

**ORGANIZATIONAL CULTURE AND
ECOTOURISM RESORTS' PERFORMANCE:
A CASE STUDY AT LAKE KENYIR,
MALAYSIA**

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UNIVERSITI SAINS MALAYSIA

2011

**ORGANIZATIONAL CULTURE AND
ECOTOURISM RESORTS' PERFORMANCE:
A CASE STUDY AT LAKE KENYIR,
MALAYSIA**

By

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**Thesis submitted in fulfilment of the
requirement for the Degree of
Master of Science**

SEPTEMBER 2011

ACKNOWLEDGEMENT

Alhamdulillah, praise be to Allah, the most gracious, the most merciful, without His mercy, love and willingness, we are powerless to do anything at all. May peace be upon His messenger, our Prophet Muhammad (S.A.W.). First of all, I would like to thank my main supervisor, Associate Professor Dr. Nor'Aini Yusof for making this research possible, and for providing me the guidance, support and encouragement throughout this study. Secondly, I would also like to express my gratitude to my co-supervisor, Dr. Ilias Said.

To my entire family member especially my father Dato' Che Jamil Ahmad, and my mother Datin Puziah Md. Saad, I would like to extend my greatest appreciation for their patience and perseverance. Your support and assistance are no doubt, invaluable. Also thanks to my sisters; Mas Diana, Mas Elina, Fatin Najwa and brothers; Mohd Sabri and Zalhazmi for lending me their support during this study.

I also like to thank all my friends for their advices pertaining to this study. In addition, a deepest thanks to everyone who have directly or indirectly contributed to the research by means of the benefits of their knowledge, views and experiences.

Last but not least, I would like to thank Universiti Sains Malaysia, for the financial support through Research University Grant (RU Grant) and to Assoc. Prof. Dr. K. Jayaraman from Graduate School of Business for his help regarding the analysis. To all the staff of School of Housing, Building and Planning USM, thank you for the facilities and supports provided during this study. Jazakallah.

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LIST OF ABBREVIATION

AICM -	Anti-Image Correlation Matrix
AS -	Assertiveness
BSC -	Balance Score Card
BSM -	Balance Score Model
BTS -	Bartlett's Test of Sphericity
CFA-	Confirmatory Factor Analysis
DV-	Dependent Variable
EFA-	Exploratory Factor Analysis
EV -	Environmental Value
GLOBE -	Global Leadership and Organizational Effectiveness
IV-	Independent Variable
IDV-	Individualism
KETENGAH-	Terengganu Tengah Development Authority
KMO -	Kaiser-Meyer-Olkin Measure of Sampling Adequacy
KSV -	Knowledge Sharing Value
MAS -	Masculinity
MFC -	Multiple Force Choice
MSA -	Measure of Sampling Adequacy
NEP -	New Environmental Paradigm
PAF-	Principal Axis Factoring
PCA-	Principal Components Analysis
PDI -	Power Distance Index
PO -	Performance Orientation
UAI -	Uncertainty Avoidance Index

**BUDAYA ORGANISASI DAN PRESTASI RESORT EKO-
PELANCONGAN: SATU KAJIAN KES DI TASIK KENYIR, MALAYSIA**

ABSTRAK

Perdebatan mutakhir tentang prestasi pelancongan negara menggesa kajian ini untuk menjelajah kepada masalah budaya organisasi dan prestasi resort ekopelancongan. Menjadi tanggungjawab semua pihak dalam industri pelancongan untuk menyedari bentuk budaya organisasi yang wujud agar dapat memberi perhatian pada budaya organisasi yang dapat meningkatkan prestasi. Penyelidikan ini bertujuan untuk meneliti hubungan antara budaya organisasi dan prestasi resort ekopelancongan. Walaupun banyak kajian menekankan kewujudan budaya tertentu yang jelas dalam firma, namun hanya ada beberapa kajian dilakukan di kawasan ekopelancongan, dan sedikit kajian yang menganalisis bagaimana budaya ini telah mempengaruhi prestasi organisasi. Berkonsepkan budaya organisasi sebagai nilai-nilai dan amalan yang digunakan dalam sebuah organisasi, kajian soalselidik dilaksanakan terhadap semua pekerja dan pengurus dari 7 resort yang terletak di satu kawasan ekopelancongan iaitu Tasik Kenyir, Malaysia. Data dianalisa menggunakan Analisis Faktor, Korelasi Pearson dan Regresi Pelbagai. Penemuan empirik penyelidikan ini menunjukkan bahawa sebahagian besar resort di Tasik Kenyir memaparkan ciri-ciri budaya organisasi yang serupa meliputi Orientasi Prestasi, Kualiti Pekerja, Prinsip Resort, Amalan Persekitaran, Amalan Pragmatik, Kebiasaan Resort dan Fokus Kerja. Kajian ini membuktikan bahawa Kualiti Pekerja mempengaruhi prestasi resort ekopelancongan secara positif manakala Amalan Persekitaran secara negatif.

