financial and non-financial) used by SME Fijian tourism accommodation providers, as well as the design of PMSs in these firms. Both of these areas are beyond the scope of this study.

The replication of this study to other tourism SME accommodation businesses with larger sample sizes in developing country contexts would be useful not only to validate the current findings, but to add or refine the study's novel theoretical framework to understandings of the use of PMSs in SME tourism businesses in general. For example, new contingent factors and capabilities may emerge that would add value to the existing novel framework. Future research can also extend this study to different industries (e.g. manufacturing), including different service sub-sectors and in developed countries. This should extend this study's findings and refine them to different contexts. Future studies can extend the use of this theoretical framework to the use of other management control systems.

Since no prior study has examined the influence of the teaming of resources capability on organisational performance, no comparisons can be made to the findings from the existing literature. Future research can use this construct to see if their findings will be consistent with this study, and further explain why or why not.

Finally, the use of the mixed methods approach should be encouraged in the replication of this study, in order to enhance the validity of this study's findings and to provide rich insights that can be derived from the qualitative data, to explain the quantitative results, in other studies.

## 8.6    Concluding Comments

This study examined the use of PMSs in Fijian SMEs in the accommodation sub-sector of the tourism industry. It also identified factors influencing their use of PMSs, and how that use influenced organisational capabilities and overall organisational performance.

The study's findings showed that the four contextual factors examined (perceived environmental uncertainty, ownership (by ethnicity), size and strategy), all had an influence on the use of PMSs, diagnostically and interactively and either directly or indirectly, through their effect on the studied firms' business practices and management styles. The study's findings also indicated that the use of PMSs had influenced organisational performance by way of organisational capabilities, particularly the Owners' experience and relational resources and the planning and control routines.

As the first study to explore the use of PMSs in SME tourism businesses in Fiji, this study has made a contribution to the knowledge in the field. Consequently, researchers, tourism SME Owners, top management, the Fijian government and other previously mentioned tourism industry stakeholders may consider responding to, adopting and building on its findings. It is anticipated that the knowledge from the study's findings should assist to improve the performance of Fijian SME tourism businesses, so they can realise their potential and contribute to the economic and social advancement of their families, communities and the country.

# 9 Appendices

## Appendix 1 - Pilot Test Guideline

Dear _____ (Pilot test participant)

Thank you for agreeing to be part of the pilot testing stage of my PhD research, and to review the research instruments (interview guide and survey questionnaire).

Please find below some additional background information about the instruments:

The target group is SME accommodation providers in the Fijian tourism industry.

### Stage one of fieldwork: Interviews with 3 SME hotel/motel businesses

1) There are 2 Interview Guides (for your review). I am targeting the Owner-Manager and the top management team (at least 3 employees).of the 3 SME hotel/motel businesses.

2) The Interview Guide for the Employees is extracted from the Owner-Manager's Interview Guide, and adapted to the Employees area of responsibility or functional position (i.e. either a Customer Service Manager, Accountant/Business Adviser, Food & Beverage Manager, General Manager (if different from the Owner).

### Stage two of fieldwork: Conduct of online survey

3) The follow-up survey questionnaire (for your review) targets only the Owner-Manager of the SME Accommodation business.

In evaluating my research instruments, could you please pay attention to the following:

 1) its content

2) the wordings

3) clarity of the sentences

4) the timing/time involved to complete the interviews and the survey. You may want to complete the questionnaire yourself to see how long it will take you.

I plan to interview the Owner-Manager for 1.5 hours; and interview the 3 members of the top management team (i.e. employees) for one hour each, respectively.

Timing for the survey is estimated at 20 - 30 minutes.

I look forward to your feedback.


Kind regards,


Lusiana

PhD student

Department of Accounting & Corporate Governance

Faculty of Business and Economics

Macquarie University

**Appendix 2 - Summary of Results of Pilot Test and Action Taken**[84]

| Issue | Section & Question No. | Research Instrument | No. of Pilot Participants' that raised the issue | Pilot Participants' Comments | Response and Action Taken |
|---|---|---|---|---|---|
| 1. | n/a | n/a | 1 | Who will be invited to respond to the questionnaire? Would responses from somebody other than a CEO or CFO be useful to the study? | Respondents targeted in the survey will be the Owner-Manager (if they are the same person); or the Owner (if different from the Manager). Only in the case where the Owner is not available, then the Manager will be contacted. This information is established during the confirmation of contact details in the SME tourism accommodation database that was developed in this study. |
| 2 | n/a | n/a | 1 | Are the scales validated and reliable? | Yes, previously validated questions were used and adapted (where appropriate) to the Fijian tourism SME context. Internal reliability measures such as Cronbach's alphas of similar constructs used in prior studies were shown and compared with this study's Cronbach's alphas in the survey results chapter (Chapter 7). |
| 3 | n/a | All | 1 | Reduce the blank spaces in the instruments. As it is, the instruments seem pretty long, so reducing the black spaces in the documents will help. | Some blank lines were removed. However, the survey was conducted on-line so the blank spaces in the survey questionnaire (hard copy) were not an issue; and the interview guides were not shown to the interviewees. |

---

[84] Please note that modifications resulting from the pilot tests were made concurrently in the interview guides and the survey questionnaire, where appropriate. Given the similarities in the questions posed in both of these research instruments, it would be repetition if the amendments to each of the instruments were discussed separately. This is justified by the fact that the main data collection method for this study is the survey questionnaire, out of which the interview guides were extracted to test prior theories in the context of the Fijian tourism SME environment. This approach is characteristic of the mixed method methodology adopted in this study. Further, all of the pilot test participants commented on either the Owner-Manager interview guide or the survey questionnaire and not both, as they noted the similarities in the questions and question types.

| 4. | Section 1 Q1 | Survey questionnaire | 1 | What if an entity has multiple plants, which are located in different divisions? Do you want them to respond as different entities? | Yes, in instances, an entity had several hotels located in different divisions, (i.e. part of a hotel chain), each of the Managers in these divisions were sent a survey questionnaire to complete. This was deemed appropriate as the divisional Managers would know their local operating environment better than the Managing Director, who may be based at their head office (local or overseas). Hence, it was anticipated that local Managers would provide information relevant to the operation of their hotels. |
|---|---|---|---|---|---|
| 5. | Section 1 Q4 | Survey questionnaire | 1 | Concern for possible overlaps in the classification of accommodation business. An entity may be classed as a hotel or motel or resort. A guest house may be classed as bed and breakfast, etc. Why are you limiting respondents to one option? Why are you using so many categories? | This was the classification adapted by the tourism typology developed in Chapter 2, sourced from various sources, namely Fiji Standard Industry Classification (2004 & 2010); Harrison (2003 p.144) and (Becken 2005). |
| 6. | Section 2 Q4 | Owner's interview guide & Survey questionnaire | 1 | What about part-time employees? Many hospitality operations have limited full time employees and many part-time ones? | It was decided not to ask for the number of part-time employees as the number varies throughout the year. Using 'number of full time equivalent employees' was also considered, but this can be difficult to calculate in an SME, so 'number of full time employees' was chosen. |
| 7. | Section 2 Q6 Section 2 Q1 Section 1 Q1 | Survey questionnaire Owner's interview guide Other top management/ Employees' interview guide | 1 | Ambiguity in the descriptors used for the scales of 1 to 7: i) How do you expect respondents to distinguish between very predictable, predictable – which I would regard as an 'absolute' and possibly somewhat predictable? ii) Is it possible for something to be 'neither predictable nor unpredictable'? iii) Categories 5-7 have the same sort of problem as outlined in (i). You may want to change the descriptor, reduce the number of categories to five; you may find yourself merging the | The descriptors have been changed in all the three instruments to reduce the poorly labelled scales, hence, avoid ambiguity as follows: **Previous Scale:**      **Revised Scale:** 1 – Very Predictable;    1 - Always Predictable 2 – Predictable;    2 - Very Predictable 3 - Somewhat Predictable;    3 - A Little Predictable 4 - Neither Predictable Nor Unpredictable;    4 - No change 5 - Somewhat Unpredictable;    5 - A Little Unpredictable 6 – Unpredictable ;    6 – Very Unpredictable 7 – Very Unpredictable;    7 – Always Unpredictable |

| | | | | | |
|---|---|---|---|---|---|
| | | | | responses for purpose of the analysis in any event. You must offer respondents some direction as to how they are to understand and distinguish between the seven descriptors. | |
| 8. | Section 2 Q6 Section 2 Q1 Section 1 Q1 | Survey questionnaire Owner's interview guide Other top management/ Employees' interview guide | 1 | Why ask 'natural disasters' as an item in this question? I don't think anyone can predict these (maybe you can in Fiji?) | Fiji's tourism industry (and business environment) is significantly affected by natural disasters, in particular during the periods November – April which are the rainy and cyclone seasons. Hence, it was felt that this item contributes to the uncertainty in the operations of Fijian tourism SMEs, and more so in the accommodation sub-sector. Due to the predictability of natural disasters (e.g. floods) occurring, Fijian business Owners are known to be proactive in anticipating such events. For these reasons, 'natural disasters' were deemed appropriate as one of the items causing environmental uncertainty in the context of this study, thus, was included as an item in this question. |
| 9. | Section 2 Q7 | Survey questionnaire | 1 | How do you deal with partnerships of different ethnicities? Is this an 'other please specify'? | Re-worded the question to "Which of the following best describes the main Owner-Manager's cultural orientation?" This simplifies the ownership by ethnicity variable in the case of partnerships (and private companies), as we are dealing with only the key or main Owner. |
| 10. | Section 2 Q9 | Survey questionnaire | 3 | Suggest changing the descriptors: i) How is 'Neutral Emphasis' to be understood? What is the difference between 'Somewhat Great' 'Great' and 'Very Great'? ii) Suggest a 'Not At All' and 'To A Very Great Extent' scale. iii) Q9 scales do not make sense - you have got 'Neutral Emphasis' in-between but I am not sure what it means. You may use something similar to the scales used in Q11. | Descriptors were revised in order to have clearly distinguishable descriptors, thus, allowing for a clear distinction in the variability of the scales (1 – 7) as follows: **Previous Scale:**      **Revised Scale:** 1 – No Emphasis;      1 – No change 2 – Very Little Emphasis;      2 – A Very Little Emphasis 3 - Some Emphasis;      3 - A Little Emphasis 4 - Neutral Emphasis;      4 – Some Emphasis 5 - A Somewhat Great Emphasis;      5 - A Great Emphasis 6 – A Great Emphasis;      6 – A Very Great Emphasis 7 – A Very Great Emphasis;      7 – Always Emphasised |

| | | | | | |
|---|---|---|---|---|---|
| 11. | Section 3 Q10 | Survey questionnaire | 2 | Change descriptors; also correct "your top management team" to "your management", as there may be only one manager. Hard to distinguish between the terms in this scale. | Descriptors have not been changed as the question was adapted from Henri's (2006a) instrument. Have corrected the sentence to read "your management team". |
| 12. | Section 4 | Survey questionnaire | 1 | Suggest simplifying the definition of 'capability' by using simpler words in the sentence; in particular "a team of resources" is an ambiguous phrase. | The phrase 'a team of resources' and 'teams of resources' in the sentence was replaced with 'several resources' and 'these resources' respectively. |
| 13. | Section 4 Q13 - Q14 | Survey questionnaire | 2 | Q13 - the last scale (7) 'A Very Large Experience' can be replaced with 'Substantial Experience'. Who is filling this in? (i.e. the survey questionnaire). The Owner-Manager? In which case substitute Q14 'the Owner-Manager's …….' to 'your ……..'; An employee? Will they have the knowledge? | Scale 7 was changed to 'A Substantial Degree of Experience'. Yes, the Owner-Manager (if they are the same person) is targeted to fill the survey questionnaire in the first instance. However, in the case of a partnership or limited company, the business will have more than one Owner; so to address this complexity in ownership, it was decided to use 'the main business Owner's …..' |
| 14. | Section 4 | Survey questionnaire | 2 | Suggest reconsidering the rest of the descriptors in Q12, 13, 15, 16, 17 and to an extent in 18 and 19 too. Awkward scales in Q12, 15, 16 and 17. Perhaps use 'Not At All' and 'To A Very Great Extent'. | No change, as these descriptors were based on Henri's (2006a) validated survey instrument. |

## Appendix 3 – Initial Email Invitation

Dear

You are invited to participate in an on-line study conducted by myself, Lusiana Kanainabogi, a Fijian Doctoral student in Accounting at Macquarie University, NSW, Australia.

This study aims to examine the performance measurement systems (PMSs) in Fijian Small and Medium enterprises (SMEs) in the tourism industry, more specifically in the accommodation sub-sector; and is targeted at the Owner-Manager of the tourism accommodation business.

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. Your participation in this study is very important (there is no evidence of any such previous Fijian studies) and your time and cooperation will be greatly appreciated. This survey should take approximately 20 minutes to complete, and your answers are strictly anonymous.

Please click on the following link: http://goo.gl/h35jZ to be able to access the survey (or copy and paste the survey link into your internet browser and press the <enter> key to begin the survey). To move to the next page, please click on the right arrow at the bottom right hand side of each page. You can also go back to the previous page by clicking on the left arrow at the bottom of each page.

A summary of the results of the study can be made available to you on request by emailing me directly. Should you have any further questions or comments, please feel free to contact me at lusiana.kanainabogi@students.mq.edu.au or Phone: 323 2571.


I appreciate your time and consideration in completing the survey.

Many thanks,


Lusiana Kanainabogi

Fijian PhD student

Macquarie University, NSW

Australia

**Appendix 4 - Final Web and Mail Survey Questionnaire**

<u>**Name of Project**</u>**:**

**Performance Measurement Systems in Fijian Small and Medium Enterprises (SMEs) in the Tourism Industry**

# SURVEY QUESTIONNAIRE

**Lusiana Kanainabogi**
**PhD student**
**Department of Accounting & Corporate Governance**
**Faculty of Business & Economics**
**Macquarie University**
**NSW 2109, Australia**

Department
of Accounting & Corporate Governance
Faculty of Business & Economics
MACQUARIE UNIVERSITY   NSW   2109
AUSTRALIA

Phone: +61 (0)2 9850 8450
Fax:  +61 (0)2 9850 8586

You are invited to participate in an on-line study conducted by myself, Lusiana Kanainabogi (Email: lusiana.kanainabogi@students.mq.edu.au; Tel. No. (+61) 2 9850 9192; (+679) 323 2571), a Fijian Doctoral student in Accounting at Macquarie University, NSW, Australia.

The tourism industry is a critical pillar of the Fijian economy (its contribution to GDP rose to 30 per cent in 2011; constitutes the country's largest foreign exchange earner and employs an estimated 50,000 people). These statistics and the positive outlook for Fiji's tourism industry demonstrate the importance of promoting the development of SME tourism ventures, vital to the Fijian economy. Fundamental to tourism firms in achieving high performance is its ability to effectively measure and monitor its performance. However, to date, research on performance measurement systems (PMSs) in SMEs remains limited (no evidence of any Fijian studies). This study aims to examine the use of PMSs in Fijian SMEs in the tourism industry, more specifically in the accommodation sub-sector; and is targeted at the Owner-Manager of the tourism accommodation business.

It should take approximately 20 - 30 minutes to complete the questionnaire. Your response is anonymous. A summary of the results of the study can be made available to you on request by emailing me (Lusiana Kanainabogi) directly. Your participation in this study is very important and your time and cooperation will be greatly appreciated. Participation in this survey is voluntary and if you do not wish to participate, you may simply not fill out the questionnaire.[85]

---

[85] The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (+61) 2 9850 7854; fax (+61) 2 9850 8799; email ethics@mq.edu.au). You may also contact Professor Arvind Patel, Head of School, School of Accounting and Finance, University of the South Pacific, Laucala Campus, Suva, Fiji (telephone (+679) 323 2703; email arvind.patel@usp.ac.fj). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

**Section 1: GENERAL INFORMATION**

The following questions relate to general information about the business.

1. In which division of Fiji is the business located? (Select one (1) option only).

- ○ Northern (Taveuni, Savusavu, Labasa)
- ○ Eastern (Levuka/Lomaiviti, Kadavu, Lau)
- ○ Western (Nadroga/Nadi/Lautoka/Yasawa/Ba/Rakiraki)
- ○ Central (Suva, Deuba,Tailevu)


2. Which of the following best describes the legal form of the business? (Select one (1) option only).

- ○ Sole trader
- ○ Partnership
- ○ Private limited company
- ○ Other (please specify): _____


3. How long has the business been in operation? (Select one (1) option only).

- ○ Less than a year
- ○ Between 1 - 2 years
- ○ Between 3 - 5 years
- ○ Between 6 - 10 years
- ○ Between 11 - 20 years
- ○ Over 20 years


4. Which of the following best classifies your accommodation business? (Select one (1) option only).

- ○ Hotel
- ○ Resort
- ○ Motel
- ○ Apartment
- ○ Guest House
- ○ Homestay
- ○ Bed & Breakfast
- ○ Other (please specify): _____

5. Based on your answer to Q4, please indicate your accommodation capacity for each of the following items: (You must fill in all the boxes. Write 0 in the box that corresponds to item(s) that are not applicable to your business).

        Total Number of Rooms        _____

        Total Number of Beds        _____

        Total Number of Units        _____

        Total Number of Dormitories        _____

## Section 2: FACTORS INFLUENCING USE OF PERFORMANCE MEASUREMENT SYSTEMS

In this section, you will be asked questions on specific external and internal factors relating to your business, which may influence the way you measure and monitor your business performance.

6. For each of the following items in your business environment, please indicate to what extent are they predictable (i.e. expected) or unpredictable (i.e. unexpected):

| | Always Predictable 1 | Very Predictable 2 | A Little Predictable 3 | Neither Predictable Nor Unpredictable 4 | A Little Unpredictable 5 | Very Unpredictable 6 | Always Unpredictable 7 |
|---|---|---|---|---|---|---|---|
| a) competitors' actions | | | | | | | |
| b) customer demands | | | | | | | |
| c) government regulations | | | | | | | |
| d) economic stability | | | | | | | |
| e) tourism industry policies | | | | | | | |
| f) political stability | | | | | | | |
| g) natural disasters (e.g. floods) | | | | | | | |
| h) global economic trends | | | | | | | |

7. Which of the following best describes the <u>main</u> business Owner's cultural background? (Select one (1) option only).

- ⭘ iTaukei (Indigenous Fijian)
- ⭘ Indo-Fijian
- ⭘ Part-European
- ⭘ European
- ⭘ Rotuman
- ⭘ Chinese
- ⭘ Other (please specify): _____

8. How many full time employees do you have? (Select one (1) option only).

- ⭘ None
- ⭘ 1 - 5
- ⭘ 6 - 20
- ⭘ 21 - 50
- ⭘ 51 - 100
- ⭘ Over 100

9. For each of the following, please indicate the extent to which your business has emphasised these activities over the past three years:

|  | Always Emphasised 1 | A Very Great Emphasis 2 | A Great Emphasis 3 | Some Emphasis 4 | A Little Emphasis 5 | A Very Little Emphasis 6 | No Emphasis 7 |
|---|---|---|---|---|---|---|---|
| a) Provide high quality services |  |  |  |  |  |  |  |
| b)  Achieve low service costs |  |  |  |  |  |  |  |
| c) Customize services to customers' needs |  |  |  |  |  |  |  |
| d) Introduce new services quickly |  |  |  |  |  |  |  |
| e) Provide on-time service delivery |  |  |  |  |  |  |  |
| f) Offer low price on services (e.g. room rates) |  |  |  |  |  |  |  |

## Section 3: MEASURING BUSINESS PERFORMANCE

10. For each of the following items, please indicate the extent to which your management team currently uses performance measures:

| | Always 1 | To A Very Great Extent 2 | To A Great Extent 3 | To Some Extent 4 | To A Little Extent 5 | To A Very Little Extent 6 | Not At All 7 |
|---|---|---|---|---|---|---|---|
| a) To track progress towards goals | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) To monitor results | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) To compare outcomes to expectations | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) To review key measures | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| e) To enable discussion in meetings between management and employees | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| f) To enable continual challenge and debate underlying data, assumptions and action plans | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| g) To provide a common view of the business | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| h) To tie the business together | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| i) To enable the business to focus on common issues | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| j) To enable the business to focus on critical success factors | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| k) To develop a common vocabulary in the business | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

### Section 4: BUSINESS CAPABILITIES

This section will ask questions about the <u>Capabilities</u> of the business.

Capability is the capacity for several resources to perform some task or activity, and that the capabilities of a business are what it can do as a result of these resources working together.

For example, in order for a hotel to offer accommodation to tourists, several "resources" of the business needs to be available and coordinated by the management and employees of the hotel so that the rooms are ready and of a standard that the tourist expects.

### RESOURCES

Resources are inputs into the service delivery process which include both tangible and intangible assets such as building and equipment, supplies (tangible assets), skills of individual employees, brand names, information (intangible assets).

11. Please indicate the extent to which each of the following items describes the resources that your business has access to:

| | Is Not At All Descriptive 1 | Is Not Descriptive 2 | Is Somewhat Not Descriptive 3 | Is Neither Descriptive Nor Not Descriptive 4 | Is Somewhat Descriptive 5 | Is Descriptive 6 | Is Very Descriptive 7 |
|---|---|---|---|---|---|---|---|
| a) Good management skills | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) Well-equipped tourist facilities | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Network with key industry players (e.g. via membership in Tourism Associations) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) Good business location | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| e) Strong family support | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| f) Strong community support | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| g) Established partnerships with travel agents | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| h) Cash flow availability | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| i) Have reliable employees | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| j) Have employees who are team players | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| k) Have access to information technology (e.g. have a website or have access to on-line tools) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| l) Adequate telecommunication facilities (e.g. telephone, mobile phone) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

12. For each of the following, please indicate the extent of the <u>main</u> business Owner's previous experience(s), prior to commencing the current tourism accommodation business:

| | None 1 | Very Little Experience 2 | A Little Experience 3 | Some Experience 4 | A Moderate Degree of Experience 5 | A Large Degree of Experience 6 | A Substantial Degree of Experience 7 |
|---|---|---|---|---|---|---|---|
| a) Previous work experience in the tourism industry | | | | | | | |
| b) Previous business experience as an entrepreneur (e.g. if had operated a previous business) | | | | | | | |

13. What is the <u>main</u> business Owner's highest academic qualification obtained? (Select one (1) option only).

   High school certificate
   College diploma
   University degree
   Other (please specify): _____

**ORGANISATIONAL ROUTINES**

Business performance is delivered by a set of organisational processes or routines. An example of a routine is preparing a cash budget.

14. Please indicate the extent to which each of the following items describes the routines that your business has:

311

| | Is Not At All Descriptive 1 | Is Not Descriptive 2 | Is Somewhat Not Descriptive 3 | Is Neither Descriptive Nor Not Descriptive 4 | Is Somewhat Descriptive 5 | Is Descriptive 6 | Is Very Descriptive 7 |
|---|---|---|---|---|---|---|---|
| a) Practicing strategy development (incl. long-term planning) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) Practicing business planning | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Adopting Quality Management Systems | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) Following defined systems and procedures for key business operations (e.g. Housekeeping, Receiving guests' bookings etc.) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| e) Adopting a customer focused approach to running the business | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| f) Practicing staff management (e.g. training & development) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| g) Adopting self-sustainable initiatives (e.g. planting own vegetables; environment conservation or other means) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| h) Monitoring business operations across different activities or departments | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| i) Maintaining a proper accounting or bookkeeping system (either manually or computerised) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

**ENTREPRENEURSHIP**

Entrepreneurship is the ability of the business to continually renew, innovate, and constructively take risks in its markets and areas of operation. Entrepreneurial actions involve creating new resources or combining existing resources in new ways to develop and commercialize new services, move into new markets, and/or service new customers.

15. Please indicate the extent to which each of the following items describes the entrepreneurial orientation of the business:

| | Is Not At All Descriptive 1 | Is Not Descriptive 2 | Is Somewhat Not Descriptive 3 | Is Neither Descriptive Nor Not Descriptive 4 | Is Somewhat Descriptive 5 | Is Descriptive 6 | Is Very Descriptive 7 |
|---|---|---|---|---|---|---|---|
| a) Wide-ranging acts are necessary to achieve objectives | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| b) Dramatic changes in services | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| c) Continually offer new services | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| d) First business to introduce new services, techniques, etc. | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| e) Adopt a very competitive, "undo-the-competitors" posture | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| f) Gradually explore the environment, cautious behaviour | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

**INNOVATIVENESS**

Innovativeness is the 'creation of newness', adoption of an idea or behavior that is new to the business, or describes a firm's ability to develop, launch and commercialize new products or services at a fast rate and ahead of its competitors.

16. Please indicate the extent to which each of the following items describes the innovative behaviour of the business:

|  | Is Not At All Descriptive 1 | Is Not Descriptive 2 | Is Somewhat Not Descriptive 3 | Is Neither Descriptive Nor Not Descriptive 4 | Is Somewhat Descriptive 5 | Is Descriptive 6 | Is Very Descriptive 7 |
|---|---|---|---|---|---|---|---|
| a) Management actively seeks innovation and ideas | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) People (incl. employees) are penalized for new ideas that don't work | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Innovation is perceived as too risky and is resisted | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

**Section 5: BUSINESS PERFORMANCE**

This final section asks questions about the performance of your business over the past 12 months.

17. Please rate the performance of your business against your initial expectations on each of the following dimensions for the past 12 months:

|  | Not at all satisfactory 1 | Poor 2 | Somewhat Poor 3 | About The Same 4 | Somewhat Better 5 | Better 6 | Outstanding 7 |
|---|---|---|---|---|---|---|---|
| a) Occupancy rate | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) Return on investment | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Profit | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) Meeting budget targets | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

18. How would you rate the performance of your business compared to your competitors for the past 12 months? (Select one (1) option only).

| Not At All Satisfactory 1 | Poor 2 | Somewhat Poor 3 | About The Same 4 | Somewhat Better 5 | Better 6 | Outstanding 7 |
|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |

**Any Other Comments:**

19. Please use the space below to provide any other comments you would like to make regarding your business' performance measurement system and its influence on your business performance.

_____

_____

_____

**END OF SURVEY**

**Please ensure that you have <u>answered every question</u>.**

Unanswered questions will mean all of your responses are unusable.

