

DEVELOPMENT OF A FRAMEWORK  
FOR IDENTIFICATION OF POLITICAL ENVIRONMENTAL ISSUES  
FACED BY MULTINATIONAL HOTEL CHAINS IN NEWLY  
INDUSTRIALIZED COUNTRIES IN ASIA

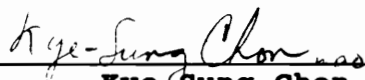
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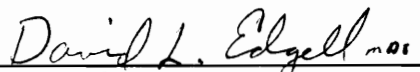
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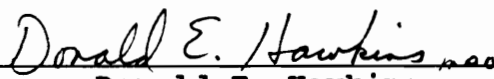
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**(ABSTRACT)**

The primary objective of this study was to develop a framework for identification of political environmental issues faced by multinational hotel chains in newly industrialized countries in Asia. (To accomplish the objective, key factors having an impact upon these hotel chains were identified using the Delphi Technique.

This study was conducted with participation of multinational hotel chain executives and general managers, trade association executives, government tourism officials, hospitality management educators, and industry lawyers. Five Asian countries including Hong Kong, Korea, Malaysia, Singapore, and Thailand were selected as a sample for newly industrialized countries.

Key factors in the political environment were identified under four categories: law and regulation, administrative, judicial, and lobbying, based on the

classification scheme of the Trends Database developed by the Virginia Polytechnic Institute and State University.

A professional panel of 17 members identified 93 key factors for each category in the first round of Delphi. In the second round panel members rated the level of influence of these identified factors using a five point Likert-type scale (5 = very influential, 1 = not influential), and reexamined their ratings in the final round to reach an agreement.

All key factors receiving a total of two-thirds of the panel members' votes in the very influential, moderately influential and average influence categories were included in the framework. Finally, a total of 58 factors were agreed to be included in the framework: 26 in the law and regulation category, 14 in administrative, 10 in judicial, and 8 in lobbying categories.

It was recommended by the author that the key factors in the political environment of newly industrialized countries identified by this study should be used as guidelines for strategic planning by the multinational hotel chain management when developing new projects and/or improving their hotel operations. It was also recommended that future research be conducted regarding the timing and impact of these identified factors upon the development and operations of multinational hotel chains to complete development of a framework initiated by this study.

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## **CHAPTER 1**

### **INTRODUCTION**

#### **Statement of the Problem**

No organization can exist free from the effect of its environment. Many elements comprise the environment to which the organization is sensitive and must respond in order to survive, including the following: economic, sociocultural, political, technological, and ecological aspects, competitors (industry), suppliers (labor, raw materials, and money), and customers (market).

The literature describes the patterns and events in the environment along various dimensions, such as whether the environment is simple versus complex (Duncan, 1972), static versus dynamic (Duncan, 1972), homogeneous versus heterogeneous (Thompson, 1967), and placid versus turbulent (Emery & Trist, 1965). Using these dimensions, it has been suggested that the environment today is uncertain because the environment is increasingly complex, dynamic, heterogeneous, and turbulent (Olsen, 1989; West and Olsen, 1988; Tse and Olsen, 1988).

Today's organizations, including those in the hospitality industry, experience more impacts and

constraints than ever before in this rapidly changing environment. Environmental constraints are more significant to multinational than to national corporations (Crawford-Welch and Tse, 1990), because they face multiple political, economic, legal, social and cultural issues changing at various rates. Additionally, for multinational firms, interaction between domestic and foreign environments is complex due to national sovereignty issues and widely differing economic and social conditions (Pearce and Robinson, 1988). Environmental elements in international markets are more complex, diverse, and uncertain than in domestic markets (Slattery and Olsen, 1984). Mascarenhas (1982) asserted that the domestic business environment could be labelled uncertain, but the international business environment was double so. Therefore, to maintain an efficient organization capable of achieving established objectives, the executive must be capable of analyzing the environment and developing a correct perception of it (Olsen, 1980; Pinto and Olsen, 1987).

The political environment has been an important factor in international business operations (Poynter, 1986). It can be classified into five sub-categories for analysis: law and regulation, legislative, administrative, judicial, and lobbying (Center for Hospitality Research and Service, 1990). The law and regulation category refers to bills that

have been passed and are in effect, while legislative refers to the process through which a bill must go before it is passed, rejected, or shelved. Administrative refers to how laws and regulations are managed and enforced by governments, and judicial refers to where and how laws and regulations are applied. Lobbying is associated with the efforts of interest groups to meet the industry needs by applying pressure on lawmakers or administrative officials.

These political activities, known as "host government intervention," affect the management of multinational corporations by limiting strategic freedom and threatening managerial autonomy (Doz and Prahalad, 1980). Since any restriction of managerial autonomy or strategic freedom is a serious matter, the multinational manager must monitor, analyze, and assess the political environment to be successful in foreign markets.

As the trend continues for hospitality industry firms to expand to international markets, they compete not only to be the first in the new market but also to take the lion's share in the existing market. Among other causes, saturated domestic markets, competition pressures, and maturing stage of life cycle, particularly in the United States, cause hospitality organizations to expand internationally (Tse and Olsen, 1991). This trend of globalization seems to follow

Porter's (1980) five stages of a general developmental path: fragmented, emerging, mature, decline, and global.

In this era of internationalization, the political environment carries great weight for multinational hospitality executives. For international operations to succeed, they must identify trends and events in political environments, evaluate their impacts and timing, and reflect the result in strategic planning. Major problems in this area are the lack of clarity of information obtained, general uncertainty of causal relationships between events and impacts, and the inability to assign probabilities with regard to how and when environmental factors are going to affect the success or failure of an organization (Lawrence and Lorsch, 1967; Duncan, 1972). In order for decision makers to effectively face these issues, they must apply an appropriate framework to their strategic planning efforts. However, few studies can be found on this subject in the hospitality industry.

This study is, therefore, concerned with the development of an appropriate framework to include a pattern of key factors associated with the political environment in newly industrialized countries (referred to as NICs hereinafter), major impacts of the key factors on the multinational hotel chain's management, and the timing

affecting the firm in each segment of law and regulation, legislative, administrative, judicial and lobbying.

The problem for the present study is to identify key factors in the political environment of NICs that impact development and operation of the multinational hotel chain. This will be the first step toward developing a comprehensive framework. The study confined its geographical scope to NICs in Asia, for it is here that many multinational hotel chains are currently selecting sites for expansion (Baum, 1989; Bell, 1989), and the political environment is generally known to be more volatile than in developed countries.

This study was conducted using the Delphi Technique, with participation by executives of the world's leading multinational hotel chains, their subsidiaries' general managers, and industry lawyers as well as concerned government officials, trade association representatives and academicians in the hospitality field in the four NICs in Asia selected as a sample, including Hong Kong, Korea, Malaysia, and Singapore.

### **Internationalization**

Today, a growing number of firms in industrialized countries think of the entire world as a marketplace for

their products. In the last two decades, advances in transportation and communication technologies have significantly enhanced the ability of businesses, including the hospitality industry, to take their products and services beyond traditional domestic markets (Tse and Olsen, 1991).

The major reasons for domestic firms to go multinational, as explained by Busch and Houston (1985) from a marketing point of view, are: (1) to develop new customers, (2) the nature of the business, (3) lower cost of operating abroad, (4) meeting the competition, (5) environmental and ecological pressures, (6) incentives provided by the host government, (7) stage in product life cycle, and (8) exchange rate fluctuations. Motivations for international expansion of hotel chains could embrace all of the above, but the most important are developing new customers (domestic and foreign tourists), competitive pressures, lower cost of operating abroad, maturing stage of product life cycle, and incentives provided by the host government (Tse and Olsen, 1991).

According to an annual survey by Hotels (1990), the 10 chains that penetrate the greatest number of countries include Sheraton, USA (61 countries); Accor, France (57); Holiday Inn Worldwide, UK (51); Hilton International, UK (47); Inter-Continental, Japan (43); Pullman International,

France (38); Best Western, USA (36); Meridien Hotels, France (32); Carlson/Radisson, USA (22); and Choice Hotels, USA (18 countries).

In recent years major hotel chains in developed countries have continued to seek global expansion, because many chain operators find that their future depends upon how successfully they can compete in international markets (Tse and Olsen, 1991). Many trade journals articles feature multinational hotel chain officials who express plans to dramatically increase the number of their properties abroad, mostly through franchising and management contracts (Tse and Olsen, 1991; H&MM, 1989). They assert that any area in the world would be a possible expansion site if markets showed political and economic stability, because as a country becomes wealthy and politically stable, the development of travel and tourism industry follow, creating more demand for lodging facilities. It is also important for a firm to consider the timing of developing hotels in a foreign market because of environmental uncertainty.