**ORGANIZATIONAL CULTURE AND ECOTOURISM RESORTS’
PERFORMANCE: A CASE STUDY AT LAKE KENYIR, MALAYSIA**

ABSTRACT

The recent debates on ways to increase the performance of tourism have persisted the current study to explore the issue of organizational culture and performance of ecotourism resorts. There is a need for all tourism stakeholders to be aware of the nature of organizational culture that is available so they can focus on establishing performance-enhancing culture. This study aims to investigate the relationship between the organizational culture and the performance of resorts in an ecotourism area. Although many studies have highlighted that certain cultures are evident in certain firms, there have been only a few studies concentrating on ecotourism areas, and not many analyze how these cultures have affected the performance of these organizations. Conceptualizing organizational culture as the values and practices employed in an organization, a census study was conducted to all the employees and managers of 7 resorts located in an ecotourism area, Lake Kenyir, Malaysia. The data was analyzed using the Factor Analysis, Pearson Correlation and Multiple Regressions. Empirical findings of this study indicates that most resorts at Lake Kenyir display similar organizational culture characteristics including Performance Orientation, Employees’ Quality, Resorts’ Principles, Environmental Practice, Pragmatic Practice, Resorts’ Customs and Job Focus. The results prove that Employees Quality impacts the performance of the ecotourism resort positively while Environmental Practice negatively.

Chapter 1

INTRODUCTION

1.1 Background of the Study

This chapter serves as an introduction to this thesis. It begins by delivering the problem statement that motivates the researcher to conduct the study. Additionally this chapter also covers the research objectives, research questions, significance of study. The last part of this chapter is dedicated to the presentation of this thesis' organisation.

1.2 Problem Statement

Until the 1970s, tourism was not regarded as an important economic activity in Malaysia. Recently, the tourism sector has ranked second as a generator of foreign exchange after oil and gas production (Kaur, 2006). The Malaysian tourism industry has witnessed rapid growth in 2007 and is identified as the central force of the growth in the service industry. The industry is the biggest source of foreign exchange for the country, contributing significantly to the growth of Gross Domestic Product (GDP) (www.mncos.com/Blog/2008/01/Tourism-Backbone-of-the-Malaysian-Economy.html). In the year 2008 alone, the number of total arrival of tourists were 22,052,488 with the growth rate of 5.1% and and the number increased by 7.2 per cent to 23,646,191, the following year (Bernama, 2011).

Recognizing the significant contribution from the tourism industry, the government has focused on promoting specific tourism products and destinations where special promotions are undertaken to market niche tourism products such as eco-tourism (Department of Statistics, 2009). Malaysia has a wide range of natural assets that makes ecotourism a highly beneficial, sustainable and long-term form of tourism. This includes lakes, mangroves, limestone caves, mountains, waterfalls, islands, wildlife and many others (Kaur, 2006).

Despite this fact, some concerns have been neglected on the management issues of ecotourism resorts, even though many of the famous ecotourism areas in Malaysia are now being developed as resorts. The ecotourism resorts in Malaysia are currently faced with the problem of poor visitor rates which gradually leads to annual loss and further contributes to its closing down. For example two resorts, located on the fringes of Pedu Lake, Kedah had ceased operation in 2007 after they reported annual loss of RM1 million due to lack of guests (Kedah Govt, 2007).

Additionally, Chui et al., (2010) report a declining number of foreign visitors to one of Malaysia's National Parks. To address the problem, they recommend that immediate measures be implemented to increase the effectiveness of management and improve the cleanliness and hygiene of the park. Based on the results of Chui et al., (2010) we can deduce that low performance is due to tourist dissatisfaction with the products and services delivered by these operators at the destination. Thus, the need for more research and innovation in the area of ecotourism resort management is crucial. Moreover, Rosete (2006) mentions that, organisational cultures are, in fact an important organising principle in the designing of human resource management policies.

In the organisational management field, numerous authors have tried to determine how an organisational culture is to be identified (Balzarova, Castka, Bamber, & Sharp, 2006). However, most of these studies are done in either multinational or national companies. In fact, it seems fair to say that only a handful of studies on organizational culture are done in the tourism sector and even less in the ecotourism sector. Therefore, it is crucial for the current study to identify the dimensions of organizational culture pertaining to ecotourism resort operators.