**THANK YOU VERY MUCH FOR YOUR TIME**

# Appendix 5 - Mail Survey Cover Letter

**MACQUARIE UNIVERSITY**

Department of Accounting & Corporate Governance
Faculty of Business & Economics
MACQUARIE UNIVERSITY  NSW  2109
AUSTRALIA

Phone: +61 (0)2 9850 8450
Fax:  +61 (0)2 9850 8586

Date:

Dear (Owner's name & Name of accommodation business)

You are invited to participate in a study conducted by myself, Lusiana Kanainabogi (Email: lusiana.kanainabogi@students.mq.edu.au; Tel. No. (+61) 2 9850 9192; (+679) 323 2571), a Fijian Doctoral student in Accounting at Macquarie University, NSW, Australia.

The tourism industry is a critical pillar of the Fijian economy (its contribution to GDP rose to 30 per cent in 2011; constitutes the country's largest foreign exchange earner and employs an estimated 50,000 people). These statistics and the positive outlook for Fiji's tourism industry demonstrate the importance of promoting the development of SME tourism ventures, vital to the Fijian economy. Fundamental to tourism firms in achieving high performance is its ability to effectively measure and monitor its performance. However, to date, research on performance measurement systems (PMSs) in SMEs remains limited (no evidence of any Fijian studies). This study aims to examine the use of PMSs in Fijian SMEs in the tourism industry, more specifically in the accommodation sub-sector; and is targeted at the Owner-Manager of the tourism accommodation business.

It should take approximately 20-30 minutes to complete the questionnaire. Your response is anonymous. Most of the questions ask you to select <u>one</u> of the options that are listed in each of the questions by placing a tick (√), or to select <u>one</u> of the several numbers that appear on a scale within each item listed under each question. Corresponding with numbers on the scale is a brief description of what the number represents. Please place a tick (√) on the button directly beneath the number that most accurately reflects your answer to each question. Once completed, please return the filled-in questionnaire by placing it in the **<u>postage-paid return envelope</u>** (is attached) and mail it back to me.

A summary of the results of the study can be made available to you on request by emailing me (Lusiana Kanainabogi) directly. Your participation in this study is very important and your time and cooperation will be greatly appreciated. Participation in this survey is voluntary and if you do not wish to participate, you may simply not fill out the questionnaire.[86]

---

[86] The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (+61) 2 9850 7854; fax (+61) 2 9850 8799; email ethics@mq.edu.au). You may also contact Professor Arvind Patel, Head of School, School of Accounting and Finance, University of the South Pacific, Laucala Campus, Suva, Fiji (telephone (+679) 323 2703; email arvind.patel@usp.ac.fj). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

## Name of Project:

## Performance Measurement Systems in Fijian Small and Medium Enterprises (SMEs) in the Tourism Industry

# INTERVIEW GUIDE: Owner- Manager

**Lusiana Kanainabogi**
**PhD student**
**Department of Accounting & Corporate Governance**
**Faculty of Business & Economics**
**Macquarie University**
**NSW 2109, Australia**

## Section 1: GENERAL INFORMATION

The following questions relate to general information about the business.

1. In which division of Fiji is the business located? _____

2. What is the legal form of the business? _____

3. How long has the business been in operation? _____

4. Is your business referred to as a hotel, resort, motel, apartment, guest house, home stay, bed and breakfast etc.?

_____

5. Based on your answer to Q4, please indicate information relating to your accommodation capacity, where applicable, below:

Total Number of Rooms          _____

Total Number of Beds          _____

Total Number of Units          _____

Total Number of Dormitories          _____

<u>Section 2</u>: **FACTORS INFLUENCING USE OF PERFORMANCE MEASUREMENT SYSTEMS**

In this section, you will be asked questions on specific external and internal factors relating to your business, which may influence the way you measure and monitor your business performance.

Firstly, I would like to discuss about the general business <u>environment</u> and get your comments on the extent to which you are able to predict its effect on the business.

1. Listed below are some items that may affect your business environment. For each of the following items, please indicate to what extent are they predictable (i.e. expected) or unpredictable (i.e. unexpected):

| | Always Predictable 1 | Very Predictable 2 | A Little Predictable 3 | Neither Predictable Nor Unpredictable 4 | A Little Unpredictable 5 | Very Unpredictable 6 | Always Unpredictable 7 |
|---|---|---|---|---|---|---|---|
| a) competitors' actions | | | | | | | |
| b) customer demands | | | | | | | |
| c) government regulation | | | | | | | |
| d) economic stability | | | | | | | |
| e) tourism industry policies | | | | | | | |
| f) political stability | | | | | | | |
| g) natural disasters (e.g. floods) | | | | | | | |

2. Are there any other external factors that may influence the business, but have not been identified above? If yes, what are they?

*Probe*: *Global natural disasters e.g. tsunamis, earthquake; Global economic trends e.g. the global financial crisis, European debt crisis*.

_____

The next question explores the influence of <u>Ownership</u> on the way a business is run. Ownership is measured by legal form of a business and the cultural orientation of the Owner-Manager.

3. In your opinion, does your cultural orientation influence the way you run the business? If yes, please explain how with specific examples.

*Probes: Cultural influences include religious beliefs, entrepreneurial culture, individualism versus communal or extended family networks. How does it influence your management style? For example, do you prefer to have regular informal chats with your staff or have formal staff meetings?*

319

_____


The next question, together with your accommodation capacity (from Section 1 - Q5), will help us to determine the Size of the business.

4. How many full time employees do you have? _____ (please specify).

    None
    6 - 20
    21 - 50
    51 - 100
    Over 100


I would now like to discuss the Strategy of the business.

5. What strategic approach has the business adopted over the past three years?

*Probes:*

*- Who sets out the strategy of the business? Could you briefly describe the strategy development process?*

*- To what extent do you emphasise offering standardised services to your customers? (This includes standardised accommodation offers; standardised accommodation packages,* and standardised *tourist activities (e.g. snorkelling)). How often is this emphasised? How is this achieved?*

*- To what extent do you emphasise offering customized services to your customers? How often is this emphasised? How is this achieved?*

*- Do you place more emphasis on providing high quality services or maintaining low costs or both? How is this achieved? Can you provide some examples?*

*-To what extent do you emphasise offering the lowest prices on your services? How is this achieved?*

*- To what extent do you emphasise fast service delivery? For example, upon a guest checking-in at reception, or ordering room service. How is this achieved?*

*- To what extent do you emphasise introducing new services and/or modifying existing services, as per changing customer demands or customer feedback? How is this achieved?*

***- To what extent does price competition from other tourism accommodation providers influence each of the following in your business: a) room rates;***     ***b) prices on*** *accommodation packages, and c) prices on tourist activities (e.g. snorkelling).*

_____

6. Are there any other things that you consider as important in your business, which influences your strategic orientation? If yes, what are they?

_____

## Section 3: MEASURING BUSINESS PERFORMANCE

In this section, you will be asked questions on the different ways performance measures are used.

1. Please indicate the extent to which you and your top management team currently uses performance measures. How is this achieved? Can you provide some examples?

*Probes:  How do you and your top management team use the performance measurement information?*

- *Is it mainly used periodically as a measurement tool?  E.g. once a month or at the end of the year to monitor the business' activities in terms of: a) Track progress towards goals; b) Monitor results; c) Compare outcomes to expectations; d) Review key measures.*

- *Is it used more regularly? For instance, a) To enable frequent discussions in (informal & formal) meetings of owner(s), managers and employees; b) To continuously identify opportunities and be proactive to maximise the benefits to the business and minimise threats to its operation; c) To enable continual challenge and debate underlying data, assumptions and action plans; d) To provide a common view of the business; e) To tie the business together; f) To enable the business to focus on common issues; g) To enable the business to focus on critical success factors; h) To develop a common vocabulary in the business?*

_____

4. Are there any other ways that describe how you and your top management team use the performance measures which have not been identified? If yes, what are they?

_____

## Section 4: BUSINESS CAPABILITIES

This section will ask questions about the Capabilities of the business.

Capability is the capacity for a team of resources to perform some task or activity, and that the capabilities of a business are what it can do as a result of teams of resources working together.

For example, in order for a hotel to offer accommodation to tourists, several "resources" of the business needs to be available and coordinated by the management and staff of the hotel so that the rooms are ready and of a standard that the tourist expects.

**A. Resources**

Resources are inputs into the service delivery process which include both tangible and intangible assets such as building and equipment, supplies (tangible assets), skills of individual employees, brand names, information (intangible assets).

1. What resources do you consider to be important for your business?

*Probes*:

**-** *Are they good management skills; skilled employees; having well-equipped tourist facilities; networking with key industry players; social networks; business location; strong family support; strong community support; partnerships with travel agents etc.*

_____

2. Have you always worked in the tourism industry? If yes, for how long? What positions did you hold?

_____

3. Do you have any previous experience as an entrepreneur? If yes, please state the total number of years of previous business experience.



4. How important is it to have previous work experience in the tourism industry? Why? How does/will it help you in this business?

_____

5. How important is it to have previous experience in running a business? Why? How does/will it help you in this business?



6. What about education? What specific skills and expertise are important for your business?

_____


7. Do you mind telling me what the highest level of education you have achieved?

*Probe: High school certificate, College diploma, University degree, any other?*

_____


8. Are there any other resources that you consider to be important for your business' survival and performance which have not been identified? If yes, what are they?

_____

**B. Organisational Routines**

Business performance is delivered by a set of organisational processes or routines. An example of a routine is preparing a cash budget.

1. What do you think are the most important routines for your business and why? Please explain.

Probes:

*For instance, does it include strategic planning; business planning; performance measurement; maintaining a quality control system; payroll; staff development and training etc., accounting function, environmental management, housekeeping etc.*

_____

2. Are there any other routines that you consider to be important for your business' survival and performance which have not been identified? If yes, what are they?

_____

**C. Entrepreneurship**

Entrepreneurship is the ability of the business to continually renew, innovate, and constructively take risks in its markets and areas of operation. Entrepreneurial actions involve creating new resources or combining existing resources in new ways to develop and commercialize new services, move into new markets, and/or service new customers.

1. In your opinion, how important is it to be enterprising as Owner-Manager of the business? How is this achieved? Can you provide some examples of entrepreneurial behaviour that you practice?

*Probes*:

*What risks exists in the business? How do you manage the risks? Are you a risk taker? Do you and your top management team look out for new business opportunities? Are you a pro-active person? If yes, please provide some examples. Do you plan to expand your business? How will this be achieved?*

_____

2. Entrepreneurship has been described in the literature as shown below.

Please indicate the extent to which each of the following items describes the entrepreneurial orientation of your business:

| | Is Not At All Descriptive 1 | Is Not Descriptive 2 | Is Somewhat Not Descriptive 3 | Is Neither Descriptive Nor Not Descriptive 4 | Is Somewhat Descriptive 5 | Is Descriptive 6 | Is Very Descriptive 7 |
|---|---|---|---|---|---|---|---|
| a) Wide-ranging acts are necessary to achieve objectives | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) Dramatic changes in services | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Continually offer new services | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) First business to introduce new services, techniques, etc. | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| e) Adopt a very competitive, "undo-the-competitors" posture | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| f) Gradually explore the environment, cautious behaviour | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

3. Are there any other entrepreneurial behaviour that you consider to be important for your business' survival and performance which is not listed in this table? If yes, what are they?

_____

**D. INNOVATIVENESS**

Innovativeness is the 'creation of newness', 'adoption of an idea or behavior that is new to the business or depicts a firm's ability to develop, launch and commercialize new services at a fast rate and ahead of its competitors.

1. Do you and your top management team encourage new ideas and innovation from each other, and from employees regarding the services you offer and business practices? If yes, how is this achieved? If not, why not?

*Probes*:

*- Are there any new services or initiatives that have been introduced in the last 12 months?*

*- Do you perceive innovation as too risky and are resisted?*

*- Do you and your top management team actively seek innovation and ideas?*

*- Are people/employees penalized for new ideas that don't work?*

_____

2. In the last three years, how many new services has the business introduced, ahead of its competitors? How is this achieved?

*Probes:*

*- Can you provide some examples of innovative behaviour(s) that you practice or that you are aware of, that are being practiced by your top management team?*

_____

3. Are there any other innovative behaviour that you consider to be important for your business' survival and performance which have not been discussed? If yes, what are they?

_____

## Section 5: BUSINESS PERFORMANCE

This final section asks questions about the performance of your business over the past 12 months.

1. Please rate the performance of your business against your initial expectations on each of the following dimensions for the past 12 months:

| | Not at all satisfactory 1 | Poor 2 | Somewhat Poor 3 | About The Same 4 | Somewhat Better 5 | Better 6 | Outstanding 7 |
|---|---|---|---|---|---|---|---|
| a) Occupancy rate | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) Return on investment | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Profit | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) Meeting budget targets | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

2. How would you compare your business overall performance compared to its competitors for the past 12 months?

*Probes: In your view, are other hotels/motels/resorts in your area performing better or worse than your business? If better - Why do you think they are performing better than the business? If worse - Why do you think the business is not performing as well as your competitors?*

_____

## Any further comments:

Are there any other comments you would like to make regarding your business' performance measurement system and its influence on your business performance; or about any of the issues we have discussed in this interview?

_____

## END OF INTERVIEW

## THANK YOU VERY MUCH FOR YOUR TIME

**Name of Project:**

**Performance Measurement Systems in Fijian Small and Medium Enterprises (SMEs) in the Tourism Industry**

# INTERVIEW GUIDE: EMPLOYEES

**Lusiana Kanainabogi**
**PhD student**
**Department of Accounting & Corporate Governance**
**Faculty of Business & Economics**
**Macquarie University**
**NSW 2109, Australia**

<u>**Section 1**</u>: **FACTORS INFLUENCING USE OF PERFORMANCE MEASUREMENT SYSTEMS**

In this section, you will be asked questions on specific external and internal factors relating to your business, which may influence the way you measure and monitor your business performance.

Firstly, I would like to discuss about the general business <u>environment</u> and get your comments on the extent to which you are able to predict its effect on the business.

1. Listed below are some items that may affect your business environment. For each of the following items, please indicate to what extent are they predictable (i.e. expected) or unpredictable (i.e. unexpected):

| | Always Predictable 1 | Very Predictable 2 | A Little Predictable 3 | Neither Predictable nor Unpredictable 4 | A Little Unpredictable 5 | Very Unpredictable 6 | Always Unpredictable 7 |
|---|---|---|---|---|---|---|---|
| a) competitors' actions | | | | | | | |
| b) customer demands | | | | | | | |
| c) government regulation | | | | | | | |
| d) economic stability | | | | | | | |
| e) tourism industry policies | | | | | | | |
| f) political stability | | | | | | | |
| g) natural disasters (e.g. floods) | | | | | | | |

2. Are there any other external factors that may influence the business, but have not been identified above? If yes, what are they?

*<u>Probe</u>: Global natural disasters e.g. tsunamis, earthquake; Global economic trends e.g. the global financial crisis, European debt crisis.*

_____


3. In your opinion, does your cultural orientation influence the way you carry out your job in the business? If yes, please explain how with specific examples.

*<u>Probes</u>: Cultural influences include religious beliefs, entrepreneurial culture, individualism versus communal or extended family networks. How does it influence your management style? For example, do you prefer to have regular informal chats with staff or have formal staff meetings?*

_____

I would now like to discuss the <u>Strategy</u> of the business.

4. In your opinion, what strategic approach has the business adopted over the past three years?

*Probes:*

*- Who sets out the strategy of the business? Could you briefly describe the strategy development process?*

*- To what extent does the business emphasise offering standardised services to its customers? (This includes standardised accommodation offers; standardised accommodation packages,* and standardised *tourist activities (e.g. snorkelling)). How often is this emphasised? How is this achieved?*

*- To what extent does the business emphasise offering customized services to its customers? How often is this emphasised? How is this achieved?*

*- Does the business place more emphasis on providing high quality services or maintaining low costs or both? How is this achieved? Can you provide some examples?*

*-To what extent does the business emphasise offering the lowest prices on its services? How is this achieved?*

*- To what extent does the business emphasise fast service delivery? For example, upon a guest checking-in at reception, or ordering room service. How is this achieved?*

*- To what extent does the business emphasise introducing new services and/or modifying existing services, as per changing customer demands or customer feedback? How is this achieved?*

*- To what extent does price competition from other tourism accommodation providers influence each of the following in the business: a) room rates; b) prices on accommodation packages, and c) prices on tourist activities (e.g. snorkelling).*

_____


5. Are there any other things that you consider as important in the business, which influences its strategic orientation? If yes, what are they?

_____

## Section 2: MEASURING BUSINESS PERFORMANCE

In this section, you will be asked questions on the different ways you, as part of the top management team, use performance measures.

1. Please indicate the extent to which you, as part of the top management team currently use performance measures. How is this achieved? Can you provide some examples?

*Probes:  How do you, as part of the top* management team *use the performance measurement information?*

- *Do you mainly use it periodically as a measurement tool?  E.g. once a month or at the end of the year to monitor the business' activities in terms of: a) Track progress towards goals; b) Monitor results; c) Compare outcomes to expectations; d) Review key measures.*

- *Do you use it more regularly : a) To enable frequent discussions in (informal & formal) meetings of owner(s), managers and employees; b) To continuously identify opportunities and be proactive to maximise the benefits to the business and minimise threats to its operation; c) To enable continual challenge and debate underlying data, assumptions and action plans; d) To provide a common view of the business; e) To tie the business together; f) To enable the business to focus on common issues; g) To enable the business to focus on critical success factors; h) To develop a common vocabulary in the business?*

_____


2. Are there any other ways that describe how you use performance measures which have not been identified? If yes, what are they?

_____

## Section 3: BUSINESS CAPABILITIES

This section will ask questions about the Capabilities of the business.

Capability is the capacity for a team of resources to perform some task or activity, and that the capabilities of a business are what it can do as a result of teams of resources working together.

For example, in order for a hotel to offer accommodation to tourists, several "resources" of the business needs to be available and coordinated by the management and staff of the hotel so that the rooms are ready and of a standard that the tourist expects.

### A. Resources

Resources are inputs into the service delivery process which include both tangible and intangible assets such as building and equipment, supplies (tangible assets), skills of individual employees, brand names, information (intangible assets).

1. What resources do you consider to be important in your area of responsibility?

*Probes*: **-** *Are they good management skills; skilled employees; having well-equipped tourist facilities; networking with key industry players; social networks; business location; strong family support; strong community  support; partnerships with travel agents etc.*

_____


2. Are there any other resources that you consider to be important in your area of responsibility, and for the business, which have not been identified? If yes, what are they?

_____


### B. Organisational Routines

Business performance is delivered by a set of organisational processes or routines. An example of a routine is preparing a cash budget.

1. What do you think are the most important routines in your area of responsibility and why? Please explain.

*Probes: For instance, does it include strategic planning; business planning; performance measurement; maintaining a quality control system; payroll; staff development and training etc., accounting function, environmental management, housekeeping etc.*

_____

2. Are there any other routines that you consider to be important in your area of responsibility, and for the business, which have not been identified? If yes, what are they?

_____


**C. Entrepreneurship**

Entrepreneurship is the ability of the business to continually renew, innovate, and constructively take risks in its markets and areas of operation. Entrepreneurial actions involve creating new resources or combining existing resources in new ways to develop and commercialize new services, move into new markets, and/or service new customers.

1. In your opinion, how important is it to be enterprising in your line of work?  How is this achieved? Can you provide some examples of entrepreneurial behaviour that you practice?

*Probes*:

*What risks exists in your area of responsibility? How do you manage these risks? How do you contribute to managing the business' risks? (e.g. what information do you provide to the Owner and top management, and how often?) Do you look out for new business opportunities or are pro-active to new ideas and opportunities? If yes, please provide some examples.*

_____

2. Entrepreneurship has been described in the literature as shown below.

Please indicate the extent to which each of the following items describes the entrepreneurial orientation in your line of work:

| | Is Not At All Descriptive 1 | Is Not Descriptive 2 | Is Somewhat Not Descriptive 3 | Is Neither Descriptive Nor Not Descriptive 4 | Is Somewhat Descriptive 5 | Is Descriptive 6 | Is Very Descriptive 7 |
|---|---|---|---|---|---|---|---|
| a) Wide-ranging acts are necessary to achieve objectives | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| b) Dramatic changes in services | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| c) Continually offer new services | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| d) First business to introduce new services, techniques, etc. | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| e) Adopt a very competitive, "undo-the-competitors" posture | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| f) Gradually explore the environment, cautious behaviour | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

3. Are there any other entrepreneurial behaviour that you consider to be important in your line of work, which is not listed in this table? If yes, what are they?

_____

**D. INNOVATIVENESS**

Innovativeness is the 'creation of newness', 'adoption of an idea or behavior that is new to the business, or depicts a firm's ability to develop, launch and commercialize new services at a fast rate and ahead of its competitors.

1. Do you encourage new ideas and innovation from employees in your area of responsibility, regarding your services and business practices? If yes, how is this achieved? If not, why not?

*Probes*:

*- Are there any new services or initiatives that have been introduced in the last 12 months?*

*- Do you perceive innovation as too risky and are resisted in the business?*

*- Do you and the top management team actively seek innovation and ideas?*

*- Are people/employees penalized for new ideas that don't work?*

_____

2. In the last three years, how many new services or improved business practices have been introduced in your area of responsibility? How is this achieved?

*Probes:*

*- Can you provide some examples of innovative behaviour(s) that are being practiced by your employees and top management team?*

_____

3. Are there any other innovative behaviour that you consider to be important in your line of work which has not been discussed? If yes, what are they?

_____


**Any further comments:**

Are there any other comments you would like to make regarding the business' performance measurement system and its influence on your line of work; or about any of the issues we have discussed in this interview?

_____


## END OF INTERVIEW

## THANK YOU VERY MUCH FOR YOUR TIME

**Appendix 8 - Interviewee's Consent Form**



Department of Accounting & Corporate Governance

Faculty of Business & Economics

MACQUARIE UNIVERSITY   NSW   2109

AUSTRALIA

*Phone: +61 (0)2 9850 8450*

Fax:  +61 (0)2 9850 8586

Chief Investigator's / Supervisor's Name: Vicki Baard

Chief Investigator's / Supervisor's Title: Dr

## Information and Consent Form

Name of Project: <u>Performance Measurement Systems in Fijian Small and Medium Enterprises</u>

<u>(SMEs) in the Tourism Industry</u>

You are invited to participate in a study of performance measurement systems in Fijian SMEs in the tourism industry. The purpose of the study is to examine the use of performance measurement systems to manage business performance in Fijian SMEs in the tourism industry, more specifically in the accommodation sub-sector.

The study is being conducted by Lusiana Kanainabogi, a Fijian PhD student (Department of Accounting and Corporate Governance, Faculty of Business and Economics, Macquarie University, NSW, Australia. (Email: <u>lusiana.kanainabogi@students.mq.edu.au</u>; Tel. No. (+61) 2 9850 9192; (+679) 323

2571) to meet the requirements of doctoral degree under the supervision of Dr Vicki Baard (Email: vicki.baard@mq.edu.au; Tel. No. (+61) 2 9850 9192) and Associate Professor Sujatha Perera (Email: sujatha.perera@mq.edu.au; Tel. No. (+61) 2 9850 8525) of the Department of Accounting and Corporate Governance, Faculty of Business and Economics, Macquarie University, NSW, Australia.

If you decide to participate, you will be required to make yourself available for a 1.5 hours interview at your business premises. You will be asked questions to gather the necessary information relating to the business' performance measurement system. The interview will only be audio-recorded with your consent. Access to the audio recording is limited to those persons directly involved in this study, being myself (Lusiana Kanainabogi) and my two supervisors (Dr Vicki Baard and Assoc. Prof. Sujatha Perera). The audio recording will be kept under safe storage in the office of the Chief Investigator for this study (Dr Vicki Baard). You are assured that there are no perceived risks or discomforts to you, when you participate in this study.

Any information or personal details gathered in the course of the study are confidential. No individual will be identified in any publication of the results. Access to the data is limited to those persons directly involved in this study, being myself (Lusiana Kanainabogi) and my two supervisors. A summary report will be sent to you containing the final aggregated results obtained from this study.

Participation in this study is entirely voluntary. You are not obliged to participate and if you decide to participate, you are free to withdraw at any time without having to give a reason and without consequence.[87]

---

I, _____ have read *(or, where appropriate, have had read to me)* and understand the information above and any questions I have asked have been answered to my satisfaction.

---

[87] The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (+61) 2 9850 7854; fax (+61) 2 9850 8799; email ethics@mq.edu.au). You may also contact Professor Arvind Patel, Head of School, School of Accounting and Finance, University of the South Pacific, Suva, Fiji (telephone (+679) 323 2703; email arvind.patel@usp.ac.fj). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

I agree to participate in this research, knowing that I can withdraw from further participation in the research at any time without consequence. I have been given a copy of this form to keep.

Participant's Name:_____

  (Block letters)

Participant's Signature: _____ Date:_____

Investigator's Name:_____

  (Block letters)

Investigator's Signature: _____ ___ Date:_____

**(PARTICIPANT'S COPY)**

### Appendix 9 - 1<sup>st</sup> Follow-up Email Notification: A Survey of Performance Measurement Systems of Fijian Accommodation Providers in the Tourism Industry

Dear _____

I recently sent you an email inviting you to participate in an on-line study conducted by myself, Lusiana Kanainabogi, a Fijian Doctoral student in Accounting at Macquarie University, NSW, Australia. Your participation in this study is very important and your answers are strictly anonymous.

This study aims to examine the performance measurement systems (PMSs) in Fijian Small and Medium enterprises (SMEs) in the tourism industry, more specifically in the accommodation sub-sector; and is targeted at the Owner-Manager of the tourism accommodation business.

This survey should take approximately 20 minutes to complete. **If you have already completed the survey, I appreciate your participation**. If you have not yet responded to the survey, I encourage you to take a few minutes and complete the survey.

Please **click here <url to online survey>** to be able to access the survey.

To move to the next page on the survey website, please click on the right arrow at the bottom right hand side of each page. You can also go back to the previous page by clicking on the left arrow at the bottom of each page.

A summary of the results of the study can be made available to you on request by emailing me directly. For enquiries or assistance to log into the survey, please contact me by email at lusiana.kanainabogi@students.mq.edu.au.

Thank you for your time and cooperation.