Key areas for future expansion sought by major U.S. hotel chains are Europe, the Pacific rim, and South America, since these markets are already familiar with their products and services (Bell, 1989). Of those areas, the Asia/Pacific region has particularly attracted the attention of large multinational lodging firms because of its significant

accumulation of wealth, rapid growth of tourism, and the demonstration of success by some existing multinational hotel chains in the region.

According to the World Tourism Organization (1992), the Asia/Pacific's regional share of world tourism increased from 4.5 percent (11.1 million tourists) in 1978 to 12 percent (54 million tourists) in 1991. This increase becomes more remarkable when compared to other regions' change in shares: Europe decreased from 72 to 64 percent; America from 20 to 19 percent; the Middle East from 2 to 1.5 percent, respectively; and Africa increased slightly from 2 to 2.9 percent.

It is never easy for management to make decisions about entering the foreign market. There are various political and economic risks that the management should monitor and assess to make the best possible decision. Also, a multinational firm needs a comprehensive strategy to coordinate its development and operations in different countries. Some basic principles (e.g., marketing) may apply to all types of markets, domestic or foreign, but the environments in which the firm must operate differ widely. To be successful in international markets, it is imperative for the multinational firm to understand differing national environments and reflect that understanding in the establishment of appropriate strategies.

### **Importance of Environment and Strategic Management**

Organizational theorists emphasize that organizations must adapt to their environments if they are to remain viable (Thompson, 1967; Lawrence and Lorsch, 1967; Duncan, 1972; Child, 1972; Snow, 1976). Environment is defined as the totality of physical and social factors taken into consideration in the decision-making behavior of individuals in the organization (Duncan, 1972). Organizations, therefore, need to be knowledgeable about these factors that are, and will be, taking place both within and without the boundaries of the organization. This is possible only when the firm executives continually scan the environment.

The environmental scanning activity is an important part of the strategic management process. Strategic management is referred to the process of examining both present and future environments, formulating the organization's objectives, and making, implementing and controlling decisions focused on achieving these objectives in the present and future environments (Smith, Arnold and Bizzell, 1988). The basic premise of the strategic management concept is that strategic planning is the managerial process of developing and maintaining an optimal 'fit' between the deployment of an organization's resources

and the opportunities in its changing environment (Chon and Olsen, 1990).

The importance of monitoring and analyzing the tourism and hospitality environment has been documented by several authors (Olsen, 1980; Slattery & Olsen, 1984; De Noble & Olsen, 1986; West, 1986; Dev, 1988; Crawford-Welch, 1990; Chon & Olsen, 1990). These authors argue that corporate decision makers should be familiar with evolving, continuing and declining trends in the hospitality environment in order that they may steer their respective organizations along the optimum path. Particularly, Chon and Olsen (1990) emphasize that, in order for a tourism organization to make better estimates of the future and thus make sound management decisions, the organization should formally incorporate the strategic planning process into the structure of its operations and thus force its management to engage in some semblance of long-range thinking.

The organizational environment consists of two major components: remote (or general) environment and task (or specific) environment (Olsen, 1980). The remote environment is related to events that take place in such categories as economical, technological, sociocultural, ecological, and political. Since these events are so broadly based, it is often difficult to determine how they will influence the organization. This remote environment is especially

important to multinational operators because many events have crucial impacts upon corporate decisions to enter and operate in international markets. The task environment, meanwhile, has a more direct relationship with the day-to-day success of an organization, and consists of events occurring in the customer, supplier, regulator and competitor segments (Olsen, 1980).

Of the remote or general environment sub-categories, political environment is becoming more important to multinational operators particularly in NICs where political situations tend to be generally more uncertain and complex than those in developed countries. This is because the political environment, usually shaped by the form of government regulation and intervention, often plays a crucial role affecting multinational corporate strategic freedom and managerial autonomy. For example, since China is a country with specific rules regarding foreign participation in business and management, a general manager of a multinational chain hotel is not as free to manage the hotel in his own way as he might be elsewhere. He, for example, must hire those workers recommended by the state (Pontziuous, 1986).

According to Slattery and Olsen (1984), there are three dimensions to the concept of organizational environment: complexity, uncertainty, and illiberality. Complexity

refers to the heterogeneity and range of environmental activities occurring (Child, 1972). It may be said that the multinational hotel chain is in the most complex environment, for it is usually large in size and geographically diversified. Differing political and legal systems require the chain to be involved in a wider range of environmental activities.

Uncertainty refers to the dynamic nature of the environment and focuses on the variability and frequency of change that occurs in both the remote and task environments (Child, 1972). We know that, as occasion demands, existing laws and regulations are revised or new legislative activities are activated. Sometimes it is hard to predict government affairs, even in a home country. Much more is it the case with foreign countries. For example, frequent changes in laws and regulations with regard to profit repatriation limits, ownership limits, or pricing make it hard for the firm to respond, and cause the political environment to be more uncertain.

Illiberality is the degree of threat from external factors which face organizational decision makers in the achievement of their goals (Child, 1972). This can be identified throughout the hospitality environment, and noticeably in the political environment (Slattery and Olsen, 1984). Political insecurity in some countries and wars in

others have brought about unexpected expropriation or termination of hospitality organizations. The Royal Tehran Hilton in Iran, The Holiday Inn in Lebanon, and more recently, The Hilton Hotel in Kuwait after invasion by Iraq are examples of the environmental illiberality which hotel chains face.

These complex and uncertain environmental characteristics make it difficult for corporate leaders to detect and assess the environment correctly. For this reason, environmental scanning is, as stated earlier, an important managerial function for an organization in the competitive world. The findings of the recent study on multi-unit food service operators suggest that high performing firms engage in significantly greater amounts of environmental scanning than do lower performing firms (West and Olsen, 1988).

The major purposes of environmental scanning are to know and understand the events which occur in a firm's business and general environment and to identify the firm's potential environmental threats and opportunities based upon its strengths and weaknesses (Pinto and Olsen, 1987; Ansoff, 1980). Environmental scanning then lays the foundation of formulation of strategy and structure in a firm. This means that a firm's strategy formulation and structure should be based on environmental scanning, and a firm can be

successful when strategy and structure are matched to the environment. Evidence from research to date in the hospitality industry appears to suggest that if a firm is able to develop a strategy and structure consistent with its environment, it is likely to achieve a positive relationship with economic performance (Tse and Olsen, 1988; West and Olsen, 1988; Dev and Olsen, 1989).

As mentioned earlier, the political environment is one of the important categories in the remote environment that should be monitored and analyzed by multinational operators in particular. The political environment relates to legislation, local and national governments, groups exerting political force, political parties, organized and unorganized interest groups, and political risks such as expropriation, violence, war, and insecurity. However, for the purpose of this study, the political environment is defined as events that take place in the areas related to legislative, administrative, judicial, and lobbying activities in the countries in which the multinational organization does business. Many different political environmental issues in different countries affect lodging managers when operating businesses, developing new projects or expanding businesses. In order for multinational lodging firms to be successful in foreign countries, they must understand current and potential political issues that will

affect the corporation's strategic formulation and implementation in an accurate and timely manner.

### **Major Political Environmental Issues Facing Multinational Firms**

Government regulation and intervention have always been an important factor in international operations. The major reason for host government interventions in multinational firms' business operations is its concerns about the firm's less economic and counterproductive political and social contributions. Multinational firms are usually accused of exploitation such as extracting excessive profits and fees, entering the market by taking over existing local firms rather than new productive investment, restricting access to modern technology by centralizing research facilities in the home country, and affronting the country's social customs (Mason, 1974).

These exploitation activities very often do not comply with such host country goals as economic growth, full employment of the trained work force, reduction of unemployment, price stability, and balance of payments (Mason, 1974). When these goals are not met, the host government tends to intervene in multinational firms' operations in the form of laws and regulations,

administrative orders and decrees, and other governmental actions.

While some forms of government intervention such as financial support, tax incentives and trade protection enhance profits, most government interventions are costly to the firm. Examples of costly host government interventions are described in Table 1.

These examples have primarily originated in the manufacturing industry, but many apply to the lodging industry. An analysis of the data (1989-June 1991) from the Trends Database (the Center for Hospitality Research and Service at Virginia Polytechnic Institute and State University) presents examples of political environmental factors that influence the multinational hotel chain's business operations in international markets. They are: governmental measures to facilitate travel (e.g., visa waive system, abolition of custom checks, increase in custom inspectors), restriction on nationals' travel abroad, travel security and safety (tougher airport security, regulations for fire safety and sanitation at hotel and restaurant facilities), taxation (international departure tax, value-added tax, government tourism office funding fees), operational restrictions (licensing, price control, employment of foreign nationals), and environmental

Table 1  
Examples of Host Government Interventions in  
Activities of Multinational Firms

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Financial

Foreign exchange availability  
Profit repatriation limits  
Export requirements  
Hard currency debt requirements  
Price controls  
Limits on research and management fees

Operational

Local value-added minimums  
Maximum limits on market-share  
Requirements for local product production  
Use of local distributors  
Staffing restrictions affecting foreigners

General/Strategic

Ownership limits  
Locus of control  
Nature of business (assembler, manufacturers, etc.)  
Unilateral contract renegotiations  
Bureaucratic harassment

---

Source: Poynter, 1978; Berenbeim, 1983

restrictions (construction limits on hotel size and building height, smoking ban), and ownership limits.