In the service sector, reliance on accounting-based performance indicators has been highlighted as inadequate (Phillips & Louvieris, 2005) because there are problems in the determination and specification of objective, tangible, and measurable outputs. Besides, the diversity of the services and products provided by hotel/resorts (Umbreit & Eder, 1987) has weakened the performance evaluation due to the inherent limitations of financial information. Having seen this, the lack of empirical research in the performance of tourism especially in the SME context (Andersen, Cobbold, Lawrie, House, & Street, 2001) has demonstrated that the concern of this study is to identify the performance of resorts in the ecotourism area in order to sustain and enhance the performance measurement system.

Some studies have attempted to relate poor performance to the culture of the organization or, more specifically, of the resort operators involved in delivering the tourism products and services. These attempts are tied to the significant recent interest in organizational culture among researchers. This scenario has encouraged the current study to explore the issue of organizational culture and performance in the ecotourism area. Although there are many studies that relate organizational culture and performance, Organizational Culture research should be focused on one industry to allow more precise findings that can be generalized to the said industry (Hin, 2007) such as ecotourism.

It is believed that organizational culture has powerful effect on the performance and long-term effectiveness of organizations (Cameron & Quinn, 1999) including ecotourism resort. Similarly, research on organisational culture recognises that culture guides and shapes behaviours and attitudes of all employees (Hofstede, 1980; Schein, 1985), which suggests that culture might also have an effect on business performance (Bititci, Mendibil, Nudurupati, Garengo & Turner, 2006).

Peters & Waterman (1982) claim that high performance firms could be distinguished from low performance firms because they possess certain cultural traits and 'strong culture'. That is, a strong and salient cultural system facilitates the efficient achievement of organisational strategic goals and objectives (Holt 1996). Some studies have stressed the importance of specific cultures within the context of ecotourism research. For example, Erdogan and Tosun (2009) have outlined a general indicator for the organisational culture of ecotourism areas. Many studies have shown that the appropriate organisational culture for businesses in tourism, specifically in the areas of ecotourism, is not yet widely practiced, though the importance of an appropriate organisational culture has long been recognised. Similarly, organizational culture of ecotourism resorts has effects on the resort performance; if the resort possesses 'strong culture' then it would have higher performance compared to resorts which exercise 'weak culture' (Rosete, 2006).

Thus, it will be interesting to learn about the relationship between the organizational culture (value and practice) and the performance of the ecotourism resort. It should be noted that many resort operations in ecotourism areas are small. Small businesses are run by family members, operated by the owners themselves, and are small in terms of the number of employees, their resources and their market share (Morrison, 2006). Therefore, the cultures inherent in small organisations may be different from the cultures in larger organisations. In contrast to larger organisations, the owner of the small organisation is closely attached to the

business (Storey, 1994) and usually to the area where the business is located (Swarbrooke, 1999). Small businesses in the ecotourism industry are perceived as change agents to address poverty and exclusion problems of the local area and the poor in the community (Morrison, Carlsen, & Weber, 2010).

Because of the differences between small and large organisations, existing models of organisational culture that were derived from studies conducted in other than the ecotourism industry or conducted with larger firms must be treated with care before they can be applied in the context of the present study. However, not much is known about cultures adopted by small resort operators in ecotourism areas. A proper knowledge about the characteristics and cultures of small businesses in the industry of ecotourism is important so as to provide meaningful contributions to the development of effective strategies for the success of the ecotourism industry (Page, Forer & Lawton, 1999). Hopefully, the findings of this study will provide guidelines for resort managers in adopting Organizational Culture that has been found to impact on the ecotourism resorts performance.

Concern regarding the correct usage and proper management of the natural environment for sustainable tourism development has been the focus of a number of studies. Although there are a growing number of studies on ecotourism, the information related specifically to the organisational culture of SME businesses in ecotourism has not been thoroughly studied. Previous research on ecotourism have primarily focused on the definitions of ecotourism (Sirakaya, Sasidharan & Sönmez, 1999; Blamey, 1997), concepts of ecotourism (Wearing, 2001; Blangy & Eplerwood, 1992), principles of ecotourism (Sirakaya & McLellan, 1998) and characteristics of ecotourism resorts (Gunn and Var, 2002).

It has become evident that the decline in biological diversity and the exploitation of natural resources is due to the failure to effectively and efficiently manage the increasing

numbers of tourists who visit the protected areas (Lynn and Brown, 2003). Many researchers have indicated that the main players of the ecotourism; the resort operators, have considerable influence in the decisions over the use of the environment (Carey & Gountas, 1997) and on the overall climate of the organisation. Nevertheless there is lack of studies on the management area of ecotourism resort especially on organizational culture (Lugosi & Bray, 2008) and this has been identified as the gap in the literature. Therefore, it remains necessary to empirically investigate the organizational culture of ecotourism resort operators and to analyze how culture influences performance at one specific ecotourism destination. This study contributes to research on ecotourism industry by addressing two major questions that have been neglected in the extant literature. First, what are the cultural norms adopted by these SMEs, and secondly, how do these organizational cultures influence the performance?