Lusiana Kanainabogi

Fijian PhD student

Macquarie University, NSW

Australia

## Appendix 10 - 2nd Follow-up Email Notification: A Survey of Performance Measurement Systems of Fijian Accommodation Providers in the Tourism Industry

Dear _____

It is a busy time of the year and I understand how valuable your time is during this holiday period. I am hoping you may be able to spare 20 minutes of your time to participate in an on-line study conducted by myself, Lusiana Kanainabogi, a Fijian Doctoral student in Accounting at Macquarie University, NSW, Australia.

Your participation in this study is very important and your answers are strictly anonymous. Individuals will not and cannot be identified in published reports.

**If you have already completed the survey, I really appreciate your participation**. <u>If you have not yet responded,</u> I would like to urge you to complete the survey. I plan to end this study soon, so I wanted to email everyone who has not responded to make sure you had a chance to participate.

Please **click here <url to online survey>** to be able to access the survey.

<u>To move to the next page on the survey website</u>, please scroll down to the bottom of the page and click on the right arrow at the <u>bottom right hand side of each page</u>. You can also go back to the previous page by clicking on the left arrow at the bottom of each page.

For enquiries or assistance to log into the survey, please contact me by email at lusiana.kanainabogi@students.mq.edu.au

Thank you in advance for completing the survey. Your responses are important!

Sincerely,

Lusiana Kanainabogi

Fijian PhD student

Macquarie University, NSW

Australia

## Appendix 11 - 3rd and Final Follow-up Email Notification: A Survey of Performance Measurement Systems of Fijian Accommodation Providers in the Tourism Industry

Dear _____

As the Owner-Manager, this is your last chance to participate in this on-line study which examines the performance measurement systems (PMSs) in Fijian Small and Medium enterprises (SMEs) in the accommodation sector of the tourism industry. This study is coming to a close.

If you've already completed the questionnaire, you can ignore this email. If not, please click on the link below to be able to access the survey:

**<url to online survey>**

To move to the next page on the survey website, please scroll down to the bottom of the page and click on the right arrow at the bottom right hand side of each page. You can also go back to the previous page by clicking on the left arrow at the bottom of each page.

Your participation in this study is very important and your answers are strictly anonymous. Individuals will not and cannot be identified in published reports.

For enquiries or assistance to log into the survey, please contact me by email at lusiana.kanainabogi@students.mq.edu.au

Thank you in advance for completing the survey. Your responses are important!

Sincerely,

Lusiana Kanainabogi

Fijian PhD student

Macquarie University, NSW

Australia

**Appendix 12 - Correlation Matrix for Environmental Uncertainty**

| Variables | EU1 | EU2 | EU3 | EU4 | EU5 | EU6 | EU7 | EU8 |
|---|---|---|---|---|---|---|---|---|
| EU1 competitors' actions | 1 | 0.055 | -0.131 | -0.020 | -0.086 | 0.144 | 0.006 | 0.044 |
| EU2 customer demands | | 1 | 0.107 | 0.217 | 0.134 | 0.114 | 0.035 | 0.083 |
| EU3 government regulations | | | 1 | 0.551 | 0.237 | 0.226 | 0.295 | 0.358 |
| EU4 economic stability | | | | 1 | 0.143 | 0.471 | 0.229 | 0.413 |
| EU5 tourism industry policies | | | | | 1 | 0.215 | -0.041 | 0.117 |
| EU6 political stability | | | | | | 1 | 0.223 | 0.355 |
| EU7 natural disasters | | | | | | | 1 | 0.535 |
| EU8 global economic trends | | | | | | | | 1 |

# Appendix 13 - Unrotated Factor Matrix for Environmental Uncertainty

_____

| | **Factor**[a] | | | |
|---|---|---|---|---|
| | **1** | **2** | **3** | |
| EU1 competitors' actions | 0.001 | -0.070 | **0.313** | |
| EU2 customer demands | **0.188** | 0.141 | 0.069 | |
| EU3 government regulations | **0.686** | 0.246 | -0.429 | |
| EU4 economic stability | **0.703** | 0.268 | 0.029 | |
| EU5 tourism industry policies | 0.226 | **0.262** | -0.011 | |
| EU6 political stability | **0.579** | 0.158 | 0.471 | |
| EU7 natural disasters | 0.604 | **-0.647** | -0.078 | |
| EU8 global economic trends | **0.651** | -0.219 | 0.057 | |
| | | | | **Total** |
| Eigenvalue | 2.175 | 0.718 | 0.519 | 3.412 |
| Percentage of variance explained | 27.193 | 8.970 | 6.487 | 42.649 |

_____

[a] _Values in bold correspond for each item to the factor with the largest loading._

## Appendix 14 - Correlation Matrix for Strategy

| Variables | S1 | S2 | S3 | S4 | S5 | S6 |
|---|---|---|---|---|---|---|
| S1 Provide high quality services | **1** | 0.242 | 0.606 | 0.275 | 0.509 | 0.264 |
| S2 Achieve low service costs | | **1** | 0.347 | 0.375 | 0.111 | 0.378 |
| S3 Customise services to customers' needs | | | **1** | 0.388 | 0.444 | 0.273 |
| S4 Introduce new services quickly | | | | **1** | 0.472 | 0.263 |
| S5 Provide on-time service delivery | | | | | **1** | 0.289 |
| S6 Offer low price on services | | | | | | **1** |

# Appendix 15 - Unrotated Factor Matrix for Strategy

|  | Factor[a] | |  |
|---|---|---|---|
|  | **1** | **2** |  |
| S1 Provide high quality services | **0.662** | 0.271 |  |
| S2 Achieve low service costs | 0.656 | **-0.755** |  |
| S3 Customise services to customers' needs | **0.705** | 0.160 |  |
| S4 Introduce new services quickly | **0.566** | 0.012 |  |
| S5 Provide on-time service delivery | **0.640** | 0.379 |  |
| S6 Offer low price on services | **0.455** | -0.095 |  |
|  |  |  | **Total** |
| Eigenvalue | 2.306 | 0.826 |  |
| Percentage of variance explained | 38.436 | 13.773 | 52.209 |

[a] *Values in bold correspond for each item to the factor with the largest loading.*

# Appendix 16 - Correlation Matrix for Use of PMSs

| Variables | DU1 | DU2 | DU3 | DU4 | IU1 | IU2 | IU3 | IU4 | IU5 | IU6 | IU7 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| DU1 To track progress towards goals | 1 | 0.823 | 0.883 | 0.833 | 0.586 | 0.772 | 0.649 | 0.598 | 0.607 | 0.580 | 0.599 |
| DU2 To monitor results | | 1 | 0.867 | 0.870 | 0.588 | 0.680 | 0.803 | 0.758 | 0.783 | 0.714 | 0.711 |
| DU3 To compare outcomes to expectations | | | 1 | 0.871 | 0.610 | 0.777 | 0.712 | 0.704 | 0.711 | 0.684 | 0.702 |
| DU4 To review key measures | | | | 1 | 0.602 | 0.730 | 0.725 | 0.710 | 0.670 | 0.689 | 0.663 |
| IU5 To enable discussion in meetings between management and employees | | | | | 1 | 0.780 | 0.691 | 0.682 | 0.693 | 0.700 | 0.671 |
| IU6 To enable continual challenge and debate underlying data assumptions and action plans | | | | | | 1 | 0.778 | 0.755 | 0.711 | 0.746 | 0.715 |
| IU7 To provide a common view of the business | | | | | | | 1 | 0.935 | 0.869 | 0.847 | 0.830 |
| IU8 To tie the business together | | | | | | | | 1 | 0.879 | 0.863 | 0.802 |
| IU9 To enable the business to focus on common issues | | | | | | | | | 1 | 0.926 | 0.855 |
| IU10 To enable the business to focus on critical success factors | | | | | | | | | | 1 | 0.839 |
| IU11 To develop a common vocabulary in the business | | | | | | | | | | | 1 |

**Appendix 17 - Correlation Matrix for Teaming of Resources**

| Variables | RES1 | RES2 | RES3 | RES4 | RES5 | RES6 | RES7 | RES8 | RES9 | RES10 | RES11 | RES12 | RES13 | RES14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R1 | 1 | 0.520 | 0.336 | 0.504 | 0.359 | 0.498 | 0.201 | 0.430 | 0.362 | 0.476 | 0.494 | 0.245 | 0.075 | 0.181 |
| R2 | 0.520 | 1 | 0.275 | 0.500 | 0.400 | 0.543 | 0.264 | 0.389 | 0.183 | 0.325 | 0.307 | 0.150 | 0.140 | 0.297 |
| R3 | 0.336 | 0.275 | 1 | 0.328 | 0.248 | 0.359 | 0.457 | 0.281 | 0.289 | 0.403 | 0.119 | 0.270 | 0.269 | 0.339 |
| R4 | 0.504 | 0.500 | 0.328 | 1 | 0.341 | 0.371 | 0.020 | 0.391 | 0.216 | 0.323 | 0.281 | 0.276 | 0.082 | 0.011 |
| R5 | 0.359 | 0.400 | 0.248 | 0.341 | 1 | 0.695 | 0.182 | 0.453 | 0.218 | 0.336 | 0.179 | 0.287 | 0.254 | 0.236 |
| R6 | 0.498 | 0.543 | 0.359 | 0.371 | 0.695 | 1 | 0.383 | 0.411 | 0.244 | 0.330 | 0.295 | 0.137 | 0.258 | 0.449 |
| R7 | 0.201 | 0.264 | 0.457 | 0.020 | 0.182 | 0.383 | 1 | 0.353 | 0.141 | 0.165 | -0.030 | -0.126 | 0.254 | 0.129 |
| R8 | 0.430 | 0.389 | 0.281 | 0.391 | 0.453 | 0.411 | 0.353 | 1 | 0.295 | 0.446 | 0.299 | 0.244 | 0.211 | 0.170 |
| R9 | 0.362 | 0.183 | 0.289 | 0.216 | 0.218 | 0.244 | 0.141 | 0.295 | 1 | 0.751 | 0.152 | 0.121 | 0.037 | 0.249 |
| R10 | 0.476 | 0.325 | 0.403 | 0.323 | 0.336 | 0.330 | 0.165 | 0.446 | 0.751 | 1 | 0.251 | 0.202 | 0.131 | 0.138 |
| R11 | 0.494 | 0.307 | 0.119 | 0.281 | 0.179 | 0.295 | -0.030 | 0.299 | 0.152 | 0.251 | 1 | 0.473 | 0.152 | 0.193 |
| R12 | 0.245 | 0.150 | 0.270 | 0.276 | 0.287 | 0.137 | -0.126 | 0.244 | 0.121 | 0.202 | 0.473 | 1 | 0.315 | 0.128 |
| R13 | 0.075 | 0.140 | 0.269 | 0.082 | 0.254 | 0.258 | 0.254 | 0.211 | 0.037 | 0.131 | 0.152 | 0.315 | 1 | 0.512 |
| R14 | 0.181 | 0.297 | 0.339 | 0.011 | 0.236 | 0.449 | 0.129 | 0.170 | 0.249 | 0.138 | 0.193 | 0.128 | 0.512 | 1 |

# Appendix 18 - Unrotated Factor Matrix for Teaming of Resources

| | Factors | | | | |
|---|---|---|---|---|---|
| | **F1** | **F2** | **F3** | **F4** | |
| R1 Good management skills | **0.703** | -0.195 | -0.153 | 0.188 | |
| R2 Well-equipped tourist facilities | **0.637** | 0.057 | -0.065 | 0.306 | |
| R3 Network with key industry players | **0.541** | 0.099 | 0.182 | -0.115 | |
| R4 Good business location | **0.556** | -0.161 | -0.244 | 0.219 | |
| R5 Strong family support | **0.612** | 0.145 | -0.029 | 0.137 | |
| R6 Strong community support | **0.749** | 0.278 | 0.098 | 0.282 | |
| R7 Established partnerships with travel agents | 0.363 | 0.236 | **0.426** | 0.131 | |
| R8 Cash flow availability | **0.619** | -0.030 | 0.012 | 0.075 | |
| R9 Have reliable employees | **0.519** | -0.434 | 0.306 | -0.282 | |
| R10 Have employees who are team players | **0.690** | -0.520 | 0.262 | -0.270 | |
| R11 Have access to information technology (e.g. website) | **0.465** | -0.059 | -0.442 | -0.078 | |
| R12 Adequate telecommunication facilities (e.g. telephone) | 0.407 | 0.037 | **-0.548** | -0.367 | |
| R13 Previous work experience in the tourism industry | 0.376 | **0.536** | 0.015 | -0.411 | |
| R14 Previous business experience as an entrepreneur | **0.425** | 0.392 | 0.123 | -0.242 | |
| | | | | | **Total** |
| Initial Eigenvalue | 4.401 | 1.137 | 0.986 | 0.833 | 7.357 |
| Percentage of variance explained | 31.437 | 8.119 | 7.042 | 5.950 | 52.549 |

**Appendix 19 - Correlation Matrix for Organisational Routines**

| Variables | OR1 | OR2 | OR3 | OR4 | OR5 | OR6 | OR7 | OR8 | OR9 |
|---|---|---|---|---|---|---|---|---|---|
| OR1 Practicing strategy development | 1 | 0.857 | 0.775 | 0.534 | 0.423 | 0.424 | 0.105 | 0.622 | 0.470 |
| OR2 Practicing business planning | | 1 | 0.728 | 0.496 | 0.397 | 0.434 | 0.016 | 0.493 | 0.489 |
| OR3 Adopting Quality Management Systems | | | 1 | 0.574 | 0.450 | 0.606 | 0.137 | 0.725 | 0.560 |
| OR4 Following defined systems and procedures for key business operations | | | | 1 | 0.808 | 0.508 | 0.145 | 0.495 | 0.558 |
| OR5 Adopting a customer focused approach to running the business | | | | | 1 | 0.400 | 0.192 | 0.455 | 0.574 |
| OR6 Practicing staff management | | | | | | 1 | 0.405 | 0.656 | 0.347 |
| OR7 Adopting self-sustainable initiatives | | | | | | | 1 | 0.434 | 0.097 |
| OR8 Monitoring business operations across different activities or departments | | | | | | | | 1 | 0.550 |
| OR9 Maintaining a proper accounting or bookkeeping system | | | | | | | | | 1 |

**Appendix 20 - Unrotated Factor Matrix for Organisational Routines**

|  | F1 | F2 | F3 |  |
|---|---|---|---|---|
| OR1 Practicing strategy development | **0.817** | 0.404 | -0.032 |  |
| OR2 Practicing business planning | **0.773** | 0.456 | -0.121 |  |
| OR3 Adopting Quality Management Systems | **0.858** | 0.225 | 0.095 |  |
| OR4 Following defined systems and procedures for key business operations | **0.769** | -0.274 | -0.300 |  |
| OR5 Adopting a customer focused approach to running the business | **0.719** | -0.479 | -0.415 |  |
| OR6 Practicing staff management | **0.665** | -0.162 | 0.332 |  |
| OR7 Adopting self-sustainable initiatives | 0.267 | -0.337 | **0.453** |  |
| OR8 Monitoring business operations across different activities or departments | **0.806** | -0.095 | 0.399 |  |
| OR9 Maintaining a proper accounting or bookkeeping system | **0.656** | -0.071 | -0.147 |  |

|  |  |  |  | **Total** |
|---|---|---|---|---|
| Eigenvalue | 4.703 | 0.879 | 0.783 | 6.365 |
| Percentage of variance explained | 52.255 | 9.772 | 8.696 | 70.723 |

[a] *Values in bold correspond for each item to the factor with the largest loading.*

## Appendix 21 - Correlation Matrix for Entrepreneurship

| Variables | E1 | E2 | E3 | E4 | E5 | E6 |
|---|---|---|---|---|---|---|
| E1 Wide-ranging acts are necessary to achieve objectives | 1 | 0.694 | 0.650 | 0.505 | 0.424 | 0.465 |
| E2 Dramatic changes in services | | 1 | 0.799 | 0.584 | 0.549 | 0.550 |
| E3 Continually offer new services | | | 1 | 0.664 | 0.603 | 0.647 |
| E4 First business to introduce new services, techniques, etc. | | | | 1 | 0.653 | 0.478 |
| E5 Adopt a very competitive, "undo-the-competitors" posture | | | | | 1 | 0.543 |
| E6 Gradually explore the environment, cautious behaviour | | | | | | 1 |

**Appendix 22 - Correlation Matrix for Organisational Performance**

| Variables | OP1 | OP2 | OP3 | OP4 | OP5 |
|---|---|---|---|---|---|
| OP1 Occupancy rate | 1 | 0.844 | 0.854 | 0.802 | 0.697 |
| OP2 Return on investment | | 1 | 0.938 | 0.888 | 0.662 |
| OP3 Profit | | | 1 | 0.929 | 0.723 |
| OP4 Meeting budget targets | | | | 1 | 0.709 |
| OP5 Compared to competitors | | | | | 1 |

**Appendix 23 - Assessment of Discriminant Validity – Cross-loadings of latent variables**

| Variables | GOV | EXT | DS | LCS | IU | DU | P&OIR | OE&RR | CR | HR | P&COR | OPOR | SOR | E | I | OP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E2 | **0.615** | 0.040 | -0.118 | -0.026 | -0.102 | -0.105 | -0.090 | 0.100 | 0.008 | 0.009 | -0.071 | 0.026 | -0.187 | -0.081 | 0.141 | 0.062 |
| E3 | **0.577** | 0.310 | -0.233 | -0.009 | -0.085 | -0.107 | -0.204 | -0.035 | -0.074 | 0.072 | -0.105 | -0.015 | -0.110 | -0.055 | 0.133 | -0.082 |
| E4 | **0.450** | 0.252 | 0.049 | 0.088 | 0.002 | 0.019 | -0.135 | 0.068 | -0.079 | 0.161 | -0.041 | -0.030 | -0.032 | 0.050 | 0.258 | -0.045 |
| E5 | **0.749** | 0.030 | -0.106 | -0.041 | -0.187 | -0.128 | -0.166 | -0.073 | 0.094 | -0.117 | -0.134 | -0.059 | -0.070 | 0.013 | 0.040 | 0.135 |
| E6 | **0.438** | 0.242 | 0.090 | 0.146 | -0.071 | -0.046 | -0.022 | -0.076 | -0.006 | 0.014 | 0.087 | 0.180 | 0.096 | 0.018 | 0.132 | -0.113 |
| E7 | 0.138 | **0.998** | -0.126 | -0.184 | -0.134 | -0.086 | -0.114 | -0.009 | -0.121 | -0.045 | -0.031 | 0.075 | -0.084 | -0.315 | 0.116 | -0.026 |
| E8 | 0.293 | **0.592** | 0.042 | -0.028 | -0.065 | 0.036 | -0.071 | -0.036 | -0.050 | 0.073 | 0.080 | 0.075 | -0.064 | -0.185 | 0.055 | -0.007 |
| S1 | -0.090 | -0.014 | **0.500** | 0.305 | 0.118 | 0.235 | 0.036 | 0.034 | 0.099 | 0.081 | -0.029 | 0.045 | 0.034 | 0.032 | 0.260 | 0.012 |
| S3 | -0.089 | -0.162 | **0.620** | 0.364 | 0.179 | 0.255 | 0.147 | 0.110 | 0.059 | -0.025 | 0.062 | 0.127 | 0.158 | 0.163 | 0.166 | 0.149 |
| S4 | -0.050 | -0.075 | **0.934** | 0.371 | 0.490 | 0.512 | 0.374 | 0.287 | 0.373 | 0.053 | 0.390 | 0.287 | 0.384 | 0.419 | 0.261 | 0.244 |
| S5 | -0.029 | -0.125 | **0.701** | 0.257 | 0.344 | 0.383 | 0.231 | 0.142 | 0.103 | 0.205 | 0.149 | 0.314 | 0.204 | 0.178 | 0.180 | -0.055 |
| S2 | -0.018 | -0.206 | 0.382 | **0.764** | 0.261 | 0.339 | 0.198 | 0.174 | 0.095 | 0.041 | 0.328 | 0.120 | 0.308 | 0.242 | 0.361 | 0.264 |
| S6 | -0.031 | -0.108 | 0.330 | **0.886** | 0.260 | 0.321 | -0.167 | 0.085 | 0.100 | -0.130 | 0.212 | 0.026 | 0.095 | 0.104 | 0.348 | 0.102 |
| IU1 | -0.158 | -0.161 | 0.416 | 0.215 | **0.813** | 0.632 | 0.542 | 0.265 | 0.417 | 0.305 | 0.432 | 0.328 | 0.477 | 0.364 | 0.088 | 0.152 |
| IU2 | -0.255 | -0.141 | 0.417 | 0.437 | **0.878** | 0.785 | 0.460 | 0.303 | 0.268 | 0.221 | 0.619 | 0.327 | 0.559 | 0.397 | 0.212 | 0.231 |
| IU3 | -0.179 | -0.064 | 0.480 | 0.266 | **0.940** | 0.761 | 0.418 | 0.250 | 0.271 | 0.259 | 0.499 | 0.366 | 0.470 | 0.327 | 0.141 | 0.169 |
| IU4 | -0.108 | -0.131 | 0.460 | 0.263 | **0.936** | 0.731 | 0.488 | 0.340 | 0.372 | 0.315 | 0.498 | 0.440 | 0.525 | 0.406 | 0.177 | 0.208 |
| IU5 | -0.165 | -0.127 | 0.395 | 0.199 | **0.932** | 0.729 | 0.485 | 0.282 | 0.260 | 0.371 | 0.406 | 0.402 | 0.434 | 0.360 | 0.150 | 0.232 |
| IU6 | -0.138 | -0.127 | 0.413 | 0.246 | **0.932** | 0.705 | 0.461 | 0.320 | 0.189 | 0.338 | 0.450 | 0.430 | 0.495 | 0.403 | 0.150 | 0.190 |
| IU7 | -0.232 | -0.089 | 0.479 | 0.267 | **0.899** | 0.706 | 0.477 | 0.171 | 0.164 | 0.201 | 0.355 | 0.376 | 0.459 | 0.339 | 0.172 | 0.143 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DU1 | -0.210 | -0.055 | 0.474 | 0.358 | 0.703 | **0.936** | 0.320 | 0.144 | 0.169 | 0.208 | 0.616 | 0.258 | 0.574 | 0.371 | 0.307 | 0.237 |
| DU2 | -0.183 | -0.046 | 0.514 | 0.281 | 0.797 | **0.936** | 0.303 | 0.146 | 0.237 | 0.323 | 0.539 | 0.344 | 0.452 | 0.301 | 0.273 | 0.204 |
| DU3 | -0.178 | -0.094 | 0.487 | 0.436 | 0.781 | **0.959** | 0.405 | 0.250 | 0.181 | 0.278 | 0.647 | 0.391 | 0.566 | 0.407 | 0.341 | 0.342 |
| DU4 | 0.086 | -0.098 | 0.526 | 0.393 | 0.762 | **0.949** | 0.340 | 0.254 | 0.248 | 0.301 | 0.587 | 0.386 | 0.557 | 0.378 | 0.354 | 0.192 |
| R1 | -0.202 | -0.051 | 0.394 | -0.017 | 0.495 | 0.368 | **0.722** | 0.278 | 0.403 | 0.445 | 0.355 | 0.505 | 0.635 | 0.345 | 0.014 | 0.247 |
| R2 | -0.105 | -0.024 | 0.307 | 0.023 | 0.331 | 0.364 | **0.719** | 0.341 | 0.249 | 0.268 | 0.308 | 0.447 | 0.518 | 0.180 | -0.072 | 0.074 |
| R4 | 0.062 | -0.235 | 0.337 | 0.231 | 0.380 | 0.345 | **0.675** | 0.155 | 0.322 | 0.285 | 0.389 | 0.489 | 0.388 | 0.333 | 0.003 | -0.151 |
| R5 | 0.297 | 0.181 | 0.202 | -0.153 | 0.153 | 0.024 | **0.731** | 0.323 | 0.281 | 0.293 | 0.061 | 0.198 | 0.166 | 0.175 | 0.019 | -0.147 |
| R6 | 0.142 | 0.066 | 0.224 | -0.083 | 0.346 | 0.191 | **0.805** | 0.507 | 0.234 | 0.304 | 0.197 | 0.354 | 0.332 | 0.268 | 0.138 | -0.184 |
| R8 | -0.151 | -0.087 | 0.201 | -0.041 | 0.521 | 0.325 | **0.752** | 0.373 | 0.309 | 0.392 | 0.374 | 0.578 | 0.407 | 0.307 | 0.077 | 0.260 |
| R3 | 0.027 | -0.169 | 0.316 | 0.234 | 0.346 | 0.199 | 0.415 | **0.731** | 0.241 | 0.367 | 0.257 | 0.375 | 0.360 | 0.363 | 0.127 | 0.292 |
| R7 | -0.255 | 0.004 | -0.023 | 0.067 | 0.256 | 0.200 | 0.344 | **0.714** | -0.100 | 0.163 | 0.359 | 0.274 | 0.506 | 0.323 | 0.014 | 0.259 |
| R13 | 0.041 | 0.017 | 0.228 | 0.088 | 0.120 | 0.100 | 0.243 | **0.718** | 0.287 | 0.087 | 0.323 | 0.193 | 0.120 | 0.085 | 0.239 | 0.376 |
| R14 | 0.230 | 0.186 | 0.302 | 0.016 | 0.128 | 0.086 | 0.312 | **0.638** | 0.179 | 0.210 | 0.064 | 0.153 | 0.050 | 0.093 | 0.076 | 0.162 |
| R11 | -0.043 | 0.005 | 0.188 | 0.061 | 0.191 | 0.085 | 0.415 | 0.138 | **0.800** | 0.213 | 0.250 | 0.297 | 0.174 | 0.138 | 0.052 | -0.291 |
| R12 | 0.076 | -0.179 | 0.329 | 0.130 | 0.309 | 0.264 | 0.298 | 0.193 | **0.907** | 0.170 | 0.410 | 0.274 | 0.165 | 0.314 | 0.259 | 0.254 |
| R9 | 0.036 | 0.058 | 0.048 | -0.050 | 0.261 | 0.267 | 0.347 | 0.241 | 0.155 | **0.942** | 0.129 | 0.184 | 0.124 | 0.129 | 0.113 | 0.073 |
| R10 | 0.112 | 0.136 | 0.120 | -0.084 | 0.327 | 0.282 | 0.509 | 0.295 | 0.257 | **0.929** | 0.215 | 0.285 | 0.208 | 0.203 | 0.193 | 0.223 |
| OR1 | -0.158 | 0.017 | 0.364 | 0.367 | 0.511 | 0.665 | 0.366 | 0.388 | 0.348 | 0.170 | **0.949** | 0.546 | 0.580 | 0.370 | 0.254 | 0.437 |
| OR2 | -0.051 | -0.039 | 0.247 | 0.252 | 0.401 | 0.492 | 0.274 | 0.360 | 0.472 | 0.163 | **0.925** | 0.525 | 0.477 | 0.364 | 0.192 | 0.397 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OR3 | -0.144 | -0.009 | 0.299 | 0.243 | 0.540 | 0.593 | 0.423 | 0.311 | 0.300 | 0.173 | **0.905** | 0.602 | 0.709 | 0.439 | 0.223 | 0.332 |
| OR4 | 0.028 | 0.112 | 0.289 | 0.124 | 0.429 | 0.382 | 0.520 | 0.312 | 0.242 | 0.199 | 0.579 | **0.929** | 0.517 | 0.280 | 0.118 | 0.180 |
| OR5 | 0.092 | 0.074 | 0.224 | 0.046 | 0.302 | 0.250 | 0.504 | 0.339 | 0.285 | 0.248 | 0.458 | **0.913** | 0.466 | 0.273 | 0.057 | 0.066 |
| OR9 | 0.117 | -0.006 | 0.315 | 0.011 | 0.364 | 0.321 | 0.555 | 0.301 | 0.368 | 0.215 | 0.547 | **0.774** | 0.506 | 0.188 | 0.069 | -0.002 |
| OR6 | -0.128 | -0.068 | 0.119 | 0.198 | 0.447 | 0.426 | 0.397 | 0.320 | 0.122 | 0.268 | 0.529 | 0.487 | **0.804** | 0.404 | 0.159 | 0.164 |
| OR7 | -0.085 | -0.064 | 0.174 | 0.080 | 0.147 | 0.165 | 0.255 | 0.020 | 0.036 | 0.016 | 0.096 | 0.167 | **0.572** | 0.197 | 0.019 | -0.063 |
| OR8 | -0.143 | -0.105 | 0.420 | 0.213 | 0.556 | 0.598 | 0.546 | 0.426 | 0.217 | 0.138 | 0.667 | 0.564 | **0.965** | 0.560 | 0.153 | 0.249 |
| E1 | 0.193 | 0.214 | 0.192 | 0.031 | 0.277 | 0.211 | 0.317 | 0.258 | 0.175 | 0.192 | 0.286 | 0.383 | 0.428 | **0.726** | 0.063 | 0.161 |
| E2 | 0.015 | 0.221 | 0.394 | 0.200 | 0.314 | 0.271 | 0.291 | 0.360 | 0.240 | 0.181 | 0.338 | 0.268 | 0.437 | **0.850** | 0.284 | 0.366 |
| E3 | -0.098 | -0.236 | 0.379 | 0.183 | 0.361 | 0.336 | 0.428 | 0.414 | 0.269 | 0.148 | 0.391 | 0.246 | 0.527 | **0.895** | 0.227 | 0.323 |
| E4 | 0.114 | -0.305 | 0.395 | 0.107 | 0.218 | 0.198 | 0.313 | 0.155 | 0.279 | -0.090 | 0.207 | 0.237 | 0.439 | **0.785** | 0.102 | 0.136 |
| E5 | 0.036 | -0.335 | 0.241 | 0.248 | 0.393 | 0.418 | 0.249 | 0.265 | 0.205 | 0.177 | 0.474 | 0.269 | 0.461 | **0.818** | 0.321 | 0.333 |
| E6 | 0.157 | -0.197 | 0.269 | 0.077 | 0.372 | 0.350 | 0.236 | 0.065 | 0.200 | 0.188 | 0.256 | 0.037 | 0.344 | **0.767** | 0.193 | 0.153 |
| I1 | -0.201 | 0.099 | 0.353 | 0.041 | 0.484 | 0.400 | 0.509 | 0.125 | 0.213 | 0.254 | 0.335 | 0.494 | 0.620 | 0.399 | **0.100** | 0.007 |
| I2 | 0.245 | -0.100 | 0.173 | 0.418 | 0.032 | 0.198 | -0.140 | 0.158 | 0.065 | 0.103 | 0.118 | -0.078 | 0.089 | 0.230 | **0.880** | 0.204 |
| I3 | 0.156 | -0.052 | 0.165 | 0.344 | 0.051 | 0.220 | -0.160 | 0.083 | 0.101 | 0.070 | 0.152 | -0.070 | -0.094 | 0.087 | **0.890** | 0.304 |
| OP1 | 0.100 | -0.032 | 0.109 | 0.175 | 0.035 | 0.088 | 0.108 | 0.296 | 0.287 | 0.073 | 0.284 | -0.078 | 0.059 | 0.245 | 0.271 | **0.898** |
| OP2 | 0.029 | -0.018 | 0.214 | 0.140 | 0.234 | 0.289 | 0.250 | 0.384 | 0.316 | 0.144 | 0.438 | 0.092 | 0.204 | 0.296 | 0.273 | **0.958** |
| OP3 | 0.064 | -0.041 | 0.181 | 0.185 | 0.207 | 0.255 | 0.245 | 0.418 | 0.312 | 0.166 | 0.417 | 0.117 | 0.208 | 0.346 | 0.301 | **0.981** |
| OP4 | 0.047 | 0.019 | 0.190 | 0.223 | 0.245 | 0.291 | 0.252 | 0.402 | 0.288 | 0.191 | 0.433 | 0.159 | 0.231 | 0.302 | 0.285 | **0.959** |
| OP5 | 0.154 | -0.098 | 0.202 | 0.258 | 0.214 | 0.193 | 0.334 | 0.239 | 0.208 | 0.059 | 0.275 | 0.178 | 0.303 | 0.283 | 0.156 | **0.777** |