From the above examples, it can be seen that the political environments surrounding hospitality organizations are complex and diverse. Furthermore, as discussed earlier, those events occurring are changing and unpredictable in many cases. This causes problems for hospitality organizations unless they continue to engage in environmental scanning activities.

### **Problem Context**

Lodging is a big business, particularly in industrialized countries. With the development of mass tourism on international and domestic scales, lodging is the main concern of travelers, and becomes the leading facility for the development of tourism in a country or community.

Between 1960 and 1980, the trend in the lodging industry has been away from independently owned and operated properties to chain and franchise affiliations, and to referral groups or voluntary membership associations. Such a trend continues today. For example, the top twenty-five chains now control about half of hotel rooms in the United States (Hazard, 1989), and experienced a growth rate of 149 percent between 1970 and 1985 (Cetron and Davies, 1989).

This trend is not limited to the United States. Now it is a worldwide phenomenon. Tables 2 and 3 show the world's top fifteen corporate hotel chains and the top ten voluntary chains/association, respectively (Hotels, 1991).

According to the annual survey conducted by Hotels in 1991, the number of rooms accounted for by the 200 corporate chains worldwide grew 15.9 percent to a total of 3.31 million rooms in 1990, from 2.85 million rooms in 1989, while the number of hotels in the segment was 22,352, showing 28.9 percent increase over the previous year's 17,329.

As mentioned earlier, the Asia/Pacific region has become a target for international hotel development. The level of interest in new hotel development throughout the Asia/Pacific region is intense (Goeckel, 1989; Baum, 1990). Investors believe that the rising tide of visitors to the area is likely to continue and that the demand for hotel rooms will remain high in the 1990's (Goeckel, 1989).

Table 4 shows the numbers of hotel properties, rooms, and multinational hotel chains in five countries in Asia -- Hong Kong, Singapore, Thailand, Malaysia, and Korea. These countries are enjoying international tourism more than any other countries in the region. Thailand is the first among the five countries in terms of the number of hotel rooms, followed by Malaysia, Korea, Hong

Table 2  
The World's Top Fifteen Hotel Chains (1990)

Corporation	# of Rooms	# of Properties
1. Holiday Corp.	320,599	1,606
2. Best Western	268,140	3,348
3. Choice Hotels	201,048	2,102
4. Accor	159,877	1,421
5. Hospitality Franchise System	138,122	944
6. Marriott Corp.	131,238	476
7. Sheraton Corp.	130,862	429
8. Days Inns of America, Inc.	129,907	1,112
9. Hilton Hotels Corp.	94,232	263
10. Hyatt Hotels/Hyatt Int'l	76,794	161
11. Trusthouse Forte	75,830	838
12. Club Mediterranee	64,012	253
13. Carlson/Radisson/Colony	59,895	270
14. Promus Companies	57,502	364
15. Hilton International	49,031	147

Source: Annual Survey by Hotels, 1991

Table 3  
The World's Top Ten Voluntary Chains/Associations (1990)

<u>Corporation</u>	<u># of Rooms</u>	<u># of Properties</u>
1. Utell International	1,300,000	6.700
2. Supernational Hotels	102,000	474
3. Logis et Auberges	74,990	4,320
4. Leading Hotels of the World	65,000	245
5. Golden Tulip Worldwide	63,470	333
6. SRS Hotels Steigenberger	54,789	228
7. JAL World Hotels	33,399	96
8. Flag International Ltd.	31,951	504
9. Minotels Europe	31,820	700
10. Robert F. Warner Inc.	30,121	163

Source: Annual Survey by Hotels, 1991

Table 4  
The hotel inventory in Five Asian countries

<u>Country</u>	<u># of Hotels</u>	<u># of Rooms</u>	<u># of MHC hotels</u>
Hong Kong	78	29,105	26
Korea	395	40,386	10
Malaysia	958	43,149	40
Singapore	66	23,788	22
Thailand	3,709	158,523	23

Source: National Tourism Organizations of each country  
(1991)

Kong, and Singapore. The largest n hotel chains is found in Malaysia a Thailand, Singapore, and Korea. Ho number of foreign tourist arrivals, followed by Singapore, Thailand, Ma (Pacific Asia Travel Association, 1

### Objective of the Study

The problem for the present study was to identify key factors in the political environment of NICs that affect the development and operations of the multinational hotel chain. Key factors were identified under four categories: law and regulation<sup>1</sup>, administrative, judicial, and lobbying. These factors will form a basis for establishing guidelines to strategy formulation, implementation, and evaluation of management.

An objective of this study was to develop a framework for identification of political environmental issues faced by multinational hotel chains in NICs. The objective was accomplished by identifying key factors in the political environment of five Asian countries with participation of multinational hotel chain executives and general managers,

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<sup>1</sup> This category includes the legislative category (see page 82).

trade association executives, government tourism officials, hospitality management educators, and industry lawyers. All participants were selected from among those who were related to the five Asian countries.

Research areas considered to impact the development and operations of the multinational hotel chain and/or its subsidiaries in Asian NICs include the following:

1. Laws and regulations passed and currently in force at national, state (or provincial), or local levels
2. Laws and regulations currently pending in the legislatures at national, state (or provincial), or local level
3. Administrative orders, rules, ordinances, and policies at national, state (or provincial), or local levels
4. Court cases, jurisdiction, procedures, and judicial systems at national, state (or provincial), or local levels
5. Lobbying activities

### **Contribution of This Study**

This study will contribute to the hospitality industry both in theoretical and practical ways.

#### **Theoretical foundation:**

This study will contribute to laying the foundation of

a theoretical framework for a classification scheme for multinational political environment analysis, and will play a pioneering role in developing schemes for other studies of economic, sociocultural, and technological environments.

Practical application for strategic management of multinational hotel chains:

The framework developed by this study will provide the multinational hotel chain management with a useful tool for its strategic planning process, and will help save considerable time and energy that should be spent for environmental scanning activities.

The identified factors will also provide comprehensive information about how to deal with host governments, especially for those chains who plan to enter markets in NICs for the first time. Also, the identified factors will help the management procure relatively accurate information about the political environment it faces or will face, because the factors were identified based on a consensus of professionals in the field of multinational hotel management and hospitality management education and of high government officials and industry lawyers who are involved directly and indirectly in executing and applying the laws and regulations concerned.

The framework will also contribute to providing hospitality management educators, hospitality trade association officials, government tourism officials, and industry lawyers with valuable information about the political environment surrounding multinational hospitality organizations which is useful to them in their own ways.

### **Definition of Terms**

Host nation or country: Any country in which a multinational subsidiary is operating.

Multinational hotel chain: Any lodging firm that performs its main operations in at least two countries.

Subsidiary: The corporate firm that represents direct foreign investment by a multinational hotel chain or the local owning company that made a management contract or franchising agreement with a multinational hotel chain.

Environment: The totality of physical and social factors that are taken directly into consideration in the decision-making behavior of individuals in an organization (Duncan, 1972).

Political environment: The events and trends that take place in a host country in relation to enactment, execution, and application of laws and regulations affecting the development and operations of the multinational hotel chain and lobbying activities by the chain and/or its subsidiaries.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

This chapter reviewed the literature related to organizational environment with focus on the political environment and its impacts upon the multinational firm. First, the definition of environment was reviewed and environmental dimensions and typologies discussed. Second, the importance of environmental scanning and its relationship to decision making was reviewed. Third, the review focused on a match of strategy to environment. Fourth, the political environment and its impacts upon business in general in the multinational context and upon the hospitality industry were discussed. Finally, a summary was made emphasizing the need to develop a typology through identification of key factors in the political environment that affect the business of multinational hotel chains in NICs in Asia.

### **Environment**

#### **Definition of Environment**

Several scholars have defined the organizational

environment from different angles. Emery and Trist (1965) viewed organizational environment as the "sources of events and changing trends which create opportunities and threats for individual firms." Duncan (1972) defined environment as "the totality of physical and social factors that are taken into consideration in the decision-making behavior of individuals in an organization." On the other hand, Miles, Snow and Pfeffer (1974) defined environment as "the network of individuals, groups, organizations, etc. with whom an organization interacts."

Until 1950, very few paid attention to the environment (Crawford-Welch, 1990). Taylor (1911), Weber (1947), and other earlier organizational theorists tended to ignore the significance of environment by viewing it as constant, universalistic, and applicable to all organizational settings. Attacks on this universalistic stance came in the 1950's and 1960's (Burns and Stalker, 1961). Selznick (1948) used systems theory to postulate that organizations should be regarded as partially open systems which adapted to their external environment. The notion of environmental adaptation was further developed by the works of Burns and Stalker (1961) who introduced the concepts of mechanistic and organic organizations.