1.3 Research Objectives

In order to achieve the aim, the following objectives are put forward:

- i) To identify dimensions of organizational culture pertaining to ecotourism resort operators
- ii) To identify the performance of resorts in the ecotourism area
- iii) To analyse the relationship between organizational culture and performance of the ecotourism resorts

This study focuses on the implemented organizational culture in the ecotourism resorts industry and aims to conduct an analysis of its relationship with resorts' performance. This study will therefore, performs a quantitative exploration on the relationship between organizational culture and performance, in an effort to identify categories and dimensions of culture in successful ecotourism resorts. The study shall explore whether best performers in the ecotourism resort industry share certain assumptions, beliefs or values that affect their actions, behaviour, and attitude for their functioning and effectiveness in order for them to increase their performance.

Moreover, the existing studies on human capital and its link with performance mainly focus on large-scale organizations, and limited research exists within the Small-Medium Enterprise (SME) context (Kyriakidou & Gore, 2005) including ecotourism. This study therefore, begins to redress this absence of knowledge and focuses upon an important element of the management of human capital: organizational culture within the ecotourism industry.

1.4 Research Questions

Despite all the efforts the government exert to promote ecotourism in Malaysia, these are some of the emerging questions that need to be answered in this study:

- i) What are the dimensions of organizational culture relevant to resort operators in the ecotourism area?
- ii) What is the performance of ecotourism resorts in the ecotourism area?

- iii) Does the performance of the ecotourism resorts depend on the particular dimensions of organizational culture that are implemented in the business organization of the resort operators?

1.5 Research Scope

The study focuses on resort operators in the lake-based ecotourism area that is in Lake Kenyir, Terengganu. There are many reasons for choosing Lake Kenyir as the study area. Firstly, this area fulfills the characteristics of an ecotourism area. In many ways, ecotourism development is similar to the issue of the land use of national park, where major tourists' services are better located at the edge rather than within the park (Gunn & Var, 2002). In the case of Lake Kenyir, almost all resorts and facilities for tourists are located outside of the National Park border. Only one resort; Tanjung Metong Resort is located within the National Park as shown in Appendix K. However this resort was closed during the study.

Besides, the tourism products offered in Lake Kenyir also fulfills the objective of ecotourism; to admire and enjoy the scenery, wild plants and animals, (Ceballos-Lascurain, 1987; Boo, 1991) where visitors can visit many spectacular waterfalls, caves and mountains in Lake Kenyir. Lake Kenyir also offers environmental-friendly activities such as fishing, jungle trekking, camping and hiking in order to allow visitors to enjoy the numerous types of flora and fauna and the picturesque landscape of Lake Kenyir.

Additionally, part of Lake Kenyir is located within the conserved area of the National Park (Taman Negara). This is in tune with the definition given by both Ceballos-Lascurain (1987) and Boo (1992) that define ecotourism as "*travelling to relatively undisturbed areas*

or uncontaminated natural areas” as the national park remains to be one of the preserved and conserved areas in Malaysia.

Furthermore, Lake Kenyir will also be developed with new projects such as the RM7.5 million "Aqua-Eco" park managed by the Malaysian Agricultural Research and Development Institute on Pulau Tekak Besar (Kenyir Lake, 2009). This accomplishes the concept of ecotourism where; ecotourism development will benefit conservation (Lindberg and Johnson, 1994). The Terengganu Tengah Development Authority (KETENGAH) recently also allocates RM10 million for the development of Lake Kenyir (Ketengah sedia, 2009).

Unlike many other ecotourism destinations such as island-based resorts which are closed during the monsoon, Lake Kenyir is open throughout the year. Moreover, Lake Kenyir is chosen because there is lack of studies done towards lake-based resorts, whereby most of the studies on ecotourism have focused on island-based resorts.

1.6 Significance of the Study

From the literature review, most of the studies on organizational culture have attempted to make association with the performance of the organizations. But there is no evidence showing positive link between these two variables. Generally, previous studies involve either multinational company or national company. None of the existing studies focuses on one individual industry such as the ecotourism industry. Hin (2007) suggests that organizational culture research can be extended to other sectors or its focus placed on one

individual industry. This will allow more specific findings that can be generalized to the said industry.

Besides, the findings provide guidelines for managers to construct and sustain the resources that are important for an organization's performance and hence provide competitive advantage. Managers can also concentrate on their efforts in adopting organizational culture practices that have been found to significantly impact on organization performance (Hin, 2007). It follows that imitating organizational cultures may be a means to not only attain institutional legitimacy but also to remain competitive (Kyriakidou & Gore, 2005).