# Appendix 24 - Discriminant Validity - Squared correlations and AVEs between latent variables

| Variables | GOV | EXT | DS | LCS | IU | DU | P&OIR | OE&RR | CR | HR | P&COR | OPOR | SOR | E | I | OP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOV | **0.333** | | | | | | | | | | | | | | | |
| EXT | 0.024 | **0.673** | | | | | | | | | | | | | | |
| DS | 0.004 | 0.014 | **0.500** | | | | | | | | | | | | | |
| LCS | 0.000 | 0.032 | 0.178 | **0.684** | | | | | | | | | | | | |
| IU | 0.040 | 0.018 | 0.232 | 0.097 | **0.820** | | | | | | | | | | | |
| DU | 0.029 | 0.006 | 0.280 | 0.155 | 0.646 | **0.893** | | | | | | | | | | |
| P&OIR | 0.045 | 0.013 | 0.129 | 0.000 | 0.272 | 0.133 | **0.540** | | | | | | | | | |
| OE&RR | 0.000 | 0.000 | 0.071 | 0.021 | 0.095 | 0.046 | 0.217 | **0.492** | | | | | | | | |
| CR | 0.001 | 0.014 | 0.099 | 0.014 | 0.091 | 0.049 | 0.161 | 0.039 | **0.732** | | | | | | | |
| HR | 0.001 | 0.001 | 0.008 | 0.005 | 0.098 | 0.086 | 0.206 | 0.081 | 0.047 | **0.875** | | | | | | |
| P&COR | 0.017 | 0.001 | 0.109 | 0.097 | 0.276 | 0.402 | 0.149 | 0.145 | 0.159 | 0.033 | **0.858** | | | | | |
| OPOR | 0.000 | 0.006 | 0.098 | 0.006 | 0.177 | 0.135 | 0.353 | 0.130 | 0.108 | 0.062 | 0.364 | **0.766** | | | | |
| SOR | 0.023 | 0.007 | 0.131 | 0.048 | 0.297 | 0.327 | 0.292 | 0.158 | 0.038 | 0.031 | 0.409 | 0.318 | **0.635** | | | |
| E | 0.002 | 0.099 | 0.146 | 0.037 | 0.170 | 0.151 | 0.137 | 0.102 | 0.078 | 0.031 | 0.179 | 0.082 | 0.296 | **0.654** | | |
| I | 0.025 | 0.011 | 0.079 | 0.179 | 0.032 | 0.116 | 0.001 | 0.026 | 0.023 | 0.026 | 0.059 | 0.003 | 0.023 | 0.073 | **0.525** | |
| OP | 0.003 | 0.001 | 0.038 | 0.041 | 0.046 | 0.067 | 0.064 | 0.157 | 0.098 | 0.024 | 0.176 | 0.012 | 0.046 | 0.104 | 0.084 | **0.842** |

Diagonal elements (values in bold) represent the AVE.

**Appendix 25 - Square roots of AVEs and correlations between latent variables**

| Variables | GOV | EXT | DS | LCS | IU | DU | P&OIR | OE&RR | COM | HR | P&COR | OPOR | SOR | E | I | OP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOV | **0.577** | | | | | | | | | | | | | | | |
| EXT | 0.155 | **0.820** | | | | | | | | | | | | | | |
| DS | -0.066 | -0.117 | **0.707** | | | | | | | | | | | | | |
| LCS | -0.013 | -0.178 | 0.421 | **0.827** | | | | | | | | | | | | |
| IU | -0.199 | -0.133 | 0.482 | 0.312 | **0.906** | | | | | | | | | | | |
| DU | -0.171 | -0.080 | 0.529 | 0.393 | 0.803 | **0.945** | | | | | | | | | | |
| P&OIR | -0.211 | -0.115 | 0.359 | -0.018 | 0.522 | 0.364 | **0.735** | | | | | | | | | |
| OE&RR | -0.022 | -0.012 | 0.267 | 0.146 | 0.308 | 0.215 | 0.466 | **0.701** | | | | | | | | |
| COM | 0.031 | -0.120 | 0.314 | 0.117 | 0.302 | 0.221 | 0.401 | 0.197 | **0.856** | | | | | | | |
| HR | -0.036 | -0.037 | 0.088 | -0.070 | 0.312 | 0.293 | 0.453 | 0.285 | 0.217 | **0.935** | | | | | | |
| P&COR | -0.130 | -0.023 | 0.330 | 0.312 | 0.526 | 0.634 | 0.386 | 0.381 | 0.399 | 0.182 | **0.926** | | | | | |
| OPOR | 0.010 | 0.077 | 0.312 | 0.078 | 0.421 | 0.367 | 0.594 | 0.360 | 0.329 | 0.248 | 0.603 | **0.875** | | | | |
| SOR | -0.151 | -0.085 | 0.362 | 0.220 | 0.545 | 0.572 | 0.540 | 0.398 | 0.195 | 0.175 | 0.640 | 0.564 | **0.797** | | | |
| E | -0.050 | -0.315 | 0.382 | 0.194 | 0.412 | 0.389 | 0.371 | 0.319 | 0.280 | 0.176 | 0.423 | 0.287 | 0.544 | **0.809** | | |
| I | 0.158 | -0.106 | 0.281 | 0.423 | 0.179 | 0.340 | -0.028 | 0.160 | 0.152 | 0.161 | 0.242 | 0.054 | 0.150 | 0.270 | **0.725** | |
| OP | 0.055 | -0.026 | 0.195 | 0.203 | 0.214 | 0.259 | 0.253 | 0.397 | 0.312 | 0.154 | 0.420 | 0.108 | 0.215 | 0.323 | 0.290 | **0.918** |

Diagonal elements (values in bold) represent the square root of the AVE.

## Appendix 26 - Notes on SIZE (based on no. of employees)

**Frequencies of the sample:**

| **20 micro** | **27 small** | **11 medium** | **7 large** |
|---|---|---|---|
| < 5 | 6-20 | 21-50 | <50 |

- The largest no of businesses were small-sized (27), based on the study's SME definition.
- For simplicity, and after reviewing the data on SIZE, I did not find much difference in micro and small-sized businesses use of PMSs, so I combined them into one group, and labelled it as "SMALL-SIZE" (based on employees).
- A similar result was found for medium and large businesses, so these two groups were combined and labelled "MEDIUM-SIZE".
- Creating 2 dummy variables, I made the reference group 'MEDIUM-SIZE' with a value of '0', and created a dummy variable for SMALL-SIZE), with a value of 1.
- The results of the path coefficients produced by PLS for the SMALL-SIZE group and their use of PMSs were evaluated against the reference group (i.e. MEDIUM-SIZE group), when interpreting the results.

## Appendix 27 - Final Ethics Approval

**MACQUARIE** University

### Final Approval - 5201200637(D)

1 message

**Mrs Yanru Ouyang** <yanru.ouyang@mq.edu.au>                                    Wed, Sep 12, 2012 at 10:39 AM
To: Dr Vicki Baard <vicki.baard@mq.edu.au>
Cc: A/Prof Sujatha Perera <sujatha.perera@mq.edu.au>, Mrs Lusiana Savuciri Moceiwai Kanainabogi
<lusiana.kanainabogi@students.mq.edu.au>

Dear Dr Baard,

Re: 'Performance measurement systems in Fijian small and medium
enterprises (SMEs) in the tourism industry.'

Reference No.: 5201200637

Thank you for your recent correspondence. Your response has addressed the
issues raised by the Faculty of Business & Economics Human Research Ethics
Sub Committee. Approval of the above application is granted, effective 11
September 2012 and you may now commence your research.

This research meets the requirements of the National Statement on Ethical
Conduct in Human Research (2007). The National Statement is available at
the following web site:

  http://www.nhmrc.gov.au/_files_nhmrc/publications/attachments/e72.pdf.

The following personnel are authorised to conduct this research:

Dr Vicki Baard
A/Prof Sujatha Perera
Mrs Lusiana Savuciri Moceiwai Kanainabogi

NB.  STUDENTS:  IT IS YOUR RESPONSIBILITY TO KEEP A COPY OF THIS APPROVAL
EMAIL TO SUBMIT WITH YOUR THESIS.

Please note the following standard requirements of approval:

1.      The approval of this project is conditional upon your continuing
compliance with the National Statement on Ethical Conduct in Human Research
(2007).

2.      Approval will be for a period of five (5) years subject to the provision
of annual reports.

Progress Report 1 Due: 11th Sept 2013
Progress Report 2 Due: 11th Sept 2014
Progress Report 3 Due: 11th Sept 2015
Progress Report 4 Due: 11th Sept 2016
Final Report Due: 11th Sept 2017

NB.  If you complete the work earlier than you had planned you must submit
a Final Report as soon as the work is completed. If the project has been
discontinued or not commenced for any reason, you are also required to
submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/
human_research_ethics/forms

3.      If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4.      All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

5.      Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.

6.      At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:

http://www.mq.edu.au/policy/
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have final approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of Final Approval to an external organisation as evidence that you have Final Approval, please do not hesitate to contact the FBE Ethics Committee Secretariat, via fbe-ethics@mq.edu.au or 9850 4826.

Please retain a copy of this email as this is your official notification of final ethics approval.

Yours sincerely
Alan Kilgore
Chair, Faculty of Business and Economics Ethics Sub-Committee

# 10    References

Abdel-Kader, M. & Luther, R. 2008. The impact of firm characteristics on management accounting practices: A UK-based empirical analysis. *The British Accounting Review,* 40**,** 2-27.

Abdel-Maksoud, A., Dugdale, D. & Luther, R. 2005. Non-financial performance measurement in manufacturing companies. *The British Accounting Review,* 37**,** 261-297.

Abernethy, M. & Guthrie, C. 1994. An empirical assessment of the "fit" between strategy and management information system design. *Accounting and Finance*, 34, 49-66.

Abernethy, M. A. & Brownell, P. 1999. The role of budgets in organizations facing strategic change: an exploratory study. *Accounting, Organizations and Society,* 24**,** 189-204.

Abernethy, M. A., Chua, W., Luckett, P. F. & Selto, F. H. 1999. Research in managerial accounting: learning from others' experiences. *Accounting & Finance,* 39**,** 1-27.

Abernethy, M. A. & Lillis, A. M. 1995. The impact of manufacturing flexibility on management control system design. *Accounting, Organizations and Society,* 20**,** 241-258.

Achary, S. 1998. Interrogating Accounting in a context; the Search for a more meaningful language. *The Fiji Accountant,* 9**,** 34-38.

Addy, C., Pearce, J. & Bennett, J. 1994. 'Performance measures in small manufacturing enterprises: are firms measuring what matters?'. In *Proceeding of the 10th National Conference on Manufacturing Research*, Loughborough, UK, 13–15 September.

Ahmad, N. H., Ramayah, T., Wilson, C. & Kummerow, L. 2010. Is entrepreneurial competency and business success relationship contingent upon business environment?: A study of Malaysian SMEs. *International Journal of Entrepreneurial Behaviour & Research,* 16**,** 182-203.

Ahrens, T. 2008. Overcoming the subjective–objective divide in interpretive management accounting research. *Accounting, Organizations and Society,* 33**,** 292-297.

Ahrens, T. & Chapman, C. 2004. Accounting for flexibility and efficiency: a field study of management control systems in a restaurant chain. *Contemporary Accounting Research,* 21, 271–301.

Ahrens, T. & Chapman, C. S. 2006. Doing qualitative field research in management accounting: Positioning data to contribute to theory. *Accounting, Organizations & Society,* 31**,** 819-841.

Ali, A. 1980. *Plantation to politics: studies on Fiji Indians*, University of the South Pacific: Fiji Times & Herald.

Ali, A., Krapfel, R. & LaBahn, D. 1995. Product innovativeness and entry strategy: impact on cycle time and break-even time. *Journal of product innovation management,* 12**,** 54-69.

Ali, N. 2008, 'Time for action is now Ali warns,' *Fiji Times Online* 23rd May. Available from: <www.fijitimes.com/story.aspx?id=90001>. [15 October 2010].

Allcock, A. 2006. Pacific 2020 background paper: tourism. *Commonwealth of Australia*.

Alvarez, S. & Busenitz, L. 2001. The entrepreneurship of resource-based theory. *Journal of Management,* 27**,** 755.

Amir, A. M. 2011. The indirect effects of PMS design on Malaysian service firms' characteristics and performance. *Asian Review of Accounting,* 19**,** 31-49.

Anderson, S. W. & Lanen, W. N. 1999. Economic transition, strategy and the evolution of management accounting practices: the case of India. *Accounting, Organizations and Society,* 24**,** 379-412.

Anderson, S. & Young, M. 1999. The impact of contextual and process factors on the evaluation of activity-based costing systems. *Accounting Organizations and Society*, 24, 525–559.

Andersen, M., Falkentoft, K., Andersen, M. & Andersen, C. 2006. Supply chain performance measurement - hvor langt er vi i Danmark? *Dilf orientering*, 43, 30-33.

Antonelli, V. & Parbonetti, A. 2002. I sistemi di governo nelle imprese minori: il caso Calabria. *Small business*, 1, 71–98.

ANZ 2011. Pacific Quarterly, February.

Appiah-Adu, K. & Singh, S. 1998. Customer orientation and performance: a study of SMEs. *Management decision,* 36**,** 385-394.

Argyris, C. 1990. *Overcoming organizational defenses: Facilitating organizational learning*, Allyn & Bacon.

Argyris, C. & Schön, D. 1978. *Organizational learning: A theory of action perspective*, Addison-Wesley. Amsterdam.

Arinaitwe, S. 2006. Factors constraining the growth and survival of small scale businesses: A developing countries analysis. *Journal of American Academy of Business, Cambridge,* 8**,** 167-179.

Ashe, J. 2005. Tourism investment as a tool for development and poverty reduction: The experience in Small Island Developing States (SIDS). Available from: <http://www.sidsnet.org/docshare/tourism/20051012163606_tourism-investmentandSIDS_Ashe.pdf>. [20 January 2011].

Asian Development Bank 2014, *Fiji: Economy*. Available from: <http://www.adb.org/countries/fiji/economy>. [27 January 2015].

Asian Development Bank 2012, *Asian Development Outlook 2012 Update: Services and Asia's Future Growth*. Available from: <http://adb.org/sites/default/files/pub/2012/adou2012.pdf>. [12 May 2013].

Asian Development Bank 2010, *Asian Development Outlook*. Available from: <http://www.adb.org/sites/default/files/publication/27701/pacific.pdf>. [12 May 2013].

Ateljevic, I. & Doorne, S. 2000. 'Staying within the fence': Lifestyle entrepreneurship in tourism. *Journal of sustainable tourism,* 8**,** 378-392.

Ateljevic, J. & Page, S. J. 2009. *Tourism and Entrepreneurship*, Routledge.

Atkinson, A. & Waterhouse, J. 1997. A stakeholder approach to strategic performance measurement. *Sloan Management Review*, 38, 25–37.

Atkinson, H. & Brander Brown, J. 2001. Rethinking performance measures: assessing progress in UK hotels. *International Journal of Contemporary Hospitality Management*, 13, 128-135.

Atuahene-Gima, K. 1996. Market orientation and innovation. *Journal of Business Research,* 35**,** 93-103.

Auzair, M. 2010. Organisational Life Cycle Stages and Management Control Systems in Service Organisations. *International Journal of Business and Management,* 5**,** 56.

Auzair, S. 2011. The effect of business strategy and external environment on management control systems: a study of Malaysian hotels. *International Journal of Business and Social Science,* 2**,** 236-244.

Auzair, S. & Langfield-Smith, K. 2005. The effect of service process type, business strategy and life cycle stage on bureaucratic MCS in service organizations. *Management Accounting Research,* 16**,** 399-421.

Avci, U., Madanoglu, M. & Okumus, F. 2011. Strategic orientation and performance of tourism firms: Evidence from a developing country. *Tourism Management*, 32, 147-157.

Ayyagari, M., Beck, T. & Demirguc-Kunt, A. 2007. Small and medium enterprises across the globe. *Small Business Economics,* 29**,** 415-434.

Backhaus, K., Erichson, B., Plinke, W. & Weiber, R. 2003. *Multivariate analysemethoden: eineanwendungsorientierte einf`uhrung*. 10th edn, Springer. Berlin.

Baines, A. & Langfield-Smith, K. 2003. Antecedents to management accounting change: a structural equation approach. *Accounting, Organizations and Society,* 28, 675–698.

Baker, W. & Sinkula, J. 1999. The synergic effect of market orientation and learning orientation on organizational performance. *Journal of the Academy of Marketing Science,* 27, 411–427.

Baldacchino, G. 1999. Small business in small islands: A case study from Fiji. *Journal of Small Business Management,* 37**,** 80-85.

Banker, R., Chang, H. & Pizzini, M. 2004. The balanced scorecard: Judgmental effects of performance measures linked to strategy. *Accounting Review,* 79**,** 1-23.

Banker, R., Potter, G. & Srinivasan, D. 2005. Association of nonfinancial performance measures with the financial performance of a lodging chain. *Cornell Hotel and Restaurant Administration Quarterly*, 46, 394-412.

Barnes, M., Coulton, L., Dickinson, T., Dransfield, S., Field, J., Fisher, N., Saunders, I. & Shaw, D. A new approach to performance measurement for small and medium enterprises. 1998. Citeseer, 15-17. Available from: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.42.3859&rep=rep1&type=pdf>. [12 November 2010].

Barney, J. 1986. Organizational culture: can it be a source of sustained competitive advantage. *Academy of Management Review*, 11, 656-665.

Barney, J. 1991. Firms resources and sustained competitive advantage. *Journal of Management,* 17**,** 99-120.

Barney, J. 2001. Resource-based theories of competitive advantage: a ten-year retrospective on the resource-based view. *Journal of Management*, 27, 643-650.

Barney, J., Wright, M. & Ketchen, D. J. 2001. The resource-based view of the firm: Ten years after 1991. *Journal of Management,* 27**,** 625.

Barras, R. 1990. Interactive innovation in financial and business services: the vanguard of the service revolution. *Research policy,* 19**,** 215-237.

Barringer, B. & Bluedorn, A. 1999. The relationship between corporate entrepreneurship and strategic management. *Strategic Management Journal,* 20, 421–444.

Barroso, C., Carri´on, G. C., & Rold´an, J. L. 2010. Applying maximum likelihood and PLS on different sample sizes: studies on SERVQUAL model and employee behavior model. In V. Esposito Vinzi, W. Chin, J. Henseler, & H. Wang (Eds.), *Handbook Partial Least Squares*, Springer. Berlin.

Bartholomeusz, S. & Tanewski, G. A. 2006. The relationship between family firms and corporate governance. *Journal of Small Business Management,* 44**,** 245-267.

Baskerville, R. F. 2003. Hofstede never studied culture. *Accounting, organizations and society,* 28**,** 1-14.

Baum, J. R. 1995. The relation of traits, competencies, motivation, strategy, and structure to venture growth. *Frontiers of entrepreneurship research,* 5**,** 13-21.

Baum, J. R. & Locke, E. A. 2004. The relationship of entrepreneurial traits, skill, and motivation to subsequent venture growth. *Journal of applied psychology,* 89**,** 587.

Baumann, C., Elliott, G. & Hamin, H. 2011. Modelling customer loyalty in financial services: a hybrid of formative and reflective constructs. *International Journal of Bank Marketing,* 29**,** 247-267.

Beaver, G. & Jennings, P. 2005. Competitive advantage and entrepreneurial power: The dark side of entrepreneurship. *Journal of small business and enterprise development,* 12**,** 9-

23.

Becken, S. 2005. Harmonising climate change adaptation and mitigation: The case of tourist resorts in Fiji. *Global Environmental Change Part A,* 15**,** 381-393.

Becker, G. 1964. *Human Capital*, Columbia. New York.

Becker, M., Lazaric, N., Nelson, R. & Winter, S. 2005. Applying organizational routines in understanding organizational change. *Industrial and Corporate Change*, 14, 775.

Becker, M. & Zirpoli, F. 2008. Applying organizational routines in analyzing the behavior of organizations. *Journal of Economic Behavior & Organization*, 66, 128-148.

Benzing, C., Chu, H. M. & Callanan, G. 2005. A regional comparison of the motivation and problems of Vietnamese entrepreneurs. *Journal of Developmental Entrepreneurship,* 10**,** 3-27.

Benzing, C., Chu, H. M. & Kara, O. 2009. Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems. *Journal of small business management,* 47**,** 58-91.

Bergin-Seers, S. & Jago, L. 2007. Performance measurement in small motels in Australia. *Tourism and Hospitality Research,* 7**,** 144-155.

