

Key issues on managing Small and medium-sized accommodation businesses: an exploratory study

Abstrak

There has been a rapid growth of small and medium-sized accommodation (SMSA) in Sabah, Malaysia due to the growth of the tourism industry. Despite this, there has been a limited understanding of small and medium-sized accommodation with regards to its operational issues. Thus, this paper aims to report qualitative empirical evidence on the operational issues and challenges faced by the hotel industry, particular that of the small and medium-sized accommodation business in Sabah. The objectives of the paper are: (a) to explore key issues and challenges faced by the hotel industry, particularly that of the small and medium-sized accommodation business in Sabah and (b) to compare the key issues and challenges faced by the hotel industry in general as documented by literature. In-depth interviews were conducted with 95 small and medium-sized accommodation operators in Sabah. The findings revealed five key issues faced by the said operators, which are: (a) increasing new hotels, (b) human resource issues, (c) government regulations and policies, (d) seasonal demand issues and (e) operational issues. The major challenges faced by operators are related to competition, financial issues, human resource, government regulations and policies, customer service and satisfaction, and marketing. The paper points out that the key issue and challenge is the intense competition faced due to the excessive supply of small and medium-sized accommodation; resulting in low occupancy and in turn the lack of sufficient capital to sustain itself or to compete with new competitors. These findings correspond well with previous studies on issues and challenges faced in hotel industry. The findings provide better understanding for the management and operation of the small and medium-sized accommodation business; which are useful for the small and medium-sized enterprise (SME) investors and the state government in the effort to improve the performance of small and medium-sized accommodation businesses.