Above and beyond, this study would also benefit the resort operators, the government and the ecotourism industry:

- i) The benefit of this study to the resort operators is that this research will identify which dimensions of organizational culture will influence the performance of resort operators in the ecotourism industry.
- ii) The state government can use the findings of this research as a compulsory guideline for all ecotourism resorts operators.
- iii) With the implementation of the findings, the ecotourism industry will be more effective and efficient. As a consequence, they could boost their performance.

1.7 Organization of Thesis

The subsequent chapters are arranged as follow: First of all, Chapter 2 presents a literature review that is mainly focused on Tourism, Ecotourism Organizational Culture, Organizational Performance, and other literature pertaining to the study. The literature review

also highlights previous studies and their findings on the organizational culture-performance relationship and also the theoretical framework. Secondly, Chapter 3 outlines the methodology of this study and presents the research methodology used, and details of the research in the sampling, data collection procedure, questionnaire design and data analysis techniques. Thirdly, Chapter 4 presents the findings of the research. The descriptive statistics, reliability of measure, correlation analysis and the results of the hypothesis are presented in this chapter. Finally, Chapter 5 recapitulates the findings and discusses the implications of the research on organizations, the limitations of the research and suggestions for future research.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter intends to deliver the review of literature, similar or related to the topic being researched in the present study. First of all, the chapter will define the concepts and criteria pertaining to tourism, ecotourism and ecotourism resorts. The discussion will set the context in which the study develops. Next, it will give the definition and the dimensions of organizational culture based on previous study, so as to help in the development of integrated sets of organizational culture dimensions that suit the hospitality and service sector. Subsequently, this chapter will cover the literature review on organizational performance and its measurement, specifically of the ecotourism using the balance scorecard. This discussion will be followed by a review of the previous studies on the relationship of organizational culture and performance. At the end of the chapter, the conceptual framework of organizational culture and performance for the study shall be presented.

2.2 Tourism

The service sector (including the tourism industry) remains the key engine of economic growth, despite external challenges it has to face due to the effect of the United

States (US)' economic downturn and the escalating crude oil price in 2008 (Department of Statistics, 2009). The tourism industry continues to spur growth in the service sector in which Malaysia received 22 million tourists in 2008 alone, with the average length of stay 6.7 nights and generating total revenue of RM 49 billion (refer Table 2) (Department of Statistics, 2009).

Table 2.1: Tourists' Arrivals and Receipts to Malaysia

Year	Tourists Arrivals	Receipts (RM)
2008	22.0 Million	49,561.2 Million
2007	20.9 Million	46,070.0 Million
2006	17.45 Million	36,271.1 Million
2005	16.4 Million	31,954.1 Million
2004	15.7 Million	29,651.4 Million

*Source: www.tourism.gov.my/corporate/research.asp?page=facts_figures
(Retrieved on 12th August 2009)*

The eco-tourism, also contributed to the nation's tourism industry as one of the main tourism branches in Malaysia. Eco-tourism suggests being in the most natural ecological system such as the lakes, mangroves, limestone caves, mountains, waterfalls, islands, wildlife and many others (Kaur, 2006).

2.2.1 Ecotourism

The concept of ecotourism has been constituted among the scholars in developed countries since the 1980s. It is believed that, ecotourism is an alternative way to preserve the nature and at the same time generate income for the local people. As a developing country, Malaysia is blessed with rich natural resources. Tropical rainforests, sandy beaches, islands, mountains, lakes and wetlands (Kaur, 2006) are only part of the abundant

ecological systems that Malaysia possesses. Ecotourism seems to be the answer to the problems leading to extinction and is the most suitable way to preserve and conserve our ecosystem at the same time using it as economical sources. This literature review on ecotourism would answer the following questions:

What are the definitions of ecotourism?

What are the concepts of ecotourism?

What are the criteria of an ecotourism area?

2.2.2 Definition of Ecotourism

The word ecotourism, basically originates from two words that are ‘ecology’ and ‘tourism’. The “eco-” part of the word implies a tie with ecology - relations between living organism and their environment, thus forming a linkage between tourism development and the environment (Gunn & Var, 2002). Historically, in 1981, Ceballos-Lascurain (1987) was the first person who formulated the term ecotourism. He was promoting ecological tourism as a way of maintaining the integrity of the forests and as a means for conservation (Wearing, 2001). His definition of ecotourism was later expanded by Boo (1991):

We may define ecological tourism or ecotourism as that tourism that involves travelling to relatively undisturbed or uncontaminated natural areas with the specific object of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural aspects (both past and present) found in these areas. Ecological tourism implies a scientific, aesthetic or philosophical approach, although the ecological tourist is not required to be a professional scientist, artist or philosopher. The main point is that the person that practices ecotourism has the opportunity of immersing him or herself in nature in a way that most people cannot enjoy in their routine, urban existences (Boo, 1991).