Bergin-Seers, S., Jago, L., Breen, J. & Carlsen, J. 2006. *Performance Measurement in Small Motels*, Sustainable Tourism CRC.

Berman, J. A., Gordon, D. D. & Sussman, G. 1997. A study to determine the benefits small business firms derive from sophisticated planning versus less sophisticated types of planning. *The Journal of Business and Economic Studies,* 3**,** 1.

Berry, M. 1998. Strategic planning in small high tech companies. *Long Range Planning,* 31, 455-466.

Bhimani, A. 1994. Monitoring performance measures in UK manufacturing companies. *Management Accounting*, 72, 32–37.

Bhimani, A. & Langfield-Smith, K. 2007. Structure, formality and the importance of financial and non-financial information in strategy development and implementation. *Management Accounting Research*, 18, 3-31.

Biazzo, S. & Bernardi, G. 2003. Organisational self-assessment options: a classification and a conceptual map for SMEs. *International Journal of Quality & Reliability Management*, 20, 881-900.

Biddle, G., Bowen, R. & Wallace, J. 1998. Does EVA beat earnings? Evidence on the association with stock returns and financial values. *Journal of Accounting and Economics*, 24, 301–336.

Birnberg, J., Shields, M. & Young, S. 1990. The case for multiple methods in empirical accounting research (with an illustration from budget setting). *Journal of Management Accounting Research*, 2, 33–66.

Bisbe, J., Batista-Foguet, J.-M. & Chenhall, R. 2007. Defining management accounting constructs: a methodological note on the risks of conceptual misspecification. *Accounting, organizations and society,* 32**,** 789-820.

Bisbe, J. & Otley, D. 2004. The effects of the interactive use of management control systems on product innovation. *Accounting, Organizations and Society,* 29**,** 709-737.

Bititci, S., Turner, T. & Begemann, C. 2000. Dynamics of performance measurement systems. *International Journal of Operations & Production Management*, 20, 692-704.

Bititci, U. S., Mendibil, K., Nudurupati, S., Garengo, P. & Turner, T. 2006. Dynamics of performance measurement and organisational culture. *International Journal of Operations & Production Management,* 26**,** 1325-1350.

Bititci, U., Turner, T., Nudurupati, S. & Creighton, S. 2002. Web enabled measurement systems – management implications. *International Journal of Operations and Production Management*, 22, 1273–1287.

Bloom, M. 1998. Relationship among risk, incentive pay and organizational performance. *Academy of Management Journal*, 41, 283–297.

Bourne, M. 2001. *Implementation Issues, Hand Book of Performance Measurement*, GEE. London.

Bourne, M., Mills, J., Wilcox, M., Neely, A. & Platts, K. 2000. Designing, implementing and updating performance measurement systems. *International Journal of Operations & Production Management,* 20**,** 754-771.

Bourne, M., Neely, A., Mills, J. & Platts, K. 2003. Implementing performance measurement systems: a literature review. *International Journal of Business Performance Management,* 5**,** 1-24.

Bourne, M., Wilcox, M., Neely, A., Mills, J. & Platts, K. 1998. Embedding performance measurement systems in SMEs: 3 longitudinal case studies. *Operations Management: Future Issues and Competitive Responses (EurOMA Conference Proceedings).* University of Dublin, Dublin, 93-98.

Brander Brown, J. & Atkinson, H. 2001. Budgeting in the information age: a fresh approach. *International Journal of Contemporary Hospitality Management*, 13, 136-143.

Brander Brown, J. & McDonnell, B. 1995. The balanced scorecard: short term guest or long term resident? *International Journal of Contemporary Hospitality Management*, 7, 7-11.

Branzei, O. & Vertinsky, I. 2006. Strategic pathways to product innovation capabilities in SMEs. *Journal of Business Venturing,* 21**,** 75-105.

Bricker, K. & Kerstetter, D. 2000. *Eco tourists and ecotourism: benefit segmentation and experience evaluation.* Available from &lt;http://fama2.us.es:8080/turismo/turismonet1/economia%20del%20turismo/turismo%20y%20medio%20ambiente/ECOTOURISTS%20AND%20ECOTOURISM%20BENEFIT%20SEGMENTATION%20AND%20EXPERIENCE%20EVALUATION.PDF&gt;. [2 December 2010]

Brignall, S. 1997. A contingent rationale for cost system design in services. *Management Accounting Research,* 8, 325-346.

Brignall, S. & Ballantine, J. 1996. Performance measurement in service businesses revisited. *International Journal of Service Industry Management,* 7**,** 6-31.

Broadbent, J. & Laughlin, R. 2009. Performance management systems: A conceptual model. *Management Accounting Research,* 20**,** 283-295.

Brouthers, K., Andriessen, F. & Nicolaes, I. 1998. Driving blind: strategic decision-making in small companies. *Long Range Planning*, 31, 130–138.

Brownell, P. 1985. Budgetary systems and the control of functionally differentiated organizational activities. *Journal of Accounting Research*, 23, 502–512.

Brownell, P. 1995. *Research Methods in Management Accounting*. Coopers & Lybrand and the Accounting Association of Australia and New Zealand.

Bruijn, H. 2002. Performance measurement in the public sector: strategies to cope with the risks of performance measurement. *International Journal of Public Sector Management*, 15, 578-594.

Brunner, M. & Süb, H. M. 2005. Analyzing the reliability of multidimensional measures: An example from intelligence research. *Educational and Psychological Measurement,* 65, 227-240.

Bruns Jr, W. J. & Waterhouse, J. H. 1975. Budgetary control and organization structure. *Journal of Accounting Research*, 13, 177-203.

Bulmer, M. 1979. Concepts in the analysis of qualitative data. *The Sociological Review,* 27, 651-677.

Burns, P. & Dewhurst, J. 1996. *Small Business and Entrepreneurship,* Macmillan. London.

Burns, P. & Harrison, J. 1996. *Growth*, in Paul Burns and Jim Dewhurst (eds.), Small Business and Entrepreneurship, Chapter 3, 2nd edn, Houndmills, Basingstoke, Macmillan Small Business Series, Macmillan Press Ltd. pp. 40–72.

Burns, T. Y. & Stalker, G. 1961. *The management of innovation*, Tavistock. London.

Burrell, G. & Morgan, G. 1979. *Sociological paradigms and organisational analysis*, Heinemann. London.

Bygrave, W. & Hofer, C. 1991. Theorizing about entrepreneurship. *Entrepreneurship Theory and Practice*, 16, 13-22.

Cable, D. & Patel, C. 2000. Personality and cultural influences on aggressive financial reporting practices. *Asian Review of Accounting,* 8**,** 60-80.

Cameron, K. & Quinn, R. 1999. *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*, Addison-Wesley. Reading, MA.

Carney, M. 2005. Corporate governance and competitive advantage in family-controlled firms. *Entrepreneurship theory and practice,* 29**,** 249-265.

Chadee, D. D. & Mattsson, J. 1996. An empirical assessment of customer satisfaction in tourism. *Service Industries Journal,* 16**,** 305-320.

Chand, P. 2008. Factors Affecting Judgments of Professional Accountants: A Comparative Study of Australia and Fiji. *Accounting and Finance Association of Australia and New Zealand (AFAANZ) Conference*, Sydney. 5-8 July.

Chand, M. 2009. Performance measurement practices and organisational strategy: a study of Indian leisure enterprises. *International Journal of Leisure and Tourism Marketing,* 1, 12-28.

Chand, P. 2012. The effects of ethnic culture and organizational culture on judgments of accountants. *Advances in Accounting,* 28, 298-306.

Chand, P. & White, M. 2006. The influence of culture on judgments of accountants in Fiji. *Australian Accounting Review,* 16, 82-88.

Chapman, C. S. 1997. Reflections on a contingent view of accounting* 1. *Accounting, Organizations and Society,* 22**,** 189-205.

Chapman, C. 1998. Accountants in organizational networks. *Accounting, Organizations and Society*, 23, 737–766.

Chenhall, R. 2003. Management control systems design within its organizational context: findings from contingency-based research and directions for the future. *Accounting, Organizations and Society,* 28**,** 127-168.

Chenhall, R. H. 2005. Integrative strategic performance measurement systems, strategic alignment of manufacturing, learning and strategic outcomes: an exploratory study. *Accounting, Organizations and Society,* 30**,** 395-422.

Chenhall, R. 2007. Theorising Contingencies in Management Control Systems Research. In *Handbook of Management Accounting Research*, edited by C. S. Chapman, A. G. Hopwood & M. D. Shields. Elsevier, Oxford OX5 1GB, United Kingdom. 163-205.

Chenhall, R. & Chapman, C. 2006. Theorising and Testing Fit in Contingency Research on Management Control Systems. In *Methodological Issues in Accounting Research: Theories and Methods*, edited by Z, Hoque: Spiramus Press Ltd. pp. 35-54.

Chenhall, R. & Langfield-Smith, K. 1998. The relationship between strategic priorities, management techniques and management accounting: An empirical investigation using a systems approach. *Accounting Organizations and Society,* 23, 243-264.

Chenhall, R. & Langfield-Smith, K 2003. Performance measurement and reward systems, trust, and strategic change. *Journal of Management Accounting Research,* 15, 117-143.

Chenhall, R. & Morris, D. 1986. The impact of structure, environment and interdependencies on the perceived usefulness of management accounting systems. *Accounting Review*, 61, 16–35.

Chenhall, R. & Morris, D. 1993. The role of post completion audits, managerial learning, environmental uncertainty and performance. *Behavioural Research in Accounting*, 5, 170–186.

Chenhall, R. & Morris, D. 1995. Organic decision and communication processes and management accounting systems in entrepreneurial and conservative business organizations. *Omega, International Journal of Management Science*, 23, 485–497.

Chennell, A., Dransfield, S., Field, J., Fisher, N., Saunders, I. & Shaw, D. 2000. OPM: a system for organisational performance measurement. In *Proceedings of the Performance Measurement –Past, Present and Future Conference*. Cambridge, 19–21 July.

Chia, Y. M. 1995. Decentralization, management accounting system (MAS) information characteristics and their interaction effects on managerial performance: a Singapore study. *Journal of Business Finance & Accounting,* 22**,** 811-830.

Child, J. 1997. Strategic choice in the analysis of action, structure, organizations and environment: retrospect and prospect. *Organization studies,* 18, 43-76.

Child, J. & Mansfield, R. 1972. Technology, size, and organization structure. *Sociology,* 6, 369-393.

Chin, W. W. 1998a. Issues and opinion on structural equation modelling. *MIS Quarterly,* 22, 7–15.

Chin, W. W. 1998b. The partial least squares approach to structural equation modelling. In G. A. Marcoulides (Ed.). *Modern methods for business research* (pp. 295–336). Lawrence Erlbaum, Mahwah, NJ.

Chin, W. W. 2010. How to Write Up and Report PLS Analyses. In V. E. Vinzi, W. W. Chin, J. Henseler & H. Wang (eds.). *Handbook of Partial Least Squares: Concepts, Methods and Applications*, Springer. Berlin Heidelberg. pp. 655-690.

Chin, W.W., Marcolin, B.L. and Newsted, P.R. 2003. A partial least squares latent variable modeling approach for measuring interaction effects: Results from a Monte Carlo simulation study and an electronic-mail emotion/adoption study. *Information systems research*, 14, 189-217.

Chin, W. W. & Newsted, P. R. 1999. Structural equation modeling analysis with small samples using partial least squares. In: R. H. Hoyle (Ed.), *Statistical strategies for small sample research*, Sage. Thousand Oaks, CA. pp. 307–341.

Chon, K.-S. & Olsen, M. D. 1990. Applying the strategic management process in the management of tourism organizations. *Tourism Management,* 11, 206-213.

Chong, V. & Chong, K. 1997. Strategic choices, environmental uncertainty and SBU performance: a note on the intervening role of management accounting systems. *Accounting and Business Research*, 27, 268–276.

Chow, C. W., Harrison, G. L., McKinnon, J. L. & Wu, A. 2002. The organizational culture of public accounting firms: evidence from Taiwanese local and US affiliated firms. *Accounting, Organizations and Society,* 27, 347-360.

Chow, C. W., Shields, M. D. & Wu, A. 1999. The importance of national culture in the design of and preference for management controls for multi-national operations. *Accounting, Organizations and Society,* 24, 441-461.

Chu, H. M., Benzing, C. & McGee, C. 2007. Ghanaian and Kenyan entrepreneurs: A comparative analysis of their motivations, success characteristics and problems. *Journal of Developmental Entrepreneurship,* 12, 295-322.

Chu, W. 2009. The influence of family ownership on SME performance: evidence from public firms in Taiwan. *Small Business Economics,* 33, 353-373.

CIMA. 1993. *Performance Measurement in the Manufacturing Sector*, CIMA. London.

Clardy, A. 2007. Strategy, core competencies and human resource development. *Human Resource Development International*, 10, 339-349.

Claver, E., José Tarí, J. & Pereira, J. 2006. Does quality impact on hotel performance? *International Journal of Contemporary Hospitality Management,* 18, 350-358.

Cocca, P. & Alberti, M. 2010. A framework to assess performance measurement systems in SMEs. *International Journal of Productivity and Performance Management,* 59, 186-200.

Collier, P. M. 2005. Entrepreneurial control and the construction of a relevant accounting. *Management Accounting Research,* 16, 321-339.

Compagno, C. 1997. Qualità ed evoluzione organizzativa nella piccola e media impresa. *Small Business*, 1, 39–66.

Connell, J. & Rugendyke, B. 2008. *Tourism at the grassroots: villagers and visitors in the Asia-Pacific*, Routledge.

Conner, K. 1991. Historical comparison of resource-based theory and five schools of thought within industrial organization economics: Do we have a new theory of the firm? *Journal of Management*, 17, 121–154.

Conner, K. R. & Prahalad, C. K. 1996. A resource-based theory of the firm: Knowledge versus opportunism. *Organization science,* 7, 477-501.

Coshall, J. T. 2003. The threat of terrorism as an intervention on international travel flows. *Journal of Travel Research,* 42, 4-12.

Covin, J. G. & Slevin, D. P. 1986. The development and testing of an organizational-level entrepreneurship scale. In R. Ronstadt, J. A. Hornaday, R. Peterson and K. H. Vesper (eds), *Frontiers of Entrepreneurship Research*. Center for Entrepreneurial Studies, Babson College, Wellesley, MA, p. 628-639.

Covin, J. G. & Slevin, D. P. 1991. A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice,* 16, 7-25.

Creswell, J. 2002. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. 2nd edn, Sage Publications.

Creswell, J. 2003. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, Sage. Thousand Oaks CA.

Creswell, J. 2009. *Research design: Qualitative, quantitative, and mixed methods approaches*, SAGE Publications, Incorporated.

Cronbach, L. J. 1951. Coefficient alpha and the internal structure of tests. *psychometrika,* 16, 297-334.

Cross, K. & Lynch, R. 1989. The SMART way to define and sustain success. *National Productivity Review*, 8, 23-33.

Cruz, I. 2007. How might hospitality organizations optimize their performance measurement systems? *International Journal of Contemporary Hospitality Management,* 19, 574-588.

Daft, R. L. 1978. A dual-core model of organizational innovation. *Academy of management journal,* 21, 193-210.

Daft, L. 1983. *Organizational Theory and Designs*, West. New York.

Danneels, E. 2002. The dynamics of product innovation and firm competences. *Strategic Management Journal*, 23, 1095–1121.

Data.worldbank.org, (2015). *GDP growth (annual %) | Data | Table*. Available from: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>. [27 January 2015].

Davila, A. 2005. An exploratory study on the emergence of management control systems: formalizing human resources in small growing firms. *Accounting Organizations and Society*, 30, 223–248.

Davila, T. 2000. An empirical study on the drivers of management control systems' design in new product development. *Accounting, Organizations and Society*, 25, 383–409.

Davila, A. & Foster, G. 2005. Management accounting system adoption decisions: evidence and performance implications from early-stage/startup companies. *The Accounting Review*, 80, 1039–1068.

Davila, A. & Foster, G. 2007. Management control systems in early-stage startup companies. *The Accounting Review,* 82**,** 907-937.

Davila, A., Foster, G. & Li, M. 2009. Reasons for management control systems adoption: Insights from product development systems choice by early-stage entrepreneurial companies. *Accounting, Organizations and Society,* 34, 322-347.

Davila, A. & Oyon, D. 2009. Introduction to the special section on accounting, innovation and entrepreneurship. *European Accounting Review,* 18, 277-280.

Day, G. 1994. The capabilities of market-driven organizations. *Journal of Marketing*, 58, 37–52.

Dent, J. 1987. Tensions in the design of formal control systems: a Weld study in a computer company. In W. J. Bruns & R. S. Kaplan (Eds.). *Accounting and management: Field study perspectives,* Harvard Business School Press. Boston, MA.

Dent, J. F. 1990. Strategy, organization and control: some possibilities for accounting research. *Accounting, Organizations and Society*, 15, 3–25.

Dent, J. F. 1991. Accounting and organizational cultures: a field study of the emergence of a new organizational reality. *Accounting, organizations and society*, 16, 705-732.

Denton, G. & White, B. 2000. Implementing a balanced-scorecard approach to managing hotel  operation: the case of white lodging services. *Cornell Hotel and Restaurant Administration Quarterly*, 41, 94-107.

Denzin, N. 1978. *The Research Act: A Theoretical Introduction to Sociological Methods*, McGraw Hill. New York, USA.

Department of Tourism 2007. *Fiji Tourism Development Plan 2007-2016*, Department  of Tourism. Suva.

Devi, P. 2008. E-governance for small and medium enterprises in a developing country like Fiji: potentials and problems. *Critical Thinking in E-Governance***,** 235-241.

Dillman, D. 2000. *Mail and Internet Surveys*. 2nd edn, John Wiley & Sons. New York.

Dillman, D. A., Phelps, G., Tortora, R., Swift, K., Kohrell, J., Berck, J. & Messer, B. L. 2009. Response rate and measurement differences in mixed-mode surveys using mail, telephone, interactive voice response (IVR) and the Internet. *Social Science Research,* 38, 1-18.

Dimitratos, P. & Plakoyiannaki, E. 2003. Theoretical foundations of an international entrepreneurial culture. *Journal of International entrepreneurship,* 1, 187-215.

Doessel, D. & Gounder, R. 1996. Tourism and economic growth in Fiji. *Department of Economics Discussion Paper*. The University of Queensland, Brisbane.

Drodrolagi, L. 2004. Country Paper: Fiji. In *Fiji Islands Bureau of Statistics for OECD/ESCAP/ADB Workshop on Assessing and Improving Statistical Quality: Measuring the Non-observed Economy*. 11–14 May 2004, Bangkok.

Duncan, R., Codippily, H. & Duituturaga, E. 2014. Identifying Binding Constraints in Pacific Island Economies. *Pacific Island Development Series.* 18, East-West Center, Hawaii.

Duncan, R. B. 1972. Characteristics of organizational environments and perceived environmental uncertainty. *Administrative science quarterly*, 17, 313-327.

Dunk, A. 1993. The effects of budget emphasis and information asymmetry on the relation between budgetary participation and slack. *The Accounting Review*, 2, 400–410.

Echtner, C. M. 1995. Entrepreneurial training in developing countries. *Annals of tourism research,* 22, 119-134.

Economic and Social Commission for Asia and the Pacific 2003. *Asia-Pacific Economies: Resilience in Challenging Times*, United Nations. New York.

Economic and Social Commission for Asia and the Pacific 2009. *Addressing Triple Threats to Development*, United Nations. New York.

Efferin, S. & Hopper, T. 2007. Management control, culture and ethnicity in a Chinese Indonesian company. *Accounting, Organizations and Society,* 32, 223-262.

Eisenhardt, K. 1989. Building theories from case study research. *Academy of Management Review*, 14, 532–550.

Eisenhardt, K, & Martin, J. 2000. Dynamic capabilities: what are they? *Strategic Management Journal*, 21, 1105–1121.

Eker, M. & Eker, S. 2009. An empirical analysis of the association between the organizational culture and performance measurement systems in the Turkish manufacturing sector. *Journal of Economic and Social Research,* 11, 43-76.

Emsley, D. 2000. Variance analysis and performance: two empirical studies. *Accounting, Organizations and Society*, 1, 33–47.

Emsley, D. 2001. Redesigning variance analysis for problem solving. *Management Accounting Research,* 12, 21-40.

English, T. 2001. Tension analysis in international organizations: a tool for breaking down communication barriers. *International Journal of Organizational Analysis*, 9, 58–83.

Enz, C. A. & Siguaw, J. A. 2003. Revisiting the Best of the Best: Innovations in the Hotel Practice.

Epstein, M. J. & Roy, M. J. 2000. Strategic evaluation of environmental projects in SMEs. *Environmental Quality Management,* 9, 37-47.

Esposito Vinzi, V., Chin, W. W., Henseler, J. & Wang, H. 2010. *Handbook of partial least squares: Concepts, methods and applications*, Springer. Berlin Heidelberg.

Etemadi, H., Dilami, Z. D., Bazaz, M. S. & Parameswaran, R. 2009. Culture, management accounting and managerial performance: focus Iran. *Advances in accounting,* 25, 216-225.

Ethiraj, S., Kale, P., Krishnan, M. & Singh, J. 2005. Where Do Capabilities Come From And How Do They Matter? A Study in the Software Services Industry. *Strategic Management Journal*, 26, 25–45.

Evans, J. 2004. An exploratory study of performance measurement systems and relationships with performance results. *Journal of Operations Management*, 22, 219-232.

Evans, N. 2005. Assessing the balanced scorecard as management toll for hotels. *International Journal of Hospitality Management*, 17, 376-390.

Ezzamel, M. 1990. The impact of environmental uncertainty, managerial autonomy and size on budget characteristics. *Management Accounting Research*, 1, *181–197.

Fairbairn, T. 1988. *Island entrepreneurs: problems and performances in the Pacific*, East-West Center, Hawaii.

Fairbairn, T. O. I. 2006. Entrepreneurship and small business development: A pacific perspective. *Journal of Small Business & Entrepreneurship,* 19, 355-365.

Falk, R. F. & Miller, N. B. 1992. *A primer for soft modeling*, University of Akron Press.

Feldman, M. 2000. Organizational routines as a source of continuous change. *Organization Science*, 11, 611.

Ferreira, A. & Otley, D. 2009. The design and use of performance management systems: An extended framework for analysis. *Management Accounting Research,* 20, 263-282.

Ferreira, A. & Otley, D. 2010. Design and use of management control systems: An analysis of the interaction between design misfit and intensity of use. Working paper.

Ferreira, A. M. F. 2002. *Management accounting and control systems design and use: an exploratory study in Portugal*, University of Lancaster.

Ferreira, A., Moulang, C., Sarwono, B., 2010. Environmental management accounting and innovation: An exploratory analysis. *Accounting, Auditing & Accountability Journal*, 23, 920-948.

Ferreira, L. D. & Merchant, K. A. 1992. Field research in management accounting and control: a review and evaluation. *Accounting, Auditing & Accountability Journal,* 5, 3-34.

Fiji Bureau of Statistics (FBOS) website <http://www.statsfiji.gov.fj/>.

373

FBOS. 2004. *Economic Survey data, cited in the 2010 study on "Regulatory Impacts on Small and Micro Enterprise Success: Streamlining Legislation and Processes".*

FBOS. 2011. *Hotels and Restaurants Economic Survey Report,* Fiji Bureau of Statistics, Suva.

FBOS. 2010. *Key Statistics*, Fiji Bureau of Statistics, Suva.

FBOS. 2011. *Key Statistics*, Fiji Bureau of Statistics, Suva.

FBOS 2012 *Key Statistics*, Fiji Bureau of Statistics, Suva.

FBOS 2014. *Key Statistics*, Fiji Bureau of Statistics, Suva.

*Fiji Development Bank Annual Report 2007.* Available from: <http://www.fdb.com.fj/resources/uploads/embeds/file/FDB-2007-Annual-Report.pdf>. [1 December 2010].

*Fiji's Fourth National Report to the United Nations Convention on Biological diversity 2010.* Department of Environment. Available from: <http://www.cbd.int/doc/world/fj/fj-nr-04-en.pdf>. [15 February 2011].

Fiji Government Budget Address 2010 Available from: < http://www.fiji.gov.fj/getattachment/e2851dbc-c96c-4c1a-ada0-ba7bb4a231bd/Download-2010-Budget-Address-(pdf).aspx>. [6 February 2011].

Fiji Institute of Applied Studies. 2010. *Regulatory Impacts on Small and Micro Enterprise Success: Streamlining Legislation and Processes*, NCSMED. Suva. Available from: < file:///D:/Users-Data/42188261/Downloads/VOLUME%2011.pdf>. [20 September 2012].

Fiji Islands Bureau of Statistics. 2004. Fiji Standard Industrial Classification. 2004, Fiji Islands Bureau of Statistics, Suva.

Fiji Islands Bureau of Statistics. 2010. Fiji Standard Industrial Classification. 2010, Fiji Islands Bureau of Statistics, Suva.

Fiji Islands Bureau of Statistics 2009/2010. *Tourism earnings and visitor arrivals*. Available from: <http://www.statsfiji.gov.fj/Tourism/tourism_earning.htm>. [18 April 2011].

Fiji Islands Bureau of Statistics 2010. *Fiji Facts and Figures*. Available from: <http://www.statsfiji.gov.fj/Releases/FFF2010.pdf>. [18 April 2011].

Fiji National Assessment Report 2010. *5-year Review of Progress Made in Addressing Vulnerabilities of Small Islands Developing States Through Implementation of the Mauritius Strategy for Further Implementation (MSI) of the Barbados Programme of Action (BPOA).* Available from: <http://www.sidsnet.org/msi_5/docs/nars/Pacific/Fiji-MSI-NAR2009.pdf>. [11 January 2011]

Fiji Revenue and Customs Authority. 2014. *2014 Fiji Tax and Customs Incentives.* Suva. Available from: < http://www.frca.org.fj/mypdf/2014-INCENTIVE-BROCHURE.pdf>. [12 October 2014].

Fiji Times 2005. *Bureau Welcomes State Move*, 20 January. Available from <http://www.southpacific.travel/news/press/email_format/NewsLetter_Jan_2005_03_email.shtml>. [1 December 2010].

Fiji Times 2008. *SMEs data vital for growth*, 23 May. Available from <www.fijitimes.com/story.aspx?ref=archive&id=90018>. [15 October 2011].