Much research has been conducted on different aspects of environment, from which four streams are identified: (1)

the development of environmental typologies, (2) the concept of boundary spanning and environmental scanning, (3) the relationship between organizational structure and environment, and (4) the strategy-environment linkage. The present study is concerned with all but the third stream. Each of these streams will be briefly reviewed below.

### Environmental Typologies

Slattery and Olsen (1984) examined the relationship between the organization and its environment from two perspectives; one which identifies the environment as objective, and the other which identifies it as personally perceived and assessed. The objective environment can be identified as the general (or remote) environment and specific (or task) environment. They define the general environment as consisting of events that take place in each of the following categories: economic, political, technological, sociocultural, and ecological. This classification scheme is useful in monitoring broad changes nationally and internationally which are likely to impact the organization (Olsen 1980), because many events and trends taking place in each category play crucial roles affecting business operations.

Components of the specific environment are identified

by Dill and Duncan. Dill (1958) introduced four components of the task environment: (1) suppliers, (2) competitors, (3) customers, and (4) regulatory groups. The organization's task environment includes those parts of the environment that are relevant or potentially relevant to goal setting and attainment. Similarly, Duncan (1972) developed five task environment factors: (1) customer, (2) competitor, (3) supplier, (4) socio-political force, and (5) technology.

Several other scholars also identified dimensions with regard to organizational environment (Child, 1972; Emery and Trist, 1965; Duncan, 1972). Child (1972) proposed three dimensions to the concept of organizational environment: complexity, uncertainty, and illiberality (Olsen, 1980). Complexity refers to the heterogeneity and range of environmental activities relevant to organizational operations (Child, 1972). For multi-unit operators the environment tends to be more complex, primarily because they usually operate in more than one market area and are thus likely to find that in both the remote and task environments they have more to cope with (Olsen, 1991). Uncertainty refers to the dynamic nature of the environment and focuses on the variability and frequency of change in both the remote and task environments (Child, 1972). While change is inevitable, and some of it even predictable, the variability in the rate of change is troublesome for the multi-unit

operator (Olsen, 1980). The same is true for the multinational firm that faces more environmental uncertainties and troubles in strange markets. Illiberality is the degree of threat from external factors facing organizational decision makers in the achievement of their goals (Child, 1972). Illiberality is also a function of political events (Olsen, 1980). Examples can be found in Cuba when Castro seized the Havana Hilton, and in the fates of the Tehran Hilton or Beirut Holiday Inn (Slattery and Olsen, 1984; Lefever and Huck, 1990).

Evidence suggests that today the environment of the hospitality industry, particularly for multinational hotel chains, is complex, uncertain, and illiberal because they operate in different markets coping with different sociocultural, political, and economic environments over which they have little control.

Another way of viewing the environment was developed by Emery and Trist (1965). They developed a typology of environments based on the rate of change and the nature of interrelationships and identified four different types of environment: (1) a placid-random environment in which activities are relatively stable but occur on a random basis (2) a placid-clustered environment in which activities are relatively unchanging, yet they are more clustered and predictable and cyclical in nature (3) a disturbed-reactive

environment which is more complex and similar to the economic concept of the oligopoly and (4) a turbulent field environment in which dynamic processes are taking place and not in any routine pattern. The foodservice and lodging industries could be conceived of as moving from the placid-clustered environment to the disturbed-reactive, especially for large chain operations (Olsen, 1980).

Duncan (1972) identified two dimensions of the environment using the terms, complexity and dynamism: the simple-complex dimension and the static-dynamic dimension. He defines the former as the number of factors to be taken into account when making a decision and the latter as the degree to which factors in the decision unit's environment either remain stable over time or are in a continuous process of change.

Olsen (1980) emphasizes that the environment is considered to be perceptual in nature. The personally perceived and assessed environment is comprised of the environmental assessments made by organization managers (Slattery and Olsen, 1984). If an organization manager perceives some facet of environmental activity, then for him/her it exists and if he/she does not perceive this feature of the environment, then for him/her it does not exist.

This notion may be based on propositions made earlier

by several authors (e.g., Child, 1972; Snow, 1976). Child (1972) suggests that the environment can only have an impact if it is perceived as having an impact. Snow (1976) suggests that management responds only to that part of the environment which it perceives, and that which is not perceived does not enter into the strategic decision making process.

This perceived environment concept implies that hospitality managers must monitor and assess the environment as accurately as possible for the success of their businesses. Research by Bourgeois (1985) indicates that a firm that examines its environment with greater perceptual accuracy tends to achieve a higher than average level of economic performance. For multi-unit operators, a narrow perspective is dangerous in today's complex and dynamic environment (De Noble and Olsen, 1986). Unfortunately, evidence suggests that hospitality multi-unit operators have a very narrow perspective of the environment; even worse, they do little environmental analysis (Pinto and Olsen, 1987; De Noble and Olsen, 1982; West and Olsen, 1988).

Although no study to date has sought to develop an environmental typology in the context of the hospitality industry, several studies have contributed both directly and indirectly to our understanding of the hospitality environment (Crawford-Welch, 1990). They include the

studies by Olsen (1980, 1991), Slattery and Olsen (1984), De Noble and Olsen (1986), West (1987), Dev (1989), and Crawford-Welch (1990).

### **Importance of Environmental Scanning**

The importance of perceiving the environment with accuracy necessitates that an organization executive must enhance the capability of knowing and understanding the events which occur in the business and general environment. That is, he/she must not only identify key factors in the environment, but also interpret their impacts and timing correctly, so that the results might be reflected in strategic planning.

Environmental scanning is the process by which organization executives learn of events and trends outside of their organization, thereby reducing environmental uncertainties and adopting a proactive approach to managing the environment. Hambrick (1982) feels that environmental scanning can be conceived of as an important, potentially expensive, first step in the ongoing chain of perceptions and actions leading to an organization's adaptation to its environment.

The related literature indicates that although high level executives spend a great deal of time scanning the

environment, much of their scanning was found to be informal and undirected (Aguilar, 1967; Kekalas and Schoderbek, 1973; Hambrick, 1982). One of the findings of the study by Keegan (1974) was that headquarters executives in U.S.

multinational companies seldom used systematic methods for obtaining environmental information (Preble, Rau and Reichel, 1989). However, the studies conducted later by Kobrin et. al (1980) and Kennedy (1984) found that more than half of U.S. multinational firm executives had institutionalized external environmental analysis.

Several studies have explored the relationships between environmental scanning and organizational performance. For example, Glueck and Jauch (1984) examined some studies (Bourgeois, 1978; Grinyer and Norburn, 1975, 1977/78; Miller and Friesen, 1977; Wolfe, 1976) to determine if environmental analysis is indeed useful. They concluded in the affirmative as all of the studies demonstrated a link between environmental assessment and performance.

On the other hand, some empirical investigations have been conducted in the hospitality industry with regard to environmental scanning (West and Olsen, 1988; Pinto and Olsen, 1986; De Noble and Olsen, 1986). These studies support the usefulness of environmental scanning activities in the hospitality industry, while the authors advise that generally hospitality managers failed to put forth the

effort and lack ability in scanning and interpreting environmental information. West and Olsen (1988) found a high correlation between firm scanning behavior and performance in the food service industry. High performance foodservice firms in the U.S. were found to scan the environment at significantly greater levels than low performance firms. However, when the actual nature of the environmental scanning process was investigated, it was found that only one firm to date had any form of formal process in place (West and Olsen, 1980).

Pinto and Olsen (1986), on the other hand, found that there were an enormous quantity and variety of publications and other sources to choose from for environmental information, but the hospitality executives tended to refer to too limited sources (e.g., newspapers and trade journals) and suggested that the top management of the industry need to be educated as to the critical importance of keeping informed of events and developments in all areas of the external environment.

In the context of the environmental issues facing the multi-unit firm, Olsen, Tse and West (1992) recommend the following as ways to address the environmental scanning needs of these firms:

1. Establish an environmental scanning structure and process that reflects the nature of the firm's

markets. Information sources in each market area must be identified and qualified.

2. Unit level and area management personnel must be trained in environmental scanning activities, not only to assist in the information gathering and transmitting process, but also in its analysis and interpretation.
3. Methods of identifying, analyzing and monitoring trends in individual market areas must be established so that their impact can be assessed at the earliest possible moment.

These recommendations could be applied directly to the multinational hotel chain because the same characteristics apply.

### **Relationship of Environmental Scanning to Decision Making**

Olsen, Tse and West (1992) suggest that environmental analysis is a conceptual skill that differs considerably from the technical skills that are necessary to create a successful business. They emphasize that it requires a way of thinking that requires one to extract abstract information from the remote and task environments and analyze their affect on the organization and its strategy.