Unfortunately, the last sentence of Ceballos-Lascurain's definition was revised by Boo (1990) and by others who have since quoted him (Wearing, 2001). It then reads:

...This person will eventually acquire a consciousness and knowledge of the natural environment together with its cultural aspects, which will convert him (sic) into somebody keenly involved in conservation issues (Ceballos-Lascurain, 1987).

Based on this definition, there are several main definitions of ecotourism that are highlighted by Ceballos-Lascurain that will answer these following questions on ecotourism:

Where?- Ecotourism is usually used to refer to tourism which takes place in relatively natural settings or is directed at specific components of such settings, including rare or endangered species of plants or animals (Wall, 1994). Ceballos-Lascurain (1987) and Boo (1991) in their definition mention travelling as relatively undisturbed areas or uncontaminated natural areas. It includes, travelling in relatively primitive and rural circumstances, rustic accommodations, muddy trails, and with basic amenities (Williams, 1992).

Why?-Ecotourism, concerned with the appreciation of nature as the primary motive to participate (Valentine, 1993) where ecotourists would visit relatively undeveloped areas in the spirit of appreciation, participation, and sensitivity (Ziffer, 1989). Additionally, the activity has the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations (both past and present) found in these areas (Ceballos-Lascurain, 1987; Boo, 1991). Besides, ecotourism is also characterized by a primary desire to study specific elements of nature in sensitive environments, fulfilled by activities such as bird watching, whale viewing and wild-flower

photography (Fennell & Eagles, 1989). Wildlife viewing includes animals; such as birds, sea turtles, and marine mammals, learning about coastal ecology (especially wetlands ecology), SCUBA diving or snorkelling in undisturbed areas, or to experience nature in its broadest sense (Agardy, 1993).

This travel opportunities are designed to help people to be more in touch with the beauty, wonder, and value of the environment (Brause,1992) and to educate travellers and to enhance the spiritual experience in nature that fosters respect and stewardship (Andersen,1994). It is also as a reawakening from our everyday lives, reawakening the spirit, allowing for those ever-seeking, enjoying, escaping, relating, discovering, fulfilling and self-discovering feelings—all within the confines of carefully chosen experience (Backman, Wright, & Backman, 1994). It also gives travellers a greater awareness of environmental systems (Butler, 1989) and the pay-off being a stronger appreciation and closer contact with wildlife, local culture and resource conservation issues (Williams, 1992).

What are the benefits?- Ecotourism is implicitly assumed to have little or no impact on the environment. It appears to be an ideal solution for combining goals of development and conservation (Kinnaird and O'Brien, 1996) with an essential element of zero negative impacts, based on relatively undisturbed, non-damaging, non-degrading, ecologically sustainable natural areas, a direct contributor to the continued protection and management of the natural areas used, subject to an adequate and appropriate management regime (Valentine, 1993).

Most concepts of ecotourism include the expectation that ecotourism development will benefit conservation (Lindberg & Johnson, 1994) and then to do something to

preserve, protect, or restore what has been destroyed or nearly destroyed by our recent (and, in some cases, distant) ancestors (Brause,1992).

Ecotourism is also defined as a nature-oriented travel that promotes and finances conservation and resource protection and also adds to the local economy (Ziffer, 1989) where an ecotourist practises a non-consuming use of wildlife and natural resources, and contributes to the area he or she visits through labour or financial means aimed at directly benefiting the conservation of the site (Ziffer, 1989).

Who will benefit? - Ecotourism contributes positively to the destination's economic social and ecological conditions (Butler, 1989). It helps the economic well-being of the local residents (Ziffer, 1989) and stimulates the economy and at the same time establishes and maintains a system of protected areas (Fennell & Eagles, 1989). Wight (1993) believes that ecotourism respects the integrity of host communities, and at the same time enlightening nature travel experiences that contribute to the conservation of the ecosystem.

In the Malaysian context, ecotourism is defined as, 'travel and visitation that are environmentally responsible to relatively undisturbed natural areas for the purpose of enjoying and appreciating nature (including any accompanying cultural features; both past and present), promoting conservation, with low visitor impact and the provision of beneficially active socio-economic involvement of local populations' (The National Ecotourism Plan, 1997).