Fiji Trade and Investment Bureau (now called Investment Fiji). Website. Available from: http://www.investmentfiji.org.fj/>. [20 February 2011].

Fiol, C. & Lyles, M. 1985. Organizational learning. *Academy of Management Review*, 10, 803–813.

Fisher, J. 1995. Contingency-based research on management control systems: categorization by level of complexity. *Journal of accounting literature,* 14, 24-53.

Fisher, J. G. 1998. Contingency theory, management control systems and firm outcomes: past results and future directions. *Behavioral Research in Accounting,* 10, 47.

Fitzgerald, L., Johnston, R., Brignall, T., Silvestro, R., & Voss, C. 1991. *Performance Measurement in Service Industries*, The Chartered Institute of Management Accountants Publishing. London.

Flamholtz, E. G. 1979. Toward A Psycho Technical Systems Paradigm Of Organizational Measurement*. *Decision Sciences,* 10, 71-84.

Flamholtz, E. G. 1983. Accounting, budgeting and control systems in their organizational context: theoretical and empirical perspectives. *Accounting, Organizations and Society,* 8, 153-169.

Flamholtz, E. G., Das, T. & Tsui, A. 1985. Toward an integrative framework of organizational control. *Accounting, Organizations and Society,* 10, 35-50.

Fletcher, D. 2004. International entrepreneurship and the small business. *Entrepreneurship & Regional Development,* 16, 289-305.

Fletcher, J. & Morakabati, Y. 2008. Tourism activity, terrorism and political instability within the Commonwealth: The cases of Fiji and Kenya. *International Journal of Tourism Research,* 10, 537-556.

Ford, J. K., MacCallum, R. C. & Tait, M. 1986. The application of exploratory factor analysis in applied psychology: A critical review and analysis. *Personnel Psychology*, 39, 291-314.

Fornell, C. & Larcker, D. F. 1981. Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18, 39-50.

Franco-Santos, M., Kennerly, M., Micheli, P., Martinez, V., Mason, S., Marr, B., Gray, D. & Neely, A. 2007. Towards a definition of a business performance measurement system. *International Journal of Operations & Production Management*, 27, 784-801.

Franco-Santos, M., Lucianetti, L. & Bourne, M. 2012. Contemporary performance measurement systems: A review of their consequences and a framework for research. *Management Accounting Research*, 23, 79-119.

Fredrickson, J. & Mitchell, T. 1984. Strategic decision processes: comprehensiveness and performance in an industry with an unstable environment. *The Academy of Management Journal*, 27, 399–423.

Galbraith, J. 1973. *Designing complex organizations*, Addison Wesley Publishing Company. USA.

Galbraith, J. R. 1982. Designing the innovating organization. *Organizational Dynamics*, 10, 5-25.

Gani, A. & Clemes, M. 2010. Services and economic growth in Pacific Island countries. *International Journal of Development Issues,* 9, 113-130.

Garengo, P. & Bernardi, G. 2007. Organizational capability in SMEs: Performance measurement as a key system in supporting company development. *International Journal of Productivity and Performance Management*, 56, 518-532.

Garengo, P., Biazzo, S. & Bititci, U. 2005. Performance measurement systems in SMEs: A review for a research agenda. *International journal of management reviews,* 7, 25-47.

Garengo, P. & Bititci, U. 2007. Towards a contingency approach to performance measurement: an empirical study in Scottish SMEs. *International Journal of Operations & Production Management,* 27, 802-825.

Garengo, P., Nudurupati, S. & Bititci, U. 2007. Understanding the relationship between PMS and MIS in SMEs: An organizational life cycle perspective. *Computers in Industry,* 58, 677-686.

Garengo, P. & Sharma, M. K. 2014. Performance measurement system contingency factors: a cross analysis of Italian and Indian SMEs. *Production Planning & Control,* 25, 220-240.

Gaskill, L. R., Van Auken, H. E. & Manning, R. A. 1993. A factor analytic study of the perceived causes of small business failure. *Journal of Small Business Management,* 31, 18.

Gefen, D., Straub, D. & Boudreau, M.-C. 2000. Structural equation modeling and regression: Guidelines for research practice. *Communications of the association for information systems,* 4, 7.

Georgise, B., Thoben, K.D. & Seifert, M.F. 2013. Assessing the Existing Performance Measures, & Measurement Systems in Developing Countries: An Ethiopian Study. *Global Journal of Researches In Engineering*, 13.

Gerbing, D. W. & Anderson, J. C. 1988. An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of marketing research*, 25, 186-192.

Gerdin, J. 2005. Management accounting system design in manufacturing departments: an empirical investigation using a multiple contingencies approach. *Accounting, Organizations and Society,* 30, 99-126.

Gerloff, E. A., Muir, N. K. & Bodensteiner, W. D. 1991. Three components of perceived environmental uncertainty: An exploratory analysis of the effects of aggregation. *Journal of Management,* 17, 749-768.

Getz, D. & Petersen, T. 2005. Growth and profit-oriented entrepreneurship among family business owners in the tourism and hospitality industry. *International Journal of Hospitality Management,* 24, 219-242.

Ghalayini, A. & Noble, J. 1996. The changing basis of the performance measurement. *International Journal of Operations & Production Management*, 16, 63-80.

Ghobadian, A. & Gallear, D. 1997. TQM and organisation size. *International Journal of Operations and Production Management*, 17, 121–163.

Ghobadian, A. & O'Regan, N. 2000. Developing an exploratory model to determine the link between organisational culture, leadership style and contingency factors on the corporate strategy of manufacturing SMEs. *International Journal of Manufacturing Technology and Management*, 2, 860-878.

Gibson, D. 2012. The cultural challenges faced by indigenous-owned small medium tourism enterprises (SMTEs) in Fiji: case studies from the Yasawa Islands. *The Journal of Pacific Studies,* 32, 102-126.

Gil, M. A., Jimenez, J. B. & Lorente, J. C. 2001. An analysis of environmental management, organizational context and performance of Spanish hotels. *Omega,* 29, 457-471.

Gioia, D. & Pitre, E. 1990. Multi-paradigm perspectives in theory building. *Academy of Management Review*, 15, 584-602.

Gnyawali, D. R. & Fogel, D. S. 1994. Environments for entrepreneurship development: key dimensions and research implications. *Entrepreneurship Theory and Practice*, 18, 43-62.

Gomes, C. F., Yasin, M. M. & Lisboa, J. V. 2007. The effectiveness of hospitality service operations: measurement and implementation concerns. *International Journal of Contemporary Hospitality Management,* 19, 560-573.

Gong, M. & Tse, M. 2009. Pick, Mix or Match? A Discussion of Theories for Management Accounting Research. *Journal of Accounting and Business & Management*, 16, 54-66.

Gordon, L. & Narayanan, V. 1984. Management accounting systems, perceived environmental uncertainty and organization structure: an empirical investigation. *Accounting, Organizations and Society*, 1, 33–47.

Gosselin, M. 1997. The effects of strategy and organizational structure on the adoption and implementation of activity-based costing. *Accounting, Organizations and Society*, 22, 105–122.

Gosselin, M. 2005. An empirical study of performance measurement in manufacturing firms. *International Journal of Productivity and Performance Management,* 54, 419-437.

Götz, O., Liehr-Gobbers, K. & Krafft, M. 2010. Evaluation of structural equation models using the partial least squares (PLS) approach. In *Handbook of partial least squares* (691-711), Springer Berlin Heidelberg.

Govindarajan, V. 1984. Appropriateness of accounting data in performance evaluation: An empirical examination of environmental uncertainty as an intervening variable* 1. *Accounting, Organizations and Society,* 9, 125-135.

Govindarajan, V. 1986. Impact of participation in the budgetary process on managerial attitudes and performance: universalistic and contingency perspectives. *Decision Sciences*, 17, 496–516.

Govindarajan, V. 1988. A contingency approach to strategy implementation at the business-unit level: integrating administrative mechanisms with strategy. *Academy of management Journal*, 31, 828-853.

Govindarajan, V. & Gupta, A. 1985. Linking Control-Systems to Business Unit Strategy – Impact on Performance. *Accounting Organizations and Society*, 10, 51-66.

Grafton, J., Lillis, A. M. & Mahama, H. 2011. Mixed methods research in accounting. *Qualitative Research in Accounting & Management,* 8, 5-21.

Grafton, J., Lillis, A. M. & Widener, S. K. 2010. The role of performance measurement and evaluation in building organizational capabilities and performance. *Accounting, Organizations and Society,* 35, 689-706.

Granlund, M. & Taipaleenmäki, J. 2005. Management control and controllership in new economy firms—a life cycle perspective. *Management Accounting Research,* 16, 21-57.

Grant, R. M. 1991. The resource-based theory of competitive advantage: implications for strategy formulation. *California Management Review*, 33, 114–135.

Grant, R. M. 1996. Toward a knowledge-based theory of the firm. *Strategic management journal,* 17, 109-122.

Greiling, D. 2006. Performance measurement: a remedy for increasing the efficiency of public services? *International Journal of Productivity and Performance Management*, 55, 448-465.

Greiner, L. E. 1998. Evolution and revolution as organizations grow-Larry E. Greiner responds. *Harvard Business Review*, 76, 178-179.

Guilding, C. 1999. Competitor-focused accounting: an exploratory note. *Accounting, Organizations and Society,* 24, 583-595.

Gul, F. & Chia, Y. 1994. The effects of management accounting systems, perceived environmental uncertainty and decentralization on managerial performance: a test of a three-way interaction. *Accounting, Organizations and Society*, 19, 413–426.

Gumbus, A. & Lussier, R. 2006. Entrepreneurs use a balanced scorecard to translate strategy into performance measures. *Journal of Small Business Management,* 44, 407-425.

Gupta, A. & Govindarajan, V. 1984. Business unit strategy, managerial characteristics, and business unit effectiveness at strategy implementation. *Academy of Management Journal*, 27, 25–41.

Haas, M. & Kleingeld, A. 1999. Multilevel design of performance measurement systems: enhancing strategic dialogue throughout the organization. *Management Accounting Research*, 10, 233–261.

Haber, S. & Reichel, A. 2005. Identifying performance measures of small ventures — The case of the tourism industry. *Journal of Small Business Management,* 43, 257-286.

Hailey, J. M. 1985. *Indigenous Business in Fiji*. Pacific Islands Development Program East-West Centre, Honolulu, Hawaii.

Hair, J. F., Black, W. C., Babin, B. J. & Anderson, R. E. 2010. *Multivariate Data Analysis*. 7th edn, Pearson Prentice Hall, Upper Saddle River. New Jersey.

Haktanir, M. & Harris, P. 2005. Performance measurement practice in an independent hotel context: a case study approach. *International Journal of Contemporary Hospitality Management,* 17, 39-50.

Haldma, T. & Lääts, K. 2002. Contingencies influencing the management accounting practices of Estonian manufacturing companies. *Management Accounting Research,* 13, 379-400.

Hall, M. 2010. Accounting information and managerial work. *Accounting, Organizations and Society,* 35, 301-315.

Hall, M. C. & Williams, A. M. 2008. *Tourism and innovation*, Routledge.

Harris, P. & Mongiello, M. 2001. Key performance indicators in European hotel properties: general managers' choices and company profiles. *International Journal of Contemporary Hospitality Management*, 13, 120-128.

Harrison, D. 2003. *Pacific island tourism*, Cognizant Communication Corp. New York.

Harrison, D. & Brandt, J. 2003. *Ecotourism in Fiji*, Pacific island tourism. Cognizant Communication Corp. New York. pp. 139-156.

Harrison, G. L. 1992. The cross-cultural generalizability of the relation between participation, budget emphasis and job related attitudes. *Accounting, Organizations and Society,* 17, 1-15.

Harrison, G. L. & McKinnon, J. L. 1999. Cross-cultural research in management control systems design: a review of the current state. *Accounting, Organizations and Society,* 24, 483-506.

Hartmann, F. 2000. The appropriateness of RAPM: towards the further development of theory. *Accounting, Organizations and Society*, 25, 451–482.

Hawawini, G., Venkat, S. & Verdin, P. 2003. Is performance driven by industry or firm level specific factors. A new look at evidence. *Strategic Management Journal*, 24, 1-16.

Hdr.undp.org, 2015. *Multidimensional Poverty Index (MPI) | Human Development Reports*. Available from: <http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi>. [28 Jan. 2015].

Hdr.undp.org, 2015. *Table 1: Human Development Index and its components | Human Development Reports*. Available from: <http://hdr.undp.org/en/content/table-1-human-development-index-and-its-components>. [28 Jan. 2015].

Henri, J. 2006a. Management control systems and strategy: a resource-based perspective. *Accounting, Organizations and Society*, 31, 529-558.

Henri, J.-F. 2006b. Organizational culture and performance measurement systems. *Accounting, organizations and society*, 31, 77-103.

Henseler, J., Ringle, C. M. & Sinkovics, R. R. 2009. The use of partial least squares path modeling in international marketing. *Advances in International Marketing (AIM),* 20, 277-320.

Hepworth, P. 1998. Weighing it up: a literature review for the balanced scorecard. *Journal of Management Development*, 17, 559-563.

Hill, N. T. 2000. Adoption of costing systems in US hospitals: An event history analysis 1980–1990. *Journal of accounting and public policy,* 19, 41-71.

Hinkin, T. R. 1998. A brief tutorial on the development of measures for use in survey questionnaires. *Organizational research methods*, 1, 104-121.

Hitt, M., Ireland, R., Camp, S. & Sexton, D. 2001. Guest editors' introduction to the special issue strategic entrepreneurship: entrepreneurial strategies for wealth creation. *Strategic Management Journal*, 22, 479–491.

Hjalager, A.-M. 2002. Repairing innovation defectiveness in tourism. *Tourism management,* 23, 465-474.

Hjalager, A.-M. 2010. A review of innovation research in tourism. *Tourism management,* 31, 1-12.

Hofstede, G. 1980. *Cultures' Consequences: International Differences of Work Related Values*, Sage Publications. Beverly Hills.

Hofstede, G. 1984. The cultural relativity of the quality of life concept. *Academy of Management review,* 9, 389-398.

Hofstede, G. 2001. *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*, 2nd edn, Sage. Thousand Oaks, CA.

Hoopes, D., Madsen, T. & Walker, G. 2003. Guest editors' introduction to the special issue: why is there a resource-based view? Toward a theory of competitive heterogeneity. *Strategic Management Journal*, 24, 889–902.

Hope, C. & Muhlemann, A. 1997. *Service Operation Management: Strategy, Design, and Delivery*, Prentice-Hall. London.

Hopper, T. & Powell, A. 1985. Making sense of research into the organizational and social aspects of management accounting: A review of its underlying assumptions [1]. *Journal of management Studies,* 22, 429-465.

Hoque, Z. 2004. A contingency model of the association between strategy, environmental uncertainty and performance measurement: impact on organizational performance. *International Business Review,* 13, 485-502.

Hoque, Z. 2005. Linking environmental uncertainty to non-financial performance measures and performance: a research note. *The British Accounting Review,* 37, 471-481.

Hoque, Z. & James, W. 2000. Linking balanced scorecard measures to size and market factors: impact on organizational performance. *Journal of Management Accounting Research,* 12, 1-18.

Hosen, Y. K., Hui, W. S., Suliman, S. & Rahman, I. A. 2011. Use of Management Control Systems among Libyan Small and Medium-Sized Firms. *Asian Journal of Business Management Studies*, 2, 135-143.

Hudson, M., Bennett, J., Smart, P. & Bourne, M. 1999. Performance measurement for planning and control in SMEs. In *Proceedings of the Advances in Production Management Systems Conference* – Global Production Management, Berlin, 6–10 September.

Hudson, M., Bourne, M., Lean, J. & Smart, P. 2000. Only just managing – no time to measure. In *Proceedings of Performance Measurement – Past, Present and Future Conference*, Cambridge, 19–21 July.

Hudson, M., Lean, J. & Smart, P. 2001. Improving control through effective performance measurement in SMEs. *Production planning & control,* 12, 804-813.

Hudson, M., Smart, A. & Bourne, M. 2001. Theory and practice in SME performance measurement systems. *International Journal of Operations and Production Management,* 21, 1096-1115.

Hudson, M. & Smith, D. 2000. Running before walking: the difficulties of developing strategic performance measurement systems in SMEs. In *the Proceedings of the 7th International Annual EurOMA Conference*, Ghent, 4–7 June.

Hudson-Smith, M. & Smith, D. 2007. Implementing strategically aligned performance measurement in small firms. *International Journal of Production Economics*, 106, 393–408.

Hult, G. T. M. & Ketchen, D. J. 2001. Does market orientation matter?: A test of the relationship between positional advantage and performance. *Strategic management journal,* 22, 899-906.

Hult, G. T. M., Snow, C. C. & Kandemir, D. 2003. The role of entrepreneurship in building cultural competitiveness in different organizational types. *Journal of management,* 29, 401-426.

Hurley, R. & Hult, G. 1998. Innovation, market orientation, and organizational learning: an integration and empirical examination. *Journal of Marketing*, 62, 42–54.

Hussein, M., Gunasekaran, A. & Laitinen, E. 1998. Management accounting system in Finish service firms. *Technovation*, 18, 57–67.

Hvolby, H.-H. & Thorstenson, A. 2000. Performance measurement in small and medium-sized enterprises. In *Proceeding of the International Conference on Stimulating Manufacturing Excellence in SMEs*, Coventry, 17–19 April.

Hyvönen, J. 2007. Strategy, performance measurement techniques and information technology of the firm and their links to organizational performance. *Management Accounting Research,* 18, 343-366.

Ijiri, Y. 1975. *Theory of accounting measurement*, American Accounting Association.

Ioannides, D. & Petersen, T. 2003. Tourism 'non-entrepreneurship' in peripheral destinations: a case study of small and medium tourism enterprises on Bornholm, Denmark. *Tourism Geographies,* 5, 408-435.

Ireland, R. D., Hitt, M. A., Camp, S. M. & Sexton, D. L. 2001. Integrating entrepreneurship and strategic management actions to create firm wealth. *The Academy of Management Executive,* 15, 49-63.

Israeli, A., Barkan, R. & Fleishman, M. 2006. An exploratory approach to evaluating performance measures: the managers' perspective. *The Services Industries Journal*, 26, 861-72.

Ittner, C. & Larcker, D. 1998. Innovations in performance measurement, trends and research implications. *Journal of Management Accounting Research*, 10, 205–238.

Ittner, C. & Larcker, D. 2001. Assessing empirical research in management accounting: a value-based management perspective. *Journal of Accounting and Economics*, 32, 349–410.

Ittner, C. D., Larcker, D. F. & Randall, T. 2003. Performance implications of strategic performance measurement in financial services firms. *Accounting, Organizations and Society,* 28, 715-741.

Jaafar, M., Abdul-Aziz, A. R., Maideen, S. A. & Mohd, S. Z. 2011. Entrepreneurship in the tourism industry: Issues in developing countries. *International Journal of Hospitality Management*, 30, 827-835.

Jacob, M. & Groizard, J. L. 2007. Technology transfer and multinationals: The case of Balearic hotel chains' investments in two developing economies. *Tourism Management,* 28, 976-992.

Jacobides, M. & Winter, S. 2007. Entrepreneurship and firm boundaries: the theory of a firm. *Journal of Management Studies*, 44, 1213-1241.

Jarvis, C. B., MacKenzie, S. B. & Podsakoff, P. M. 2003. A critical review of construct indicators and measurement model misspecification in marketing and consumer research. *Journal of consumer research,* 30, 199-218.

Jayawardena, C. & Ramajeesingh, D. 2003. Performance of tourism analysis: a Caribbean perspective. *International Journal of Contemporary Hospitality Management*, 15, 176-179.

Jennings, P. & Beaver, G. 1997. The performance and competitive advantage of small firms: a management perspective. *International Small Business Journal*, 15, 34–58.

Jocumsen, G. 2004. How do small business managers make strategic marketing decisions? A model of process. *European journal of marketing,* 38, 659-674.

Jogaratnam, G. & Ching-Yick Tse, E. 2006. Entrepreneurial orientation and the structuring of organizations: performance evidence from the Asian hotel industry. *International Journal of Contemporary Hospitality Management,* 18, 454-468.

Johnson, G. 1987. *Strategic change and the management process*, Blackwell.

Johnson, H. & Kaplan, R. 1987. *Relevance lost – The rise and fall of management accounting*, Harvard Business School Press. Boston, MA.

Johnson, R. B. & Onwuegbuzie, A. J. 2004. Mixed methods research: A research paradigm whose time has come. *Educational researcher,* 33, 14-26.

Johnson, R. B., Onwuegbuzie, A. J. & Turner, L. A. 2007. Toward a definition of mixed methods research. *Journal of mixed methods research,* 1, 112-133.

Jones, W. D. 1982. Characteristics of planning in small firms. *Journal of Small Business Management (pre-1986),* 20, 15.

Jöreskog, K. G. & Wold, H. 1982. The ML and PLS techniques for modeling with latent variables: historical and comparative aspects. *Systems under indirect observation: Causality, structure, prediction,* 1, 263-270.

Julien, P.-A. 1993. Small businesses as a research subject: some reflections on knowledge of small businesses and its effects on economic theory. *Small Business Economics,* 5, 157-166.

Kakkuri-Knuuttila, M.-L., Lukka, K. & Kuorikoski, J. 2008. Straddling between paradigms: A naturalistic philosophical case study on interpretive research in management accounting. *Accounting, Organizations & Society,* 33, 267-291.

Kald, M. & Nilsson, F. 2000. Performance Measurement at Nordic Companies. *European Management Journal*, 18, 113-127.

Kaplan, R. & Norton, D. 1992. The balanced scorecard- measures that drive performance. *Harvard Business Review*, 70, 71-79.

Kaplan, R. & Norton, D. 1996. Using the balanced scorecard as a strategic management system. *Harvard business review*, 74, 75-85.

Kaplan, R. S. & Norton, D. P. 2000. Having trouble with your strategy? Then map it. *Harvard Business Review (September–October)*, 167–176.

Kaplan, R. & Norton, D. 2001. Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part I. *Accounting Horizons,* 15, 87-104.

Karpak, B. & Topcu, I. 2010. Small medium manufacturing enterprises in Turkey: An analytic network process framework for prioritizing factors affecting success. *International Journal of Production Economics,* 125, 60-70.

Karuhanga, B.N. 2010. Challenges of performance management in universities in Uganda. In International Research Symposium in Service Management Le Meridien Hotel, Mauritius.

Kaynak, E. & Pathak, R.D. 2006. Tourism Market Potential of Small Resource-Based Economies: The Case of Fiji Islands. *Business Research Yearbook Global Business Perspectives.*

Keating, P. 1995. A framework for classifying and evaluating the theoretical contributions of case research in management accounting. *Journal of Management Accounting Research*, 5, 66–86.

Kelmar, J. H. & Noy, S. 1990. Perceptual differences in small business strategic planning. In *Fifth National Small Business Research Conference, June*. University College of Southern Queensland, Toowoomba.

Kennerley, M. & Neely, A. 2002. A framework of the factors affecting the evolution of performance measurement systems. *International Journal of Operations & Production Management,* 22, 1222-1245.

Khandwalla, P. 1972. The effects of different types of competition on the use of management controls. *Journal of Accounting Research*, Autumn, 10, 275–285.

Khandwalla, P. 1977. *Design of organizations*, Harcourt Brace Jovanovich. New York.

King, B. & Berno, T. 2002. Tourism and civil disturbances: an evaluation of recovery strategies in Fiji 1987-2000. *Journal of hospitality and tourism management,* 9, 46-60.

King, R., Clarkson, P. M. & Wallace, S. 2010. Budgeting practices and performance in small healthcare businesses. *Management Accounting Research*, 21, 40-55.

Kinivuwai, L. 2005. *Developing Micro Finance in Fiji: Challenges and Successes*. National Centre for Small and Micro Enterprise Development (NCSMED). Available from: <http://www.microfinancegateway.org/library/developing- microfinance-fiji-challenges-and-successes>. [20 November 2010].

Kirk, J. & Miller, M. 1986. *Reliability and Validity in Qualitative Research*, Sage Publications Ltd. London.

Kleinschmidt, E. J. & Cooper, R. G. 1991. The impact of product innovativeness on performance. *Journal of product innovation management,* 8, 240-251.

Kline, R. B. 2005. *Principles and Practice of Structural Equation Modeling*, Guilford. New York.

Kloot, L. 1997. Organizational learning and management control systems: responding to environmental change. *Management Accounting Research*, 8, 47–73.

Knight, R. A. & Knight, L. G. 1993. Planning: the key to small business survival. *Strategic Finance,* 74, 33.

Kober, R., Ng, J. & Paul, B. J. 2007. The interrelationship between management control mechanisms and strategy. *Management Accounting Research,* 18, 425-452.

Kogut, B. & Zander, U. 1992. Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization science,* 3, 383-397.

Kohli, A. K. & Jaworski, B. J. 1990. Market orientation: the construct, research propositions, and managerial implications. *The Journal of Marketing*, 54, 1-18.

Kokkonen, P. & Tuohino, A. 2007. The challenge of networking: analysis of innovation potential in small and medium-sized tourism enterprises. *The International Journal of Entrepreneurship and Innovation,* 8, 44-52.

Kollberg, B., Elg, M. & Lindmark, J. 2005. Design and Implementation of a performance measurement system in Swedish health care services: a multiple case study of 6 development teams. *Quality Management in Health Care*, 14, 95-111.

Kor, Y., Mahoney, J. & Michael, S. 2007. Resources, capabilities and entrepreneurial perceptions. *Journal of Management Studies*, 44, 1187-1212.

Kumar, U., Kumar, V. & De Grosbois, D. 2008. Development of technological capability by Cuban hospitality organizations. *International Journal of Hospitality Management,* 27, 12-22.

Kumar, V. & Subramanian, V. 1997. A contingency framework for the mode of entry decision. *Journal of world Business,* 32, 53-72.

Lal, M. 1991. Organizational size, structuring of activities, and control information system sophistication levels: an empirical study. *MIR: Management International Review*, 101-113.

Langfield-Smith, K. 1997. Management control systems and strategy: A critical review* 1. *Accounting, Organizations and Society,* 22, 207-232.