However, there are several problems with this activity as suggested by Lawrence and Lorsch (1968) and Duncan (1972). These problems are summarized below:

1. A lack of clarity of environmental information obtained by the organization

2. A great deal of uncertainty about causal relationships that exist between what is going on in the environment and what its impact will be on the organization;
3. An inability to assign probabilities to predicted events in the environment and their eventual impact upon the organization.

These problems suggest difficulty in perceiving a clear cause and effect relationship between perceived environmental events and their net impacts upon the organization (Olsen, Tse and West, 1992). This again emphasizes the importance of environmental scanning and systematic management of environmental information.

### **A Match of Strategy to Environment**

Many scholars assert that strategy should favorably align the organization to its environment (Andrews, 1971; Thompson, 1967; Hofer and Schendel, 1978; Porter, 1980), and that different environmental conditions might require different strategies to achieve acceptable levels of performance (Lawrence and Lorsch, 1967; Burns and Stalker, 1961; Thompson, 1967; Hofer, 1975; Olsen, 1989). Also, Olsen (1989) emphasizes that a match must exist between the firm's environment and its strategy and structure if maximum performance is to be achieved.

Evidence from research to date in the hospitality

industry suggests that a firm that develops a strategy and structure consistent with its environment will achieve positive economic performance (Tse and Olsen, 1988; West and Olsen, 1988; Dev and Olsen, 1989). A study of 166 hotels across the United States showed that hotels which employ a Miles and Snow's defense strategy, in a stable environment, tend to perform better than hotels that employed other strategies (Dev and Olsen, 1989). Similarly, hotels employing an analyzer strategy in a volatile environment tend to perform better than hotels that employed other strategies (Dev and Olsen, 1989). In another study involving 93 restaurant firms in the United States it was found that firms that espouse a Porter's low cost strategy outperform other types of strategies in a mature environment (Tse and Olsen, 1988).

Porter's (1980) generic strategic typology (low cost leadership, differentiation, and focus) has received much attention in the literature on the environment-strategy linkage (Hambrick, 1983; Murray, 1988; Miller, 1988, West, 1987). Hambrick (1983), in a study of high and low profit strategies in two environmental types, found evidence for the existence of Porter's three generic strategies. He noted that not all three generic strategies were found in the same environmental setting.

Murray (1988) suggested that the validity of each of

Porter's three generic strategies is dependent upon the presence of certain environmental preconditions. He proposed that the preconditions for an overall cost leadership strategy are a result of an industry's structural characteristics, whereas the preconditions for a product differentiation strategy result from customer characteristics.

Miller (1988) investigated the relationship of Porter's generic strategies to the environments and structures of undiversified firms. He found that the strategy of innovative differentiation is most likely to be pursued in uncertain environments, and that the strategy of cost leadership is associated with stable and predictable environments.

West (1987) used Porter's strategic typology to examine the relationship between strategy and environmental scanning on firm performance in the hospitality industry. One of his proven hypotheses was that higher performing firms would exhibit a congruity between intended strategies and environmental sectors scanned than would lower performing firms. It indicates a different emphasis on the sectors scanned according to the type of strategy adopted.

Similar arguments were made by several scholars on the environmental-strategy link using Miles and Snow's typology (Zahra, 1987; Hambrick, 1983; Dev, 1988; Crawford-Welch,

1990). Zahra (1987) found in his study on results of prior research on the Miles and Snow typology that different strategies thrive in different environmental conditions. He suggests that in general, evidence from past studies indicate that defenders thrive in stable, mature, non-innovative industries, while prospectors thrive in innovative, dynamic environments.

Hambrick (1983) found that defenders and prospectors had different performance levels depending on the type of environment in which they operated. The original thesis by Miles and Snow stated that there would be no difference in performance levels if each strategy were equally well implemented. Hambrick found that prospectors out-performed defenders in innovative industries while defenders out-performed analyzers in non-innovative industries. Crawford-Welch (1990) also used Miles and Snow's typology to determine if there were significant differences in levels of financial performance of hospitality organizations that achieve a "fit" between their strategy and environment and those that do not.

These studies lead to the conclusion that there is some merit in environmental scanning, and attempting to match the nature of the environment with the firm's strategy (Olsen, Tse and Olsen, 1992).

### **Political Environment**

The political environment is one of major components of the general environment typology that include the economic, political, technological, and sociocultural areas (Slattery and Olsen, 1984). The political environment may include, in a broader sense, political risk such as expropriation, war, revolution, and terrorism, but for the purpose of this study the political environment is defined as events and trends that take place in the areas related to legislative, administrative, judicial, and lobbying activities in host nations.

The classification scheme of the Trends Database developed by the Center for Hospitality Research and Service at the Virginia Polytechnic Institute and State University, Blacksburg, Virginia categorizes the political environment into five segments: law and regulation, legislative, administrative, judicial, and lobbying. The Trends Database was developed on the basic idea of solving the environmental uncertainty problems by developing a comprehensive environmental information system to help management plan strategically for the future (Kwansa, et al., 1986).

The following are definitions of each of the five segments in the political environment. The Law and regulation segment refers to bills that have been passed and

are in effect. The bills include those passed domestically at the national, state, and local levels as well as international agreements such as conventions, treaties, and rules.

The legislative segment refers to the process through which a bill must go before it is passed, rejected, or shelved. During this process interest groups have the opportunity to influence lawmakers to direct their legislative efforts to the group's advantage.

The administrative segment refers to how laws and regulations are managed and enforced and how government policies are established, changed and executed. This category includes administrative orders, rules, ordinances, or decrees that are enacted to execute laws and regulations. This also includes bureaucratic harassment that affects the business operation of a firm.

The Judicial segment refers to where and how laws and regulations are applied to a particular type of business in a geographical area. Court jurisdiction, court procedures, court cases, and judicial systems affecting the business are included in this category.

Finally, the lobbying segment refers to the efforts of interest groups, for example, a hotel and motel association, to fill the needs of the industry by applying pressure on lawmakers and administrative officials at the national,

state (or provincial), and local levels. Unsavory acts such as bribery and other corrupt practices could be included in this category. Lobbying tools generally include: (1) direct contact (e.g., appointment with lawmakers, government officials), (2) indirect contact (e.g., petition, letter, telephone calls), (3) trade association (e.g., multinational hotel chain association established in a host country), (4) cross lobbying (joint forces with other groups having a common interest, e.g., hotel chain association with international chamber of commerce), and (5) 3 b's (briberies, blondes, booze) (Peters 1979).

### **Political Environmental Impacts**

Political environmental impacts on business in general in the multinational context are identified by several scholars (Pearce and Robinson, 1988; Brudno, 1962; Poynter, 1978; Berenbeim, 1983; Schnitzer, Liebreinz, and Kubin, 1985; Friedmann and Kim, 1988; Robock and Simmonds, 1973). Pearce and Robinson (1988) claim that political constraints are placed on each firm through fair-trade decisions, antitrust laws, tax programs, minimum wage and labor-related legislation, pollution and pricing policies, administrative jawboning and other government actions. Similarly, Terpstra (1978) cites a list of legal subject areas that

international management should investigate (Table 5).

The list was identified earlier by Brudno (1962). Under each heading, there are many different laws and regulations. However, Terpstra (1978) indicates that the list is not complete, because it omits such areas as marketing and product laws.

Poynter (1978) defines three sets of governmental intervention that impact business operations of the multinational firm and its subsidiaries (Table 6). Meanwhile, Schnitzer, Liebreinz and Kubin (1985) view the relation between host government and international business each from legal aspects, government policies on commerce and finance, and political risk. The following are important political environmental factors that they identify as having an impact on international business. They cite antitrust laws, attitudes toward bribery, patents and trademarks, and labor laws as legal factors that impinge upon the operation of firms,. Factors having important commercial and financial policy impacts are taxation, tariffs, import quotas, administrative protection, such as use of local parts and labor, and pricing controls, foreign exchange controls, and currency devaluation.

The authors also discuss several categories of political risk. One broad category is governmental seizure of a company's asset, which can be done directly through

Table 5  
A Legal Check List for International Management

- 
1. Business location
  2. Business structure
  3. Financial problems
  4. Monetary problems
  5. Taxation problems
  6. Industrial property protection  
(patents and trademarks)
  7. Investment deterrents
  8. Investment incentives
  9. Personnel problems
  10. Antitrust problems
  11. Movement of goods
  12. Miscellaneous problems
- 

Source: Brudno, 1962

Table 6  
Examples of Host Government Intervention  
in Multinational Settings

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Financial

Foreign exchange availability  
Profit repatriation limits  
Export requirements  
Hard currency debt requirements  
Price controls  
Limits on research and management fees

Operational

Local value-added minimums  
Maximum limits on market-share  
Requirements for local production of a product  
Use of local distributors  
Staffing restrictions affecting foreigners

General/Strategic

Ownership limits  
Locus of control  
Nature of business (assembler, manufacturers, etc.)  
Unilateral contract renegotiations  
Bureaucratic harassment

---

Source: Poynter, 1978; Berenbeim, 1983

expropriation, war, revolution, terrorism, or more indirectly through discriminatory taxation, required wage increases, or forced employment of foreign nationals. A second type of political risk involves currency inconvertibility, which prohibits a company from taking its earnings outside of a country, and the third category of risk involves credits, including a default on a country's credit obligation, repudiation of contract, and refusal of export and import licenses.