2.2.3 Concept of Ecotourism

Ecotourism must have an educative role, not only to the tourists themselves but also to industry operators and local communities (Wearing, 2001). The need to disseminate information to tourists on appropriate behavior in fragile social and ecological settings is being recognized increasingly as the responsibility of industry operators (Blangy and Eplerwood, 1992). For ecotourism, tour operators are critical in the extent of their management of visitors in special settings and many have accepted the responsibility of implementing ecotourism principles (Gunn & Var, 2002). Important items of compliance include the pre-departure information to tourists, education during trip (etiquette, waste procedures, fire, collecting), tour operators' personal support of conservation and gain of local cooperation, and relation to local accommodations (Sirakaya & McLellan, 1998). Wight (1993) further mentions that ecotourism should promote moral and ethical responsibilities and behavior by all players. It should also build environment and cultural awareness; environmental education of tourists and residents by trained guides (Honey, 1999).

Ecotourism also seeks to generate revenue, while at the same time protecting vulnerable natural resources. Some tour operators make direct donation to conservation areas out of their profits. Wallace (1996) mentioned that gifts shops, food services, and hotels may be able to donate funds to the protected areas nearby that bring them volumes of customers. Ecotourism can also provide local people with the opportunity to learn about and use the area and its attraction (Wallace, 1996). Moreover, Honey, (1999) said that ecotourism provides direct financial benefits for conservation through park entrance fees,

tourist taxes and levies, and not forgetting the conservation donations. Thus, tourism has been seen to be able to fund environmental protection, education and research (Honey, 1999).

Another market application is promoting tourists to facilities and services that incorporate new low-energy consumption and recycling of waste, implying that the owners are environmentally sensitive (Gunn & Var, 2002). From the travel market perspective, some have attributed the new interest in ecotourism to a new class of intellectual and ecological traveller (Mowforth & Munt, 1998). They have both the motivation and financial ability to pay for special interpretive programs and guided tours.

Furthermore, ecotourism provides financial benefit and empowerment for local people through park revenue sharing, community tourism concession and partnerships. It also respects local culture and projects sensitivity to host countries – this means being culturally respectful of local customs, dress codes and social norms (Honey, 1999).

2.2.4 The Ecotourists

It is intended that the ecotourist who is affected by the experience will want to ensure that the environment visited is maintained sufficiently for the benefit of others (Wearing, 2001). The ecotourist generally expresses a strong desire to learn about nature on their trips (Eagles, 1992). Ecotourists are relatively affluent, well educated, mature and environmentally-focused (Williams, 1992). Ecotourists are also interested in seeing as much of their money spent on conservation as possible (Eagles, 1992) and they will pay a little extra for a more acceptable product (Wearing, 2001). Ceballos-Lascurain (1990)

suggests that the pressures of urban living encourage people (ecotourists in particular) to seek solitude through nature.

2.2.5 Characteristics of Ecotourism Area

For most major resource areas, it is now being understood that major tourists' services are better located at the edge rather than within the park (Gunn & Var, 2002). The proliferation of eco-lodge development (accommodations within the ecotourism concept) is especially invasive (Gunn & Var, 2002). Resource areas being considered for ecotourism development already have their own economic value and nonmarket goods (Gunn & Var, 2002). Most likely this is larger than tourist expenditures (Lee et al, 1998). This means that an eco-lodge may destroy this intrinsic value, unless extreme caution and environmental design and management are employed (Gunn & Var, 2002).

Figure 2.1 shows a concept of how tourism functions could be planned and integrated with ecotourism and parks and protected preserves. A five-zone pattern was used by the Canadian National and Historic Parks Branch and outlined by Forster (1973):

Special Areas – protected natural and cultural resource areas.

Wilderness Recreation Areas – protected resources but minor and controlled access.

Natural Environment Areas – protected but greater visitor use.

General Outdoor Recreation Areas – planned use such as campgrounds, trails.

Intensive Use Areas – major visitor services

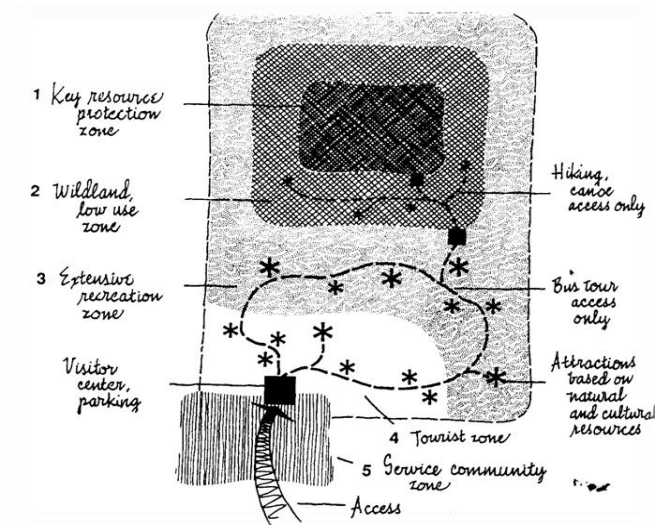


Figure 2.1: National Park Tourism Model
 (Source: Gunn, 1988)

Ecotourism can have the same harmful effects as that of mass tourism if tour operators, resorts managers, marine parks officers and other stakeholders, as the main promoters, do not strictly adhere to the precepts of ecotourism (Pamela, 1995). This is due to the fact that there are increased numbers of visitors (eco-travelers) to almost all the marine park islands, as a result of increased promotion done by various parties in order to generate economic revenue (Kaur, 2006). When demand rises, further development implemented in the areas that were previously untouched could cause extensive damage and once destinations become popular, there is often no way to control development activities (Kaur, 2006).