Langfield-Smith, K. 2007. A Review of Quantitative Research in Management Control Systems and Strategy. In *Handbook of Management Accounting Research*, edited by C. S. Chapman., A. G. Hopwood. & M. D. Shields., Elsevier. Oxford, UK. pp. 753-784.

Lashley, C. & Rowson, B. 2010. Lifestyle businesses: Insights into Blackpool's hotel sector. *International Journal of Hospitality Management,* 29, 511-519.

Lawrence, P. & Lorsch, J. 1967. *Organization and environment*, Irwin. Homewood, Ill.

Lee, A. S. 1991. Integrating positivist and interpretive approaches to organizational research. *Organization science,* 2, 342-365.

Lee, C., Lee, K. & Pennings, J. 2001. Internal capabilities, external networks, and performance: a study on technology-based ventures. *Strategic Management Journal,* 22, 615-640.

Lee, C.-L. & Yang, H.-J. 2011. Organization structure, competition and performance measurement systems and their joint effects on performance. *Management Accounting Research,* 22, 84-104.

Lee, L., Petter, S., Fayard, D. & Robinson, S. 2011. On the use of partial least squares path modeling in accounting research. *International Journal of Accounting Information Systems,* 12, 305-328.

Lerner, M. & Almor, T. 2002. Relationships among Strategic Capabilities and the Performance of Women Owned Small Ventures. *Journal of Small Business Management,* 40, 109-125.

Levett, R. & McNally, R. 2003. *A strategic environmental assessment of Fiji's Tourism Development Plan*, WWF and Asian Development Bank. Suva.

Lewis, M. 2000. Exploring paradox: toward a more comprehensive guide. *Academy of Management Review*, 25, 760–776.

Li, L. 2008. A review of entrepreneurship research published in the hospitality and tourism management journals. *Tourism management,* 29, 1013-1022.

Libby, T. & Waterhouse, J. H. 1996. Predicting Change in Management Accounting Systems. *Journal of Management Accounting Research,* 8, 137-150.

Lieberman, M. B. & Montgomery, D. B. 1988. First-mover advantages. *Strategic management journal,* 9, 41-58.

Lillis, A. 2002. Managing multiple dimensions of manufacturing performance – an exploratory Study. *Accounting Organizations and Society*, 27, 497-529.

Lindsay, R. 1995. Reconsidering the status of tests of significance: an alternative criterion of adequacy. *Accounting Organizations and Society*, 20, 35–53.

Litzinger, W. D. 1965. The motel entrepreneur and the motel manager. *Academy of Management Journal,* 8, 268-281.

Lockett, A. & Thompson, S. 2001. The resource-based view and economics. *Journal of Management*, 27, 723-754.

Lopéz, E. P., Buhalis, D. & Fyall, A. 2009. Entrepreneurship and innovation in tourism. *Special Issue-Número Especial Innovación y emprendeduría en el sector turístico Innovation and entrepreneurship in the tourism industry*, 7, 355.

Lowry, J. F. 1990. Management accounting and service industries: an exploratory account of historical and current economic contexts. *Abacus,* 26, 159-184.

Luft, J. & Shields, M. D. 2003. Mapping management accounting: graphics and guidelines for theory-consistent empirical research. *Accounting, organizations and society,* 28, 169-249.

Lukka, K. 2010. The roles and effects of paradigms in accounting research. *Management Accounting Research,* 21, 110-115.

Lumpkin, G. T. & Dess, G. G. 1996. Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of management Review,* 21, 135-172.

Lynch, R. & Cross, K. 1991. *Measure Up! Yardsticks for Continuous Improvement*, Blackwell. Cambridge.

Macintosh, N. B. & Daft, R. L. 1987. Management control systems and departmental interdependencies: an empirical study. *Accounting, Organizations and Society,* 12, 49-61.

Mahadevan, R. 2009. The rough global tide and political storm in Fiji call for swimming hard and fast but with a different stroke. *Pacific economic bulletin,* 24, 1-23.

Malina, M. A. & Selto, F. H. 2001. Communicating and controlling strategy: an empirical study of the effectiveness of the balanced scorecard. *Journal of management accounting research,* 13, 47-90.

Marcoulides, G. A. & Saunders, C. 2006. Editor's comments: PLS: a silver bullet? *MIS quarterly,* 30, iii-ix.

Marginson, D. 2002. Management control systems and their effects on strategy formation at middle-management levels: evidence from a UK organization. *Strategic Management Journal*, 23, 1019–1031.

Markandya, A., Taylor, T. & Pedroso, S. 2005. Tourism and sustainable development: Lessons from recent World Bank experience. *The Economic of Tourism and Sustainable Development, FEEM Series on Economics and the Environment, Edward Elgar*, 225-251.

Markman, G. D. 2007. Entrepreneurs' competencies. *The psychology of entrepreneurship*, 67-92.

Marr, B. & Schiuma, G. 2003. Business performance measurement – past, present and future. *Management Decision*, 41, 680-687.

Martin, J. 1992. *Cultures in organizations: three perspectives*, Oxford University Press. Oxford.

Martins, E. & Terblanche, F. 2003. Building organisational culture that stimulates creativity and innovation. *European journal of innovation management,* 6, 64-74.

Martinez, V., Kennerley, M. & Neely, A. 2004. *Impact of PMS on business performance: a methodological approach*, Centre for Business Performance. Cranfield.

Martins, R. & Salerno, M. 1999. Use of new performance measurement system, some empirical findings. In *Managing Operations Networks – VI International EurOMA Conference*, Venice, Italy, 7–8 June.

Masakure, O., Henson, S. & Cranfield, J. 2009. Performance of microenterprises in Ghana: a resource-based view. *Journal of Small Business and Enterprise Development,* 16, 466-484.

Maskel, B. 1989. Performance measures for world class manufacturing. *Management Accounting*, 5, 32–33.

Mazzarol, T. 2004. Strategic management of small firms: a proposed framework for entrepreneurial ventures. In *17th Annual SEAANZ Conference*.

McAdam, R. 2000. Quality models in an SME context. *International Journal of Quality and Reliability Management*, 17, 305–323.

McCall, G. & Simmons, J. 1969. *Issues in Participant Observation: A Text and Reader*, Eds, Addison-Wesley, Readings Mass.

McColl, R., Callaghan, B. & Palmer, A. 1998. *Services Marketing: A Managerial Perspective*, McGraw Hill. Sydney.

McDougall, P. P. & Oviatt, B. M. 2000. International entrepreneurship: the intersection of two research paths. *Academy of management Journal,* 43, 902-906.

McEvily, S. K., Eisenhardt, K. M. & Prescott, J. E. 2004. The global acquisition, leverage, and protection of technological competencies. *Strategic Management Journal,* 25, 713-722.

McGibbon, C. A. 2006. *Statistical Resources*. Available from: <http://www.statsconsult.com/tutorial-10/tutorial-10.html>. [18 October 2013].

McKinnon, J. 1988. Reliability and validity in field research: some strategies and tactics. *Accounting, Auditing and Accountability Journal*, 1, 34-54.

McMaster, J., Kato, M. & Khan, N. 2004. Economic impact of e-commerce on small tourism enterprises. *Prepared for the ICT capacity building at USP project*. Suva.

McNamara, K. E. 2013. A state of emergency: How local businesses experienced the 2012 flood    in Fiji [online]. *The Australian Journal of Emergency Management*, 28, pp.17-23.    Available    from: <http://search.informit.com.au/documentSummary;dn=512148404017761;res=IELHS S>. [12 June 2014].

Merchant, K. A. 1981. The design of the corporate budgeting system: influences on managerial behavior and performance. *Accounting Review*, 4, 813-829.

Merchant, K. A. 1984. Influences on departmental budgeting: an empirical examination of a contingency model* 1. *Accounting, Organizations and Society,* 9, 291-307.

Merchant, K. 1985. Budgeting and the propensity to create budgetary slack. *Accounting, Organizations and Society*, 10, 201–210.

Merchant, K. 1990. The effects of financial controls on data manipulation and management myopia. *Accounting, Organizations and Society*, 15, 297–313.

Merchant, K. A. & Van der Stede, W. A. 2007. *Management control systems: performance measurement, evaluation and incentives*, Pearson Education.

Mia, L. & Clarke, B. 1999. Market competition, management accounting systems and business unit performance. *Management Accounting Research,* 10, 137-158.

Mia, L. & Patiar, A. 2001. The use of management accounting systems in hotels: an exploratory study. *International Journal of Hospitality Management,* 20, 111-128.

Michalisin, M. D. 2001. Validity of annual report assertions about innovativeness: an empirical investigation. *Journal of Business Research,* 53, 151-161.

Miles, I. 2001. Services Innovation: A Reconfiguration of Innovation Studies. *Discussion Paper  Series*, PREST, University of Manchester.

Miles, M. & Huberman, A. 1994. *Qualitative data analysis: an expanded sourcebook*, 2nd ed, Sage. Thousand Oaks CA.

Miles, R. & Snow, C. 1978. *Organizational strategy, structure and process*, McGraw Hill. New York.

Miller, D. 1983. The correlates of entrepreneurship in three types of firms. *Management Science*, 29, 770–791.

Miller, D. & Friesen, P. 1982. Innovation in conservative and entrepreneurial firms: two models of strategic momentum. *Strategic Management Journal*, 3, 1–25.

Mills, M., Wilcox, M., Neely, A. & Platts, K. 2000. Designing, implementing and updating performance measurement systems. *International Journal of Operations & Production Management*, 20, 754-71.

Ministry of Commerce, Business Development and Investment. 1999. *Fiji Service Sector Study*. Report DSC Paper No. 38/99, File Reference: DSC 3/28/7-2, Ministry of Commerce, Business Development and Investment. Suva.

Ministry of Finance. 2011. *Republic of Fiji Economic and Fiscal Update: Supplement to the 2012 Budget Address*, Suva.

Ministry of Finance, 2014. *Republic of Fiji Economic and Fiscal Update: Supplement to the 2015 Budget Address*. Suva. Available from: <http://www.finance.gov.fj/s/government-budget.html>. [10 January 2015].

Ministry of Finance and National Planning. 2008. *Republic of Fiji Economic and Fiscal Update: Supplement to the 2009 Budget Address,* Suva. Available from: < http://www.finance.gov.fj/s/government-budget.html?download=149:goverment-budget.>. [7 January 2015].

Ministry of Finance and National Planning. 2009. *Republic of Fiji Economic and Fiscal Update: Supplement to the 2010 Budget Address*, Suva. Available from: < www.fiji.gov.fj/.../Download-2010-Budget-Supplement>. [7 January 2015].

Ministry of Finance and National Planning, 2009–2013. Republic of *Fiji* Economic and Fiscal Update: Supplement to the 2009 - 2013 (various years) Budget Address, Suva. [8 January 2015].

Ministry of National Planning 1997. *Development Strategy for Fiji: Policies and Programmes for Sustainable Growth*, Government Printing Department. Suva.

Ministry of Tourism 2012. *Tourism Performance 2012*. Available from: <http://dtxtq4w60xqpw.cloudfront.net/sites/all/files/pdf/fiji_tourism_performance_2012_report_0.pdf>. [12 March 2014].

Ministry of Tourism. *Ministry of Tourism Annual Report 2002-2003*. Available from: <http://www.tourism.gov.fj/report-mot2002- 3annual/files/background.htm>. [1 December 2010].

Ministry of Transport and Tourism, Tourism Council of the South Pacific, and Deloitte and Touche, 1997.

Mintzberg, H. 1978. Patterns in strategy formulation. *Management Science*, 24, 934-948.

Mintzberg, H. 1994. *The Rise and Fall of Strategic Planning*, Wiley. New York.

Mitchell, F. & Reid, G. 2000. Editorial. Problems, challenges and opportunities: the small business as a setting for management accounting research. *Management Accounting Research,* 11, 385-390.

Modell, S. 1996. Management accounting and control in services: structural and behavioural perspectives. *International Journal of Service Industry Management,* 7, 57-80.

Modell, S. 2005. Triangulation between case study and survey methods in management accounting research: An assessment of validity implications. *Management Accounting Research,* 16, 231-254.

Moores, K. & Sharma, D. 1998. The influence of environmental uncertainty on performance evaluation style and managerial performance. *Accountability and Performance*, 4, 1–16.

Moores, K. & Yuen, S. 2001. Management accounting systems and organizational configuration: a life-cycle perspective. *Accounting, Organizations and Society*, 26, 351– 389.

Morgan, G. & Smircich, L. 1980. The case for qualitative research. *Academy of management review,* 5, 491-500.

Morris, M. H., Kuratko, D. F. & Schindehutte, M. 2001. Towards integration: understanding entrepreneurship through frameworks. *The international journal of entrepreneurship and innovation,* 2, 35-49.

Morrison, A. & Teixeira, R. 2004. Small business performance: a tourism sector focus. *Journal of Small Business and Enterprise Development,* 11, 166-173.

Morrison, A. J., Andrew, R. & Baum, T. 2001. The lifestyle economics of small tourism businesses. *Journal of Travel and Tourism Research,* 1, 16-25.

Mottiar, Z. 2007. Lifestyle entrepreneurs and spheres of inter-firm relations: The case of Westport, Co Mayo, Ireland. *The International Journal of Entrepreneurship and Innovation,* 8, 67-74.

Moullin, M. 2004. Eight essentials of performance measurement. *International Journal of Health Care Quality Assurance*, 17, 110-112.

Mullen, M., Budeva, D. & Doney, P. 2009. Research Methods in the Leading Small Business–Entrepreneurship Journals: A Critical Review with Recommendations for Future Research*. *Journal of Small Business Management,* 47, 287-307.

Naman, J. & Slevin, D. 1993. Entrepreneurship and the concept of fit: a model and empirical tests. *Strategic Management Journal*, 14, 137–153.

Nanni, A., Dixon, R. & Vollmann, T. 1992. Integrated performance measurement: Management accounting to support the new manufacturing realities. *Journal of Management Accounting Research*, 4 (Fall), 1–19.

Nanni, A. J., Dixon, J. R. & Vollmann, T. E. 1990. Strategic control and performance measurement. *Journal of Cost Management,* 4, 33-42.

Naranjo-Gil, D. & Hartmann, F. 2007. Management accounting systems, top management team heterogeneity and strategic change. *Accounting, Organizations and Society,* 32, 735-756.

Narayan, P. & Prasad, B. 2003. Fiji's sugar, tourism and garment industries: A survey of performance, problems and potentials. *Fijian Studies,* 1, 3–27.

Narayan, P. K. 2000. Fiji's tourism industry: a SWOT analysis. *The Journal of Tourism Studies*, 11, 15-24.

Narayan, P. K. & Prasad, B. C. 2007. The long-run impact of coups on Fiji's economy: evidence from a computable general equilibrium model. *Journal of International Development,* 19, 149-160.

Narube, S. 2008. Microfinance, the economy and challenge in Fiji. *BIS Review*, 68, 1-6.

Narver, J. C. & Slater, S. F. 1990. The effect of a market orientation on business profitability. *The Journal of Marketing*, 20-35.

Neely, A. 1999. The performance measurement revolution: why now and what next? *International Journal of Operations & Production Management*, 19, 205-228.

Neely, A., Adams, C. & Crowe, P. 2001. The performance prism in practice. *Measuring Business Excellence*, 5, 6-12.

Neely, A., Adams, C. & Kennerley, M. 2002. *The Performance Prism: The Scorecard for Measuring and Managing Stakeholder Relationship*, Prentice-Hall. London.

Neely, A., Gregory, M. & Platts, K. 1995. Performance measurement system design. *International Journal of Operations and Production Management,* 15, 80-116.

Neely, A., Gregory, M. & Platts, K. 2005. Performance measurement system design: a literature review and research agenda. *International Journal of Operations & Production Management*, 25, 1228-1263.

Neely, A. & Mills, J. 1993. *Manufacturing in the UK – Report on a Survey of Performance Measurement and Strategy Issue in UK Manufacturing Companies*, Manufacturing Engineering Group. London.

Neely, A., Mills, J., Gregory, M., Richards, H., Platts, K. & Bourne, M. 1996. *Getting the Measure of Your Business*, Cambridge University Press. Cambridge.

Neely, A., Mills, J., Platts, K., Gregory, M. & Richards, A. 1994. Realising strategy through measurement. *International Journal of Operations & Production Management*, 14, 140-152.

Neely, A., Mills, J., Platts, K., Richards, H., Gregory, M., Bourne, M. & Kennerley, M. 2000. Performance measurement system design: developing and testing a process-based approach. *International Journal of Operations and Production Management*, 20, 1119-1145.

Nelson, R. 1991. Why do firms differ and how does it matter? *Strategic Management Journal*, 12, 71-74.

Nelson, R. & Winter, S. 1982. *An Evolutionary Theory of Economic Change*, The Belknap Press. Cambridge, MA.

Neuman, W. L. 2000. *Social research methods: Qualitative and quantitative approaches*, 4th edn. Allyn and Bacon, Boston.

Nevis, E., Dibella, A. & Gould, J. 1995. Understanding organizations as learning systems. *Sloan Management Review*, Winter, 73–85.

Nieto, M. & Quevedo, P. 2005. Absorptive capacity, technological opportunity, knowledge spillovers, and innovative effort. *Technovation,* 25, 1141-1157.

Noble, C. H., Sinha, R. K. & Kumar, A. 2002. Market orientation and alternative strategic orientations: a longitudinal assessment of performance implications. *Journal of marketing,* 66, 25-39.

Noci, G. 1995. Accounting and non-accounting based measures of quality-based performances in small firms. *International Journal of Operations and Production Management*, 15, 78–106.

Nonaka, I. & Takeuchi, H. 1995. *The knowledge-creating company: How Japanese companies create the dynamics of innovation*, Oxford university press.

Nooteboom, B. 1994. Innovation and diffusion in small firms: theory and evidence. *Small Business Economics,* 6, 327-347.

Nudurupati, S., Bititci, U., Kumar, V. & Chan, F. 2011. State of the art literature review on performance measurement. *Computers & Industrial Engineering*, 60, 279–290.

Nunn, P. D. 2010. Bridging the gulf between science and society: Imperatives for minimizing societal disruption from climate change in the Pacific. In: Sumi, A., Fukushi, K. & Hiramatsu, A. (editors). *Adaptation and Mitigation Strategies for Climate Change*, Springer, Tokyo, pp. 233-248.

O'Connor, N. G. 1995. The influence of organizational culture on the usefulness of budget participation by Singaporean-Chinese managers. *Accounting, Organizations and Society,* 20, 383-403.

Okpara, J. O. & Wynn, P. 2007. Determinants of small business growth constraints in a sub-Saharan African economy. *SAM Advanced Management Journal,* 72, 24-35.

Oldenboom, N. & Abratt, R. 2000. Success and failure factors in developing new banking and insurance services in South Africa. *International Journal of Bank Marketing*, 18, 233-245.

Olsen, M. D. 1999. Macroforces driving change into the new millennium—major challenges for the hospitality professional. *International journal of hospitality management*, 18, 371- 385.

Olsen, N. V. & Sallis, J. 2006. Market scanning for new service development. *European journal of marketing*, 40, 466-484.

Olson, E. M., Slater, S. F. & Hult, G. T. M. 2005. The performance implications of fit among business strategy, marketing organization structure, and strategic behavior. *Journal of marketing*, 69, 49-65.

Olson, E. M., Walker Jr, O. C. & Ruekert, R. W. 1995. Organizing for effective new product development: the moderating role of product innovativeness. *The Journal of Marketing*, 48-62.

Olve, N., Roy, J. & Wetter, M. 1999. *Performance Divers A Practical Guide to Using the Balanced Scorecard*, John Wiley & Sons. Chichester-England.

O'Regan, N. & Ghobadian, A. 2002. Effective strategic planning in small and medium sized firms. *Management Decision,* 40, 663-671.

O'Regan, N. & Ghobadian, A. 2005. Innovation in SMEs: the impact of strategic orientation and environmental perceptions. *International Journal of Productivity and Performance Management,* 54, 81-97.

Oreja-Rodríguez, J. R. & Yanes-Estévez, V. 2007. Perceived environmental uncertainty in tourism: A new approach using the Rasch model. *Tourism Management,* 28, 1450-1463.

Orfila-Sintes, F. & Mattsson, J. 2009. Innovation behavior in the hotel industry. *Omega*, 37**,** 380-394.

Oriot, F., Otley, D. & Misiaszek, E. 2010. *Strategic Performance Management Systems in SMEs'* Available from: <file:///D:/UsersData/42188261/Downloads/p38.pdf>. [14 December 2012].

Otley, D. 1978. Budget use and managerial performance. *Journal of Accounting Research*, 16, 122–149.

Otley, D. 1980. The contingency theory of management accounting: Achievement and prognosis* 1. *Accounting, Organizations and Society,* 5, 413-428.

Otley, D. 1995. Management Control, Organisational Design and Accounting Information Systems. In D. Ashton, T. Hopper & R. W. Scapens. eds. *Issues in Management Accounting 2nd edition*, Prentice Hal. London.

Otley, D. 1999. Performance management: a framework for management control systems research. *Management Accounting Research,* 10, 363-382.

Otley, D. 2003. Management control and performance management: whence and whither? *The British Accounting Review*, 35, 309-326.

Ottenbacher, M. & Gnoth, J. 2005. How to develop successful hospitality innovation. *Cornell Hotel and Restaurant Administration Quarterly*, 46, 205-222.

Ottenbacher, M., Gnoth, J. & Jones, P. 2006. Identifying determinants of success in development of new high-contact services: Insights from the hospitality industry. *International Journal of Service Industry Management*, 17, 344-363.

Ouchi, W. 1977. The relationship between organizational structure and organizational control. *Administrative Science Quarterly*, 22, 95-113.

Ouchi, W. G. 1980. Markets, bureaucracies, and clans. *Administrative science quarterly*, 25,129-141.

Overy, A. & Piamonte, P. 1996. *Improving Working Conditions in the Informal Sector*. Paper for an ILO-sponsored workshop on Gearing Up for the Challenges and Opportunities in the Urban Informal Sector, Manila.

Oxford Dictionaries, online at http://www.oxforddictionaries.com/definition/english/ethnicity

Pallant, J. 2005. *SPSS survival guide*, Open University Press. Maidenhead.

Patel, A. & Samuwai, J. 2010. The Influence of Culture on Corporate Governance. *The Fiji Accountant-Journal of the Fiji Institute of Accountants*, 3-5.

Pavlatos, O. & Paggios, I. 2009. A survey of factors influencing the cost system design in hotels. *International Journal of Hospitality Management,* 28, 263-271.

Pavlov, A. & Bourne, M. 2011. Explaining the effects of performance measurement on performance: An organizational routines perspective. *International Journal of Operations & Production Management,* 31, 101-122.

Pechlaner, H. & Sauerwein, E. 2002. Strategy implementation in the Alpine tourism industry. *International Journal of Contemporary Hospitality Management,* 14, 157-168.

Pellinen, J. 2003. Making price decisions in tourism enterprises. *International Journal of Hospitality Management,* 22, 217-235.

Pereira-Moliner, J., Claver-Cortés, E. & Molina-Azorín, J. F. 2010. Strategy and performance in the Spanish hotel industry. *Cornell Hospitality Quarterly*, 51, 513-528.

Perera, S. & Baker, P. 2007. Performance measurement practices in small and medium size manufacturing enterprises in Australia. *Small Enterprise Research,* 15, 10-30.

Perren, L. & Grant, P. 2000. The evolution of management accounting routines in small businesses: a social construction perspective. *Management Accounting Research,* 11, 391-411.

Perren, L. & Ram, M. 2004. Case-study method in small business and entrepreneurial research: mapping boundaries and perspectives. *International Small Business Journal*, 22, 83.

Perrow, C. 1970. *Organizational analysis: a sociological view*, Wadsworth Publishing Company. California.

Peteraf, M. 1993. The cornerstone of competitive advantage: a resource based view. *Strategic Management Journal*, 14, 179-191.

Pheysey, D. 1993. *Organizational Cultures, Types and Transformation*, Routledge. London.

Phillips, P. & Louvieris, P. 2005. Performance measurement systems in tourism, hospitality, and leisure small medium-sized enterprises: a balanced scorecard perspective. *Journal of Travel Research*, 44, 201-211.

Phillips, P. A. 1999. Hotel performance and competitive advantage: a contingency approach. *International Journal of Contemporary Hospitality Management,* 11, 359-365.

Phillips, P. 2000. The balanced scorecard and strategic control: a hotel case study analysis. *The Service Industries Journal*, 27, 731-746.

Phusavat, K. & Jaiwong, P. 2008. Formulating the strategy map: case studies on SMEs in Thailand. *International Journal of Management and Enterprise Development*, 5, 1.

Phusavat, K., Kanchana, R. & Lin, B. 2009. Information requirements for managerial decisions in manufacturing. *Business Process Management Journal*, 15, 267-285.

Pikkemaat, B. 2008. Innovation in small and medium-sized tourism enterprises in Tyrol, Austria. *The International Journal of Entrepreneurship and Innovation*, 9, 187-197.

Pikkemaat, B. & Peters, M. 2006. Towards the measurement of innovation—A pilot study in the small and medium sized hotel industry. *Journal of Quality Assurance in Hospitality & Tourism*, 6, 89-112.

Pondeville, S., Swaen, V. & De Rongé, Y. 2013. Environmental management control systems: The role of contextual and strategic factors. *Management accounting research,* 24, 317-332.

Porter, M. 1980. *Competitive strategy*, The Free Press. New York.

Porter, M. E. 1985. *Competitive advantage*, Free Press. New York.

Prasad, A. & Singh, G. 2013. Problems and development issues of SMEs in Fiji. *International Journal of Entrepreneurship and Small Business,* 19, 21-34.

Prasad, B. & Narayan, P. 2008. Reviving growth in the Fiji islands: are we swimming or sinking? *Pacific Economic Bulletin,* 23, 5-26.

Prasad, B. & Tisdell, C. 2006. *Institutions, economic performance and sustainable development: a case study of the Fiji Islands*, Nova Science Publishers.

Pratt, V. 2001. *Sharing Business Skills in Kenya*, Center for International Private Enterprise. Washington, DC. Available from: <http://www.cipe.org>. [20 March 2013].

Pun, F. & White, A. 2005. A performance measurement paradigm for integrating strategy formulation. *International Journal of Management Reviews*, 7, 49-71.

Purbey, S., Mukherjee, K. & Bhar, C. 2007. Performance measurement system for healthcare processes. *International Journal of Productivity and Performance Management*, 56, 241-251.