Political risk in the management literature often includes the possible occurrence of a political event of any kind (wars, revolution, coup d'etat, expropriation, taxation, devaluation, exchange controls and import restrictions) that can cause a loss of profit potential and/or assets in an international business operation (Root, 1972). Examples of political risk events summarized by Friedmann and Kim (1988) illustrate numerous kinds of events or situations related to political risk as shown in Table 7. Another example of the effects of political risk on international business operations can be found in the book of Robock and Simmonds (1973) as cited by Kobrin (1978) in his article regarding the political environment (Table 8).

However, the political environment under discussion in this study did not deal with those political events that are likely to bring about termination of business or extreme

Table 7  
Examples of Political Risk Events

- 
1. Change of contract price
  2. Civil disorder (e.g., demonstration, riots, terrorism, armed insurrection, guerrilla war, civil war)
  3. Creeping expropriation
  4. Devaluation/revaluation
  5. Domestic price control
  6. Embargoes and boycotts
  7. Flow of funds restriction (e.g., dividends, royalties, interest payments, profit repatriation)
  8. Foreign exchange control (e.g., convertibility)
  9. Foreign war
  10. Government to government sales policies
  11. Hiring and firing constraints (e.g., local employment)
  12. Ideological change
  13. International trade barriers and constraints
  14. Labor relations and shortages
  15. Local product content rules
  16. Locally shared ownership
  17. Non-tariff barriers (e.g., regulation, subsidies)
  18. Outright nationalization (e.g., confiscation, expropriation)
  19. Production quotas
  20. Reinvestment requirements
  21. Tariff barriers
  22. Tax (e.g., income tax)
- 

Source: Friedmann and Kim, 1988

Table 8  
Political Risk Effects on International Business

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1. Confiscation (loss of assets without compensation)
  2. Expropriation with compensation (loss of freedom to operate)
  3. Operational restrictions (e.g., market shares, product characteristics, employment policies, locally shared ownership, and so forth)
  4. Loss of transfer freedom (e.g., dividends, interest payments, goods, personnel, or ownership rights)
  5. Breaches or unilateral revisions in contracts and agreements
  6. Discrimination such as taxes, compulsory subcontracting
  7. Damage to property or personnel from riots, insurrections, revolution, and wars
- 

Source: Robock and Simmonds, 1973

damage to properties, but with those events or changes which are gradual, progressive and expected. For example, events listed in Table 7, such as expropriation, wars, revolution, terrorism, civil disorders, and ideological change will be excluded from the scope of the political environment for the present study. From the above several examples of political environmental impacts on multinational business in general, the key factors are summarized in Table 9.

While no research has been carried out directly on the hospitality industry, the attempt was made to identify key factors in the political environment having impacts on the hospitality industry through an analysis of the Trends Database (Center for Hospitality Research and Service, Virginia Tech). The identified factors are shown in Table 10. The analysis was made based on reports of events occurring in the international political environment appearing in business, trade, and professional journals during 1989 through June 1991.

This analysis shows that the hospitality industry, including multinational firms, is being affected by many different political environmental factors. The variety of impacts illustrated in the Trends Database portrays the need for a framework for use in a predetermined classification scheme.

Table 9  
Key Factors in the Political Environment  
for Multinational Business in General

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<u>Legal</u>	Antitrust laws Corrupt practices Patents and trademarks laws Labor laws
<u>Financial</u>	Foreign exchange controls Profit repatriation limits Export requirements Flow of funds restriction Currency devaluation/revaluation Price controls Reinvestment requirements Tax
<u>Commercial</u>	Tariffs barriers Non-tariff barriers Production quotas Import quotas Administrative protection Embargoes and boycotts
<u>Operational</u>	Local value-added minimum Maximum limits on market-share Use of local distributors Labor relations Labor shortages Staffing restrictions affecting foreigners
<u>General/ Strategic</u>	Ownership limits Locus of control Nature of business Unilateral contract renegotiations Change of contract price Bureaucratic harassment

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Table 10  
Political Environmental Impacts Upon  
the Hospitality Industry

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1. Facilitation of travel

- Visa waiver program
- More custom inspectors at airports
- Pre-inspection of immigration at foreign airports
- Abolition of customs and immigration checks  
(European Community)
- Change in policy toward market economy
- Non-communist position in Eastern European  
countries
- Rating system for hotels and other tour facilities

2. Restriction on travel

- Ban against foreign flag vessels' call at ports
- Restriction on nationals' travel to certain  
countries
- Government oppression on human rights
- Restriction on foreign travel allowance

3. Travel safety and security

- Tougher airport security
- Budget for airport bomb detectors
- Fire, sanitation, health facilities in hotels and  
restaurants

4. Taxation

- Air/sea international departure tax
- Sales tax reduction
- Value-added tax
- Exercise tax on airline's international route  
certificate
- Government tourism office funding fees:
  - \$1/passenger on international air/cruise lines
- Agriculture inspection fees: \$1-3/passenger on  
international air/cruise lines

Table 10 - continued  
Political Environmental Impacts Upon  
the Hospitality Industry

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5. Ownership limits

Airlines and other transportation companies  
Hotels, restaurants, and other travel related  
facilities

6. Operational intervention

Licensing of establishing or operating business  
Approval of pricing  
Employment of nationals and foreigners  
Payment and exchange restrictions

7. Environmental restrictions

Across-the-board smoking ban  
Construction limits on hotel size and building  
height

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Source: Trends Database, Center for Hospitality Research  
and Service, Virginia Polytechnic Institute and  
State University, Blacksburg, Virginia, 1989-1991

### **Summary**

The environment, the major independent factor affecting an organization, consists of two components: general environment and task environment. The general environment is composed of remote, broad based events taking place in the political, economic, sociocultural, technological, and ecological spheres, while the task environment is considered events taking place in the customer, competitor, supplier and regulator segments.

There are three dimensions to the concept of organizational environment: complexity, uncertainty, and illiberality. Complexity refers to the number of factors influencing events in the environment. Uncertainty is associated with the variability and frequency of change. Illiberality refers to the degree of threat from external factors which face organizational decision makers.

The relationship between organizations and their environment were examined from two perspectives: one which identifies environment as objective and the other which identifies as personally perceived. The objectively conceived environment is composed of the actual features of the environment, while the personally perceived environment is composed of the personal assessments that organization

managers make. Since management responds only to that part of environment which it perceives, it is very important for a manager to monitor and assess the environment as accurately as possible for the success of business.

Environmental scanning is the process by which executives learn of events and trends outside of their organization, thereby reducing environmental uncertainty and adopting a proactive approach to managing the environment. It has been suggested that multi-unit operators have limited perception and spend little time in environmental scanning. It has also been shown that those firms that do scan the environment outperform those that do not. The message here is for organization leaders to begin to understand the environment and spend more time and energy studying how events are likely to affect the organization.

However, there are several problems with environmental scanning activities, such as lack of clarity of environmental information obtained, uncertainty about the causal relationship between environment and its impacts, and inability to assign probabilities to predicted events in the environment and their eventual impacts. To help solve these problems it is necessary to develop a framework or typology that can provide a manager with clear information about events in the environment, its impacts upon the organization, and the timing for actions.

A literature review identified many studies on multinational firms in general, and found several typologies that describe political environmental impacts upon multinational business operations. However, few studies were found regarding the multinational hospitality firm. The only source from which political environmental impacts upon the hospitality firm were extracted was the Trends Database (Virginia Polytechnic Institute and State University) with its base in the United States.

Furthermore, since these identified impacts from the Trends Database are related to the hospitality industry in general, they are only partly useful to the multinational hotel chain operators. It is therefore necessary to develop a typology that will give them a systematic framework of political environmental key factors that have had, or are likely to have, impacts upon the business development and operations of the multinational hotel chain and its subsidiaries.

## **CHAPTER 3**

### **METHODOLOGY**

This chapter presents the objective of the study and a description and justification of the Delphi Technique which is selected as the methodology for this study. The research design of the study, focused on the selection of the panel of experts, questionnaire construction, data collection and analysis precesses, are also presented.

#### **Objective of the Study**

The problem for the present study, as stated in the previous chapter, was to identify key factors associated with the political environment in NICs in Asia that affect the business development and operations of the multinational hotel chain. Key factors were identified under four categories: law and regulation, administrative, judicial, and lobbying. The legislative category was later merged into the law and regulation category as a result of the Round I process during which it was found that the panel members had difficulties in differentiating the two category. These factors form a basis for developing a framework for monitoring and assessing events and trends in

the political environment in developing countries for the multinational hotel chain management. Currently, there is no such framework nor typology developed for the hospitality industry. An objective of this study was to develop one. The study was accomplished by identifying key factors in the political environment of five Asian countries with participation by professionals such as multinational hotel chain executives and general managers, trade association executives, government tourism officials, hospitality management educators, and industry lawyers. All the participants were selected from among those who are related to the five developing Asian countries: Hong Kong, Korea, Malaysia, Singapore, and Thailand.<sup>2</sup>

Research areas considered to impact the development and operations of the multinational hotel chain and/or its subsidiaries in NICs in Asia included the following:

1. Laws and regulations passed and currently in force at national, state (or provincial), or local levels
2. Laws and regulations currently pending in the legislative at national, state (or provincial), or local level
3. Administrative orders, rules, ordinances, and policies at national, state (or provincial), or local levels

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<sup>2</sup> The panelists from Thailand gave up to participate in the Delphi survey after Round I.

4. Court cases, jurisdiction, procedures, and judicial systems at national, state (or provincial), or local levels
5. Lobbying activities

This study was conducted using the Delphi Technique, which was considered most appropriate for this kind of research that requires a consensus of experts in the field under study. The justification for using the Delphi technique is outlined in the following sections.

### **The Delphi Technique**

#### **Description of the Delphi Technique**

The Delphi Technique is a tool for organizing group communication, without direct discussion, in order to refine group opinion and arrive at a consensus (Fendt, 1978; Linstone & Turoff, 1975; Tersine and Riggs, 1976). Delphi is specifically described by Sackman (1975) of the Rand Corporation by which the original technique was developed:

Delphi is an attempt to elicit expert opinion in a systematic manner for useful results. It usually involves iterative questionnaires administered to individual experts in a manner protecting the anonymity of their responses.

Feedback of results accompanies each iteration of the questionnaire, which continues until convergence of

opinion, or a point of diminishing returns, is reached. The end product is a consensus of experts, including their commentary on each of the questionnaire items, usually organized as a written report by the Delphi investigator.

Usually there are three basic components of the Delphi method: the creation of a panel of experts, the use of a series of questionnaires for consultation purposes, and provision for feedback of findings to respondents (Masser and Foley, 1987).

### Strengths and Weaknesses

One great strength of the Delphi is that it achieves a consensus similar to that of a committee meeting without the disadvantages inherent in direct group contact (Gow, 1979). Drawbacks of group discussion include influence of a group decision by dominant individuals (Jaeger and Busch, 1984), group pressure for conformity, irrelevant and biasing communication, and the unwillingness of people to abandon positions to which they have publicly committed themselves (McGaw, Browne and Rees, 1976). However, a Delphi participant finds it much easier to change his/her mind if he/she has no ego involvement in defending an original estimate and he/she is less subject to the halo effect, where the opinion of one highly respected man influences the opinion of others (Tersine and Riggs, 1976). Also reduced

is the bandwagon effect which encourages agreement with the majority (Tersine and Riggs, 1976).

Another significant advantage of Delphi, according to Tersine and Riggs (1976), is that it forms a consensus of opinion by requiring justification for any significant deviation from the group average. Also, from the standpoint of the researcher, the technique has the advantage of being relatively inexpensive to organize and administer provided that a panel of experts are willing to give time to the project (Masser and Foley, 1987). An additional advantage is that it eliminates participation constraints which occur as the size of a meeting increase (Miller, 1988).

The Delphi Technique is particularly suited to forecasting or identifying trends, but there are some weaknesses. First, the successful outcome of the Delphi method depends on the selection of an appropriate panel of experts (Taylor and Judd, 1989). Second, the time required between each round of questionnaires to analyze the data and prepare the next round is a disadvantage for implementing the Delphi technique (Gow, 1979), because the interest of the participants may decline if there is a long delay between rounds (Tersine and Riggs, 1976). The third weakness lies in its dependence on the ability of the researcher or the monitor team (Richey et al., 1985), who must correctly present the developing consensus and

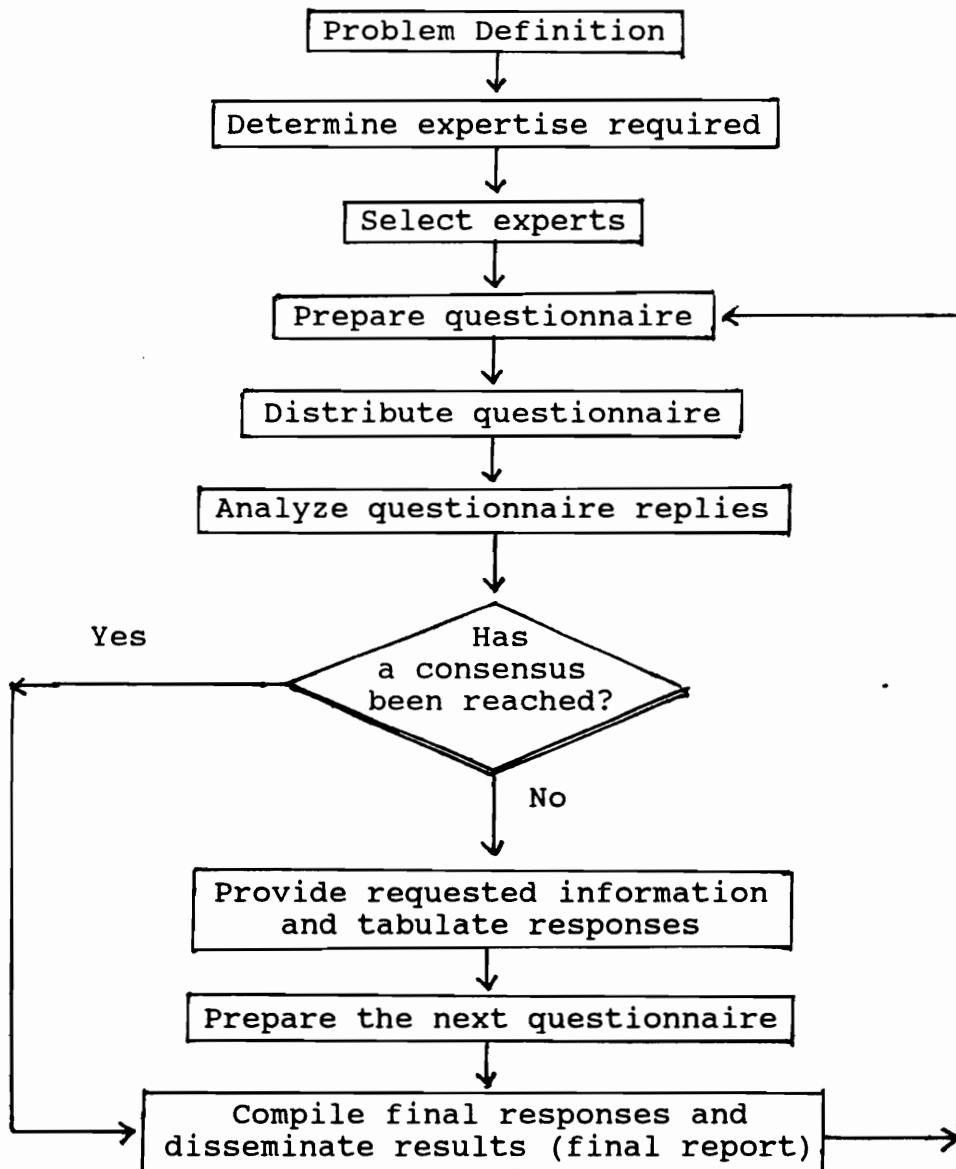
dissenting views to the respondent group of experts (Linstone and Turoff, 1975).

### Procedures

This method involves research in the area to be studied, selection of a panel of experts, development of questionnaires, and analysis of the replies (Figure 1). The first task is to define the area of study, to identify a likely sequence of events, and to research the information which has been developed pertaining to the area of study (Hudman and Hawkins, 1989).

The second step is to select the panel of experts, or respondents. Since the composition of this group is critical in determining the effectiveness of the Delphi Technique, basic criteria should be considered in choosing participants (Tersine and Riggs, 1976; Taylor and Judd, 1989). Tersine and Riggs (1976) suggests five criteria for selecting participants:

1. They must have a basic knowledge of the problem area and be able to apply that knowledge.
2. They must have a good performance record in their particular area.
3. They must possess a high degree of objectivity and rationality.
4. They must have the time available to participate to the conclusion of the program.



Source: Tersine and Riggs (1976)

Figure 1  
Steps to be Taken for Conducting the Delphi Technique

5. They must be willing to give the amount of time and effort to do a thorough job of participation.

The sample size is the next major item for consideration. There are no specific guidelines for determining the optimum number of panel members to use. Tersine and Riggs (1976) suggest that if the group is homogeneous, between ten and fifteen respondents should be sufficient to generate effective results. However, if the panel members are basically heterogeneous (with broad representation), a larger number is necessary to achieve reasonable quality (Taylor and Judd, 1989). Norman Dalkey, an expert in Delphi methodology, recommends a 30-35 member panel for social issues (Gow, 1979), while Taylor and Judd (1989) suggest a 20-30 panel member for environmental forecasting. The panel participates in group communication through a series of controlled questionnaires referred to as rounds or phases. For an unmodified Delphi the first questionnaire typically consists of open-ended sentences concerning the problem to be addressed. Delphi for this study was slightly modified to provide the participants with five headings as a guideline under which they were requested to list key factors related to the study. The first round of replies is edited, and summaries are prepared showing their range and distribution. Results of the first round are the basis for

the second round. In the second round the panelists are asked to reevaluate their responses from round one in light of summaries of responses, and to indicate the reasons behind any given reply which varies significantly from the general distribution. These responses are again edited, and new summaries are developed and sent out as round three to the panelists. During the third round the panelists are asked to change their rating to that of the mode or to provide arguments against change. A final editing and analysis of the last round is conducted for a final report.

### Uses

The Delphi Technique was originally intended and has been most often used as a forecasting tool (Helmer, 1975; Bardecki, 1984). Today there is a surprising variety of other application areas. Among those already developed Linstone and Turoff (1975) found:

- \* Gathering current and historical data not accurately known or available
- \* Evaluating possible budget allocations
- \* Exploring urban and regional planning options
- \* Planning university campus and curriculum development
- \* Delineating the pros and cons associated with potential policy options

- \* Developing causal relationships in complex economic or social phenomena
- \* Distinguishing and clarifying real and perceived human motivations

More recently, accreditation standards for faculty in four-year hospitality management education programs were developed using Delphi technique by Miller (1988).

### **Design of the Study**

#### Selection of Panelists

This study sought the opinions of professionals in the field of the lodging industry, hospitality management education, hospitality legal profession, and government activity relative to hospitality business with regard to key factors in the political environment influencing the business development and operations of the multinational hotel chain and its subsidiaries. The panel for this study, therefore, consisted of representatives from five fields: multinational hotel chains, trade associations, hospitality legal profession, college hospitality or tourism management education programs, and government tourism organizations. Panel members were nominated by the author.

Representatives from the hospitality industry were selected from three leading multinational hotel chains that

operate hotels in NICs in Asia -- Hong Kong, Korea, Malaysia, and Singapore (Appendix E). They were expected to be corporate executives in charge of project development and international operation as well as general managers of the chains' subsidiaries in the said countries. Other representatives from the industry were those who represent trade associations related to hotel or tourism in the five countries. They should be thoroughly knowledgeable about the business environment and problems in the countries under consideration.

Legal representatives were selected from among members of legal advocates based in the United States who are specialized in the hospitality affairs. Representatives from education were current faculty either in four-year or two-year hospitality management education programs in the five countries. They should be familiar with areas of the multinational hotel management and/or laws and regulations related to the tourism and hospitality industry. Finally, representatives from government were officials in charge of the lodging industry sector of the government tourism organization in each country.

The sample size was designed to have about 20 members based on the recommendation of Norman Dalkey, an expert in Delphi Technique. However, nominations were made for more than 20 persons in order to allow the attrition during

rounds. Accordingly, participation of 45 panel members were sought allowing 21 members from industry (representing six multinational hotel chains), nine members from legal profession, and five members each from trade association, education and government (one member each from the five countries).

The multinational hotel chains were selected from among those chains which operate their hotel subsidiaries in all or some of the five countries and panel members from this sector were identified from the related corporate directory. Lawyers were selected on the recommendation of the Legal Advocates based in San Francisco, U.S.A. Education, trade association and government representatives were selected from the list obtained from each government tourism organization in the five countries.

Letters of invitation to participate in the panel were sent to the nominees (Appendix A) together with a package of materials for Round I of the Delphi process (Appendix B). The letter emphasized their anonymous participation as an expert with a group of their peers. The letter included a personal information sheet. Return of the information together with the answers to the Round I questionnaire was considered agreement on the part of the panel member to participate in the total Delphi process. Any nominated panel member who did not return the information sheet and

the questionnaire by the deadline was reminded by follow-up letters and contacted by telephone and asked about their intention to participate.

### Questionnaire Construction and Data Collection Process

This study utilized three questionnaires in three rounds or phases. In Round I the first questionnaire asked panelists to list the key issues in the political environment of NICs they consider important to project development and business operation of the multinational hotel chain and its subsidiaries (Appendix B). Generally the first phase allowed for complete freedom to explore the topic (Miller, 1988). Round I provided the panel members with five classifications of the political environment: law and regulation, legislative, administrative, judicial, and lobbying. Under each heading panelists were free to list any impacts they considered important (Appendix B).

In the second questionnaire the participant rated key factors based on the data collected from the panel in Round I (Appendix C). Key factors identified from Round I were listed with a five point Likert-type scale for rating based on the level of influence of the factor on development and operations of the multinational hotel chain. It was found from panelists' responses to Round I that it was hard for

them to differentiate between the two classifications, law and regulation and legislative. Most of respondents copied a listing of key factors under the law and regulation to the legislative category. Accordingly, the two categories were merged into one in the second questionnaire.

Panelists rated factors, using a scale from 1 through 5, 1 meaning "not influential at all" and 5 meaning "very influential." During Round II they were given an opportunity to add or change factors. In Round III, the questionnaire was concerned with reexamination of key factors based on the results of the second questionnaire. Key factors were listed with the rating of each panel member with the most frequently chosen responses enclosed in brackets and each panelist's response underlined (Appendix D). Then Round III allowed respondents to reach an agreement on selecting the factors that were considered influential in conducting business in NICs. In addition, this final phase of the study asked the panelists to determine if they would prefer to change their initial rating in view of the ratings given by the other panel members.

In each round a package of materials was mailed to panelists including a cover letter, instruction sheet, questionnaire, and self-addressed stamped return envelope. The initial letter (Appendix A) gave a brief overview of the

study and a general outline of the time involved in participating in the study.

### Data Analysis

All key factors listed by the panelists in Round I was included in the Round II questionnaire (Appendix C). The mode for each factor in Round II was determined and reported in Round III along with the initial response of the panelist (Appendix D).

The number of votes in each influential category for each factor was revised at the completion of Round III when the panel members changed their position on factors during Round III. Data from this round were used to establish the acceptable factors in a framework for the analysis of political environmental issues for the multinational hotel chain in NICs. Factors having received a two-thirds majority of the responding panel members from the categories of very influential (5), moderately influential (4), and average influence (3) together were included in the framework (Table 36). Since no factor in the political environment of the multinational lodging industry has previously been identified, a two-thirds majority for each factor were considered good enough to illustrate its importance and influence to multinational hotel firms.

### **Summary**

This study utilized experts in lodging firms and lodging trade associations, legal professionals, hospitality educators, and responsible government officials in national tourism offices to identify key factors in the political environment of NICs that have impacts upon the business development and operations of the multinational hotel chain. It attempted to identify the key factors agreed upon by experts through the Delphi Technique employing three rounds. Key factors selected as upper three levels of a five-point scale of influence (5, 4, and 3) were prioritized and incorporated into the suggested framework. The result of this study will be used as a basis for further studies on impact areas of the key factors and the timing of impact in relation to management of the multinational hotel chain.

## **CHAPTER 4**

### **DATA ANALYSIS AND DISCUSSION**

Key factors to be used as a basis for developing a framework for the analysis of political environmental issues faced by multinational hotel chains in newly industrialized countries were identified using three rounds of the Delphi Technique. In this chapter, participation of panel members is summarized and the results of each of the three Delphi rounds are presented.

#### **Participation of Panel Members**

A panel of 45 experts, five each from government, education, and trade associations, twenty-one from hotel chains, and nine from industrial legal firms, were nominated to serve as the panel for this study, and a panel member information sheet together with the round one questionnaire was mailed to them.

Of that number, 21 (46.7%), including four government officials, three educators, four trade association officials, six chain hotel executives and general managers, and four industry lawyers, completed and returned the first round questionnaire with information sheets implying their

agreement to participate. Hong Kong, Korea, Singapore, and USA were each represented by four professionals, Malaysia and Thailand were each represented by two, and Switzerland was represented by one.

In round two 17 members (81%) of the first round participants participated and returned the questionnaire. The four drop-outs included one each from the government, trade association, law, and education sectors. All 17 of the questionnaires in the final round were returned. Six members, or 35.3 percent of the panel, were represented by hotel chain executives or general managers of chain hotels. Three each (17.6%) were represented by trade association executives, government officials and industry lawyers, respectively, and two, or 11.8 percent, by educators.

Six members representing the chains (Hyatt, Meridien and