2.2.6 Characteristics of Ecotourism Resort

Kontogeorgopoulos (2006) in his study on ecotourism resorts in Phuket and Bali has pointed out that the ecotourism segments share common characteristics including business hierarchies, ownership and management patterns, and contributions to the financial health of local communities. Other research seems to suggest that organizational characteristics such as organization size, industry type, competitive strategy and product lifecycle are associated with different types of human resource management practices (Jackson & Schuler 1995). For example, with regards to the industry, hospitality organizations were more likely to include client input as part of employees' performance appraisal process, whereas manufacturing organizations did not typically include client input as part of employees' performance appraisal process (Rosete, 2006).

2.2.6 (a) Resorts' Size

Schmidt and Zimmermann (1991) state that the size of the firm represents various abstract determinants, such as job satisfaction, cost monitoring, complex technologies, workers' participation in profit monopoly and also the proxy industrial characteristics. A micro perspective of the market shows that the nature-based tourism industry consists of seasonally dependent small businesses, with low profit margins (Björk, 1997). In Europe "small and medium sized enterprise" (SME) refers to firms which engage between 5 to 50 persons (Nooteboom, 1994). Malaysia has also adopted a common definition of SMEs to facilitate the identification of SMEs in the various sectors and sub sectors. For the service

industry, SME is defined as an enterprise with full time employees below 50 people (Saleh and Ndubisi, 2006).

The significance of SMEs to the economy has been recognized where it provides high levels of employment and job creation (Kyriakidou and Gore, 2005) especially in rural areas such as Lake Kenyir because job opportunities are rather limited here. Nooteboom (1984) concludes that the core characteristics of small business are indicated in the motives and goals: independence, personality and small scale.

According to Mintzberg (1983) in small firms, we might find a “simple structure” with direct, centralized supervision by the owner-manager. Thus, small firms are more likely to display greater internal consistency in terms of their actions and motivations than their larger counterparts since the potential for internal conflict between shareholders and managers is removed (Storey, 1994). The most important characteristics of small business are its diversity within industries due to government regulations that are often more lenient to small business by policy design (Nooteboom, 1994). This is important because, small and medium enterprises in many countries face a myriad of challenges (Saleh and Ndubisi, 2006). Wan (2003) in particular highlights many challenges facing SMEs in a globalized environment, for example, lack of financing, low productivity, poor access to management and technology, heavy regulatory burdens, and lack of managerial capabilities. In addition Storey (1994) reveals that smaller firms are likely to face greater uncertainty in terms of the market pursuant to a limited customer base.

In contrast, Masters (1969) argues that working in larger firms is more unpleasant due to an increased work division and unfriendly condition. Among the medium sized and large firms, one might find a “professional bureaucracy” with a “core” of professionals

with standardized skills and mutual adjustment (Nooteboom, 1994). In general, labour is expected to be organized better in large firms in comparison to small firms (Weiss, 1966). Large firms need a few skilled workers while the ordinary workers may have a few repetitive tasks to perform (Masters, 1969). Furthermore, large firms require workers who are more particularly dependable and are willing to be strictly controlled (Masters, 1969), highly qualified, have more specialized skills, and is seeking a lower rate of turnover (Oi, 1983). Consequently, to obtain such workers, a large firm may have to pay higher wages (Masters, 1969). Additionally, the study by Schmidt and Zimmermann, (1991) has confirmed that even after the incorporation of all possible controls, wages still increase with the firm size.

In general, the ecotourism resorts are dominated by small and medium sized enterprises (SME) where simple organizational structure is available. Thus, the supervision is directly done by the owner-cum-manager. However, in the majority of SMEs, the businesses are mostly run by family members where they are closely attached to each other, to the business and to the ecotourism area itself.

2.2.6 (b) Resorts' Type of Ownership and Management

Caves and Christensen (1980) point out that the firms' efficiency differentials are predictable based on the type of ownership in which Boyne (2002) reveals that the public and private organizations are widely believed to differ in a variety of important respects. The ownership of private firms is concentrated among fewer individuals, each having the right to sell his shares; and thus the owners have the incentives to scrutinize the