Qu, S. Q. & Dumay, J. 2011. The qualitative research interview. *Qualitative Research in Accounting & Management*, 8, 238 - 264

Quinn, R. 1988. *Beyond rational management*, Jossey-Bass Inc Publishers. San Francisco.

Quinn, R. & Kimberly, J. 1984. Paradox, planning, and perseverance: Guidelines for managerial practice. In J. R. Kimberly. & R. E. Quinn. Eds. *Managing organizational translations* (pp. 295–313), Dow Jones-Irwin. Homewood, IL.

Rantanen, H. & Holtari, J. 2000. Performance analysis in Finnish SMEs. In *Proceeding of the 11th International Working Seminar on Production Economics*, Innsbruck, 21–25 February.

Rao, D. R. 2004. Culture and entrepreneurship in Fiji's small tourism business sector. Doctoral dissertation, Victoria University, Melbourne.

Rao, M. 2002. Challenges and issues for tourism in the South Pacific island states: the case of the Fiji Islands. *Tourism Economics,* 8, 401-429.

Raubenheimer, J. 2004. An item selection procedure to maximize scale reliability and validity. *SA Journal of Industrial Psychology*, 30, 59-64.

Rauch, A. & Frese, M. 2000. Psychological approaches to entrepreneurial success: A general model and an overview of findings. *International review of industrial and organizational psychology*, 15, 101-142.

Reddy, M., Naidu, V. & Mohanty, M. 2003. The urban informal sector in Fiji: Results from a survey. *Fijian Studies,* 1, 127-154.

Reichel, A. & Haber, S. 2005. A three-sector comparison of the business performance of small tourism enterprises: an exploratory study. *Tourism Management,* 26, 681-690.

Reijonen, H. & Komppula, R. 2007. Perception of success and its effect on small firm performance. *Journal of Small Business and Enterprise Development*, 14, 689-701.

Reserve Bank of Fiji 2010. *Economic review*, vol.27, no. 7, Suva: Reserve Bank of Fiji.

Reserve Bank of Fiji 2010. *Quarterly review: June*, Reserve Bank of Fiji. Suva.

Ritchie, J. B. & Crouch, G. I. 2003. *The competitive destination: A sustainable tourism perspective*, Cabi.

Robinson, R. B. & Pearce, J. A. 1984. Research thrusts in small firm strategic planning. *Academy of Management Review*, 9, 128-137.

Rockness, H. O. & Shields, M. D. 1984. Organizational control systems in research and development. *Accounting, Organizations and Society*, 9, 165-177.

Roehrich, G. 2004. Consumer innovativeness: concepts and measurements. *Journal of Business Research*, 57, 671-677.

Ross, A. 1995. Job related tension, budget emphasis and uncertainty. *Management Accounting Research*, 6, 1–11.

Rumelt, R. 1991. How much does industry matter? *Strategic Management Journal*, 12, 167-185.

Saffu, K. 2003. The role and impact of culture on South Pacific island entrepreneurs. *International Journal of Entrepreneurial Behaviour & Research*, 9, 55-73.

Saffu, K., Apori, S. & Elijah-Mensah, A. 2007. The impact of human resource management practices on performance: an analysis of small tourism enterprises. Paper presented at the *52nd ICSB World Conference*, Tukur. June 13-15.

Saffu, K., Apori, S., Elijah-Mensah, A. & Ahumatah, J. 2008. The contribution of human capital and resource-based view to small- and medium-sized tourism venture performance in Ghana. *International Journal of Emerging Markets*, 3, 268-284.

Saffu, K. & Manu, T. 2004. Strategic capabilities of Ghanaian female business owners and the performance of their ventures. *ICSB World Conference*, Johannesburg, South Africa.

Said, A. A., HassabElnaby, H. R. & Wier, B. 2003. An empirical investigation of the performance consequences of nonfinancial measures. *Journal of Management Accounting Research,* 15, 193-223.

Sakka, O., Barki, H. & Côté, L. 2013. Interactive and diagnostic uses of management control systems in IS projects: Antecedents and their impact on performance. *Information & Management*, 50, 265-274.

Salavou, H., Baltas, G. & Lioukas, S. 2004. Organisational innovation in SMEs: the importance of strategic orientation and competitive structure. *European journal of marketing*, 38, 1091-1112.

Saleh, A. S. & Ndubisi, N. O. 2006. An evaluation of SME development in Malaysia. *International Review of Business Research Papers*, 2, 1-14.

Samson, D. A., Langfield-Smith, K. & McBride, P. 1991. The alignment of management accounting with manufacturing priorities: a strategic perspective. *Australian Accounting Review*, 1, 29-40.

Sandino, T. 2007. Introducing the first management control systems: evidence from the retail sector. *The Accounting Review*, 82, 265-293.

Scapens, R. 1990. Researching management accounting practice: the role of case study methods. *The British Accounting Review*, 22, 259-281.

Schein, E. 1985. *Organizational culture and leadership*, Jossey-Bass. San Francisco.

Scheyvens, R. & Russell, M. 2009. *Tourism and poverty reduction in the South Pacific*, New Zealand Agency for International Development. Wellington.

Scheyvens, R. & Russell, M. 2010. *Sharing the riches of tourism in Fiji: summary report*, Massey University. 72.

Scheyvens, R. & Russell, M. 2012. Tourism and poverty alleviation in Fiji: Comparing the impacts of small-and large-scale tourism enterprises. *Journal of Sustainable Tourism*, 20, 417-436.

Schumacker, R. E. & Lomax, R. 1996. *A guide to structural equations modeling*, Erl-baum. Hillsdale, NJ.

Schumacker, R. E. & Lomax, R. G. 2004. *A beginner's guide to structural equation modeling*, Psychology Press.

Schumacker, R. E. & Lomax, R. G. 2010. *A beginners guide to structural equation modeling*, Routledge. New York.

Schumpeter, J. A. 1934. *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*, Transaction publishers.

Segev, E. 1989. A systematic comparative analysis and synthesis of two business-level strategic typologies. *Strategic Management Journal,* 10, 487-505.

Seidel, M., Seidel, R., Tedford, D., Cross, R. & Wait, L. 2008. A systems  modeling approach to support environmentally sustainable business development in manufacturing SMEs. *Proceedings of World Academy of Science, Engineering and Technology*, ISSN 2070, 3740, 866-874.

Sekaran, U. 2003. *Research methods for business*, John Wiley & Sons. Hoboken, NJ.

Sexton, D. L. & Van Auken, P. 1985. A longitudinal study of small business strategic planning. *Journal of Small Business Management (pre-1986)*, 23, 7.

Shank, J. & Govindarajan, V. 1993. What "drives" cost? A strategic cost management perspective. *Advances in Management Accounting,* 2, 27-46.

Sharma, A. & Sneed, J. 2008. Performance analysis of small hotels in Tanzania. *Journal of Services Management*, Special Issue, 83-100.

Sharma, A. & Upneja, A. 2005. Factors influencing financial performance of small hotels in Tanzania. *International Journal of Contemporary Hospitality Management,* 17, 504-515.

Sharma, D. S. 2002. The differential effect of environmental dimensionality, size, and structure on budget system characteristics in hotels. *Management Accounting Research*, 13, 101-130.

Sharma, M. & Bhagwat, R. 2007. Performance measurement system: case studies from SMEs in India. *International Journal of Productivity and Quality Management*, 2, 475-509.

Sharma, M. K., Bhagwat, R. & Dangayach, G. S. 2005. Practice of performance measurement: experience from Indian SMEs. *International Journal of Globalisation and Small Business*, 1, 183-213.

Sharma, P. & Gounder, N. 2011. Obstacles to bank financing of micro and small enterprises: empirical evidence from the Pacific with some policy implications.

Sharma, U., Lawrence, S. & Fowler, C. 2012. New public management and accounting in a Fiji telecommunications company. *Accounting History*, 17, 331-349.

Sharma, U., Lawrence, S. & Lowe, A. 2010. Institutional contradiction and management control innovation: A field study of total quality management practices in a privatized telecommunication company. *Management Accounting Research*, 21, 251-264.

Shaw, G. & Williams, A. M. 2004. *Tourism and tourism spaces*, Sage.

Shee, H., Pathak, R. D. & Singh, S. B. 2006. Working Paper No. 10, 2006. *Case studies documenting sucess and failure factors affecting small and medium enterprises (SMEs) in Fiji Island*.

Shields, M. 1997. Research in management accounting by North Americans in the 1990s. *Journal of Management Accounting Research*, 9, 3–61.

Shields, J. F. & Shields, M. D. 1998. Antecedents of participative budgeting. *Accounting, Organizations and Society*, 23, 49-76.

Shirley, D. & Reitsperger, W. 1991. Linking quality strategy with management control systems: empirical evidence from Japanese industry. *Accounting Organizations and Society*, 16, 601-618.

Sica, E. 2005. *Tourism as a determinant of economic growth: the case of south-east Asian countries*, Working Paper No. 3, 169 Faculty of Economics, University of Foggia. Italy.

Silverman, D. 2000. *Doing Qualitative Research*, Sage. London.

Sim, A. & Teoh, H. 1997. Relationships between business strategy, environment and controls: A three country study. *Journal of Applied Business Research*, 13, 57-73.

Simon, J. & Burnstein, P. 1985. *Basic Research Methods in the Social Sciences*, 3rd edn, Random House. New York.

Simons, R. 1987. Accounting control systems and business strategy: an empirical analysis. *Accounting, Organizations and Society*, 12, 357–374.

Simons, R. 1990. The role of management control systems in creating competitive advantage: New perspectives* 1. *Accounting, Organizations and Society*, 15, 127-143.

Simons, R. 1991. Strategic orientation and top management attention to control systems. *Strategic Management Journal*, 12, 49–62.

Simons, R. 1994. How new top managers use control systems as levers of strategic renewal. *Strategic Management Journal*, 15, 169–189.

Simons, R. 1995. *Levers of control: how managers use innovative control systems to drive strategic renewal*, Harvard Business Press.

Simons, R. 2000. *Performance Measurement and Control Systems for Implementing Strategy: Text & Cases*, Prentice Hall. Upper Saddle River, NJ.

Singh, B. S. 2006. *The performance of small and medium sized enterprises in Fiji: the interplay between entrepreneurial characteristics, organizational structure and corporate culture*. A Thesis submitted in partial fulfillment of the requirement for the Degree of Master of Arts, The University of the South Pacific, Fiji Islands.

Singh, G., Pathak, R. & Naz, R. 2010. Issues faced by SMEs in the internationalization process: results from Fiji and Samoa. *International Journal of Emerging Markets*, 5, 153-182.

Singh, R., Garg, S. & Deshmukh, S. 2008. Strategy development by SMEs for competitiveness: a review. *Benchmarking: An International Journal*, 15, 525-547.

Singh, R. K., Garg, S. K. & Deshmukh, S. 2006. Strategy development by Indian SMEs in plastic sector: an empirical study. *Singapore Management Review*, 28, 65.

Singh, T., Pathak, R. D., Kazmi, A., Sharma, B. & Terziovski, M. 2007. An empirical study of small business organizations in Fiji using a competency-based framework. *South Asian Journal of Management*, 14, 10-35.

Slater, S. & Narver, J. 1998. Customer-led and market oriented: let's not confuse the two. *Strategic Management Journal*, 19, 1001–1006.

Slater, S. & Narver, J. 1999. Market-oriented is more than being customer-led. *Strategic Management Journal*, 20, 1165–1168.

Slater, S. & Olson, E. 2001. Marketing's Contribution to the Implementation of Business Strategy: An Empirical Analysis. *Strategic Management Journal*, 22, 1055–1068.

Smith, D. & Langfield-Smith, K. 2004. Structural equation modeling in management accounting research: critical analysis and opportunities. *Journal of Accounting Literature*, 23, 49.

Smith, K. 1993. Investment monitoring systems, abandonment of capital assets and firm performance. *Journal of Management Accounting Research*, 5, 281–299.

Sönmez, S. F. 1998. Tourism, terrorism, and political instability. *Annals of Tourism Research*, 25, 416-456.

Sönmez, S. F., Apostolopoulos, Y. & Tarlow, P. 1999. Tourism in crisis: Managing the effects of terrorism. *Journal of Travel Research*, 38, 13-18.

Sousa, S., Aspinwall, E. & Rodrigues, A. 2006. Performance measures in English small and medium enterprises: survey results. *Benchmarking: An International Journal*, 13, 120-134.

Sousa, S. & Aspinwall, E. 2010. Development of a performance measurement framework for SMEs. *Total Quality Management & Business Excellence*, 21, 475-501.

Spanos, Y. & Lioukas, S. 2001. An examination into the causal logic of rent generation: contrasting Porter's competitive strategy framework and the resource-based perspective. *Strategic Management Journal*, 22, 907–934.

Speckbacher, G. & Wentges, P. 2012. The impact of family control on the use of performance measures in strategic target setting and incentive compensation: A research note. *Management Accounting Research*, 23, 34-46.

Speklé, R. F. 2001. Explaining management control structure variety: a transaction cost economics perspective. *Accounting, Organizations and Society*, 26, 419-441.

Stevenson, H. H., Roberts, M. J. & Grousbeck, H. I. 1989. *New Business Ventures and the Entrepreneur*, Irwin. Homewood, IL.

Stonehouse, G. & Pemberton, J. 2002. Strategic planning in SMEs-some empirical findings. *Management Decision*, 40, 853-861.

Storey, D. 1994. *Understanding the Small Business Sector*. Routledge. London.

Straub, D., Boudreau, M. C. & Gefen, D. 2004. Validation guidelines for IS positivist research. *Communications of the Association for Information Systems*, 14, 380–426.

Stringer, C. 2007. Empirical performance management research: observations from AOS and MAR. *Qualitative Research in Accounting & Management*, 4, 92-114.

Subramanian, A. & Nilakanta, S. 1996. Organizational innovativeness: exploring the relationship between organizational determinants of innovation, types of innovations, and measures of organizational performance. *Omega*, 24, 631-647.

Sundbo, J. 1997. Management of innovation in services. *Service Industries Journal*, 17, 432-455.

Sundbo, J., Orfila-Sintes, F. & Sørensen, F. 2007. The innovative behaviour of tourism firms—Comparative studies of Denmark and Spain. *Research policy*, 36, 88-106.

Tabachnick, B. G. & Fidell, L. S. 2013. *Using Multivariate Statistics*, 6th edn. Pearson. Boston.

Tajeddini, K. 2010. Effect of customer orientation and entrepreneurial orientation on innovativeness: evidence from the hotel industry in Switzerland. *Tourism Management*, 31, 221-231.

Tajeddini, K. & Trueman, M. 2008a. Effect of customer orientation and innovativeness on business performance: a study of small-sized service retailers. *International Journal of Entrepreneurship and Small Business*, 6, 280-295.

Tajeddini, K. & Trueman, M. 2008b. The potential for innovativeness: a tale of the Swiss watch industry. *Journal of Marketing Management*, 24, 169-184.

Tajeddini, K., Trueman, M. & Larsen, G. 2006. Examining the effect of market orientation on innovativeness. *Journal of marketing management*, 22, 529-551.

Tapper, R. & Font, X. 2004. *Tourism supply chains*. Available from: <http://icrtourism.com.au/wpcontent/uploads/2012/09/TourismSupplyChains.pdf>. [17 February 2011].

Tashakkori, A. & Teddlie, C. 1998. *Mixed Methodology: Combining Qualitative and Quantitative Approaches*, Sage. Thousand Oaks.

Teece, D. J., Pisano, G. & Shuen, A. 1997. Dynamic capabilities and strategic management. *Strategic management journal*, 18, 509-533.

Tenenhaus, M., Vinzi, V. E., Chatelin, Y.-M. & Lauro, C. 2005. PLS path modeling. *Computational statistics & data analysis*, 48, 159-205.

Tenhunen, J., Rantanen, H. & Ukko, J. 2001. *SME-oriented Implementation of a Performance Measurement System*. Lahti, Finland: Department of Industrial Engineering and Management, Lappeenranta University of Technology.

Tether∗, B. S. 2003. The sources and aims of innovation in services: variety between and within sectors. *Economics of Innovation and new technology*, 12, 481-505.

Thapa, B. 2004. Tourism in Nepal: Shangri-La's troubled times. *Journal of Travel & Tourism Marketing*, 15, 117-138.

Thomas, R. 2000. Small firms in the tourism industry: some conceptual issues. *International Journal of Tourism Research*, 2, 345-353.

Thomas, R. 2004. *Small firms in tourism*, Routledge.

Thompson, J. 1967. *Organizations in action*, McGraw Hill. New York.

Tomer, J. 1987. *Organisational capital: The path to higher productivity and well being*, Praeger. New York.

Tosun, C. 2000. Limits to community participation in the tourism development process in developing countries. *Tourism management*, 21, 613-633.

Travel Weekly 2011. *Fiji to work with Pacific neighbours*. Available from: <http://www.eventpolynesia.com/newsroom/common/2011/CO2_page_newspage110 57.htm>. [12 September 2012].

Tripsas, M. & Gavetti, 2000. Capabilities, Cognition, and Inertia: Evidence from Digital Imaging. *Strategic Management Journal*, 21, 1147-1161.

Tsui, J. S. 2001. The impact of culture on the relationship between budgetary participation, management accounting systems, and managerial performance: an analysis of Chinese and Western managers. *The international journal of accounting*, 36, 125-146.

Tuomela, T. S. 2005. The interplay of different levers of control: A case study of introducing a new performance measurement system. *Management Accounting Research*, 16, 293-320.

Turner, K. L. & Makhija, M. V. 2006. The role of organizational controls in managing knowledge. *Academy of Management Review*, 31, 197-217.

Turner, M. J. & Guilding, C. 2011. An investigation of the motivation of hotel owners and operators to engage in earnings management. *Qualitative Research in Accounting & Management*, 8, 358-381.

UN, 1999. *Sustainable tourism development in small island developing states: Report of the Secretary General*, UN. New York.

UN, United Nations, 2003. *Ecotourism Development in the Pacific Islands*. ESCAP Tourism Review No. 23, United Nations Publication. Available from: <http://e.unescap.org/ttdw/Publications/TPTS_pubs/Toreview_No23_2300.pdf>. [17 February 2011].

UNWTO, United Nations World Tourism Organisation, 2011. *UN comes together to promote tourism for development*. Available from: <http://unwto.org/en/pressrelease/2011-04-07>. [22 April 2011].

US State Department Report − Fiji. 2005. *Human Rights Report Ethnic Divisions (March)*. Available from: <http://www.fijilive.com>. [3 November 2012].

Utsch, A. & Rauch, A. 2000. Innovativeness and initiative as mediators between achievement  orientation and venture performance. *European journal of work and organizational psychology*, 9, 45-62.

Vaivio, J. 2008. Qualitative management accounting research: rationale, pitfalls and potential. *Management*, 5, 64-86.

Van De Ven, A. H. 1986. Central problems in the management of innovation. *Management science*, 32, 590-607.

Van de Ven, A. H. & Drazin, R. 1985. The concept of fit in contingency theory. In *Research in Organizational Behaviour*, vol. 1, (eds.) B.M. Staw & L. L. Cummings, JAI Press, Greenwich, pp. 333-365

Van der Stede, W. A., Mark Young, S. & Xiaoling Chen, C. 2006. Doing management accounting survey research. *Handbooks of Management Accounting Research*, 1, 445-478.

Van Gelder, J. L., De Vries, R. E., Frese, M. & Goutbeek, J. P. 2007. Differences in Psychological Strategies of Failed and Operational Business Owners in the Fiji Islands*. *Journal of Small Business Management*, 45, 388-400.

Van Maanen, J. 1979. Reclaiming qualitative methods for organizational research: A preface. *Administrative Science Quarterly*, 24, 520-526.

Vandenbosch, B. 1999. An empirical analysis of the association between the use of executive support systems and perceived organizational competitiveness. *Accounting, Organizations and Society*, 24, 77-92.

Vila, M., Enz, C. & Costa, G. 2012. Innovative practices in the Spanish hotel industry. *Cornell Hospitality Quarterly*, 53, 75-85.

Vinzi, V., Chin, W. W., Henseler, J. & Wang, H. 2010. *Handbook of partial least squares*, Springer.

Vives, A. 2005. *Social and Environmental Responsibility in Small and Medium Enterprises in Latin America*. Sustainable Development Department Technical Papers Series. Inter-American Development Bank, Washington, DC. Available from: <https://publications.iadb.org/handle/11319/4711?locale-attribute=en>. [14 May 2013].

Vos, J.-P. 2005. Developing strategic self-descriptions of SMEs. *Technovation*, 25, 989-999.

Voss, C., Tsikriktsis, N. & Frohlich, M. 2002. Case research in operational management. *International Journal of Operational and Production Management*, 22, 195-219.

Vossen, R. W. 1998. Relative strengths and weaknesses of small firms in innovation. *International Small Business Journal*, 16, 88-94.

Waal, A.A., 2007. Is performance management applicable in developing countries? The case of a Tanzanian college. *International journal of emerging markets*, 2, 69-83.

Waterhouse, J. & Tiessen, P. 1978. A contingency framework for management accounting systems research. *Accounting, Organizations and Society*, 3, 65-76.

Watts, T. & Preda, P. 2004. Contemporary Management Accounting Techniques in Australia: Manufacturing versus Service Organisations. *Journal of Applied Management Accounting Research*, 2, 17-27.

Watts, T., Baard, V. & McNair, C. J. 2009. *Untying the Gordian knot: small business and the strategy balance scorecard*, Northeast Region AAA 2009 Conference, American Accounting Association: Cambridge, MA, pp. 1-35. Available from: <http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1727&context=commpapers>. [10 July 2013].

Weber, R. 2004. Editor's comments: the rhetoric of positivism versus interpretivism: a personal view. *MIS quarterly*, 28, iii-xii.

Weeks, J. 1975. Policies for expanding employment in the informal urban sector of developing economies. *Int'l Lab. Rev.,* 111, 1.

Welsh, J. & White, J. 1981. Converging on characteristics of entrepreneurs. In Vesper, K.H. (ed.), *Frontiers of Entrepreneurship Research*, Babson Centre for Entrepreneurial Studies. Wellesley, MA.

Wernerfelt, B. 1984. A resource-based view of the firm. *Strategic Management Journal*, 5, 171– 180.

Werts, C. E., Linn, R. L. & JRoreskog, K. G. 1974. Interclass reliability estimates: testing structural assumptions. *Educational and Psychological Measurement*, 34, 25–33.

Widener, S. 2006. Associations between strategic resource importance and performance measure use: the impact on firm performance. *Management Accounting Research*, 17, 433-457.

Widener, S. K. 2004. An empirical investigation of the relation between the use of strategic human capital and the design of the management control system. *Accounting, Organizations and Society*, 29, 377-399.

Widener, S. K. 2007. An empirical analysis of the levers of control framework. *Accounting, Organizations and Society*, 32, 757-788.

Wildavsky, A. 1989. Frames of reference come from cultures: a predictive theory, in M. Freilichs (ed.), *The relevance of culture*, Bergin and Garvey. New York. pp. 58–74.

Williams, B., Brown, T. & Onsman, A. 2010. *Exploratory factor analysis: A five-step guide for novices*. Available from: <http://ro.ecu.edu.au/jephc/vol8/iss3/1>. [12 February 2014].

Williamson, O. 1975. *Markets and hierarchies*, Free Press. New York.

Wilson, R. M. S. & Chua, W. F. 1993. *Managerial accounting: method and meaning*, Chapman & Hall. London.

Woodward, J. 1965. *Industrial organization: theory and practice*, Oxford University Press, London.

World Bank 2009. *Country Chapter: Fiji*. Available from: <http://siteresources.worldbank.org/INTPACIFICISLANDS/Resources/A-FIJI.pdf>. [20 January 2011].

World Bank Development Indicators Database (2010–2012)

World Tourism Organisation (WTO), 1998. *Guide for local authorities on developing sustainable tourism: supplementary volume on Asia and the Pacific*. Available from: <http://pub.worldtourism.org/WebRoot/Store/Shops/Infoshop/Products/1113/11131.pdf>. [17 February 2011].

WTO, 2001. *Tourism 2020 Vision Vol. 3 East Asia & Pacific*. Capitan Haya 42, 28020 Madrid, Spain. Available from: <https://pub.unwto.org/WebRoot/Store/Shops/Infoshop/Products/1189/1189-1.pdf>. [20 February 2011].

World Trade Organisation, 1997. *Trade Policies Reviews*. Available from: <https://www.wto.org/english/tratop_e/tpr_e/tp53_e.htm>. [10 November 2010].

World Trade Organisation, 2009. *Trade Policy Review of Fiji: Report by WTO Secretariat*. Available from: <www.wto.org/english/tratop_e/tpr_e/s213-00_e.doc>. [16 April 2011].

Wouters, M. & Wilderom, C. 2008. Developing performance-measurement systems as enabling formalization: A longitudinal field study of a logistics department. *Accounting, Organizations and Society*, 33, 488-516.

Yasin, M. M. & Gomes, C. F. 2010. Performance management in service operational settings: a selective literature examination. *Benchmarking: An International Journal*, 17, 214-231.

Yilmaz, Y. & Bititci, U. 2006. Performance measurement in tourism: a value chain model. *International Journal of Contemporary Hospitality Management*, 18, 341-349.

Yin, R. 1981. The case study crisis: some answers. *Administrative Science Quarterly*, 26, 58–65.

Yin, R. 1984. *Case Study Research, Design and Methods*, Sage. Newbury Park.

Yin, R. 2009. *Case Study Research*, *Design and Methods*, 4th ed, Sage, California.

Yin, R. K. 2011. *Applications of case study research*, Sage.

Yusof, S. R. M. & Aspinwall, E. M. 2000. Critical success factors in small and medium enterprises: survey results. *Total quality management*, 11, 448-462.

Yusuf, A. 1995. Critical Success Factors for Small Business: Perceptions of South Pacific Entrepreneurs. *Journal of Small Business Management*, 33, 68-73.

Zahra, S. A., Hayton, J. C. & Salvato, C. 2004. Entrepreneurship in family vs. Non-Family firms: A Resource-Based analysis of the effect of organizational culture. *Entrepreneurship theory and Practice*, 28, 363-381.

Zigan, K. & Zeglat, D. 2010. Intangible resources in performance measurement systems of the hotel industry. *Facilities*, 28, 597-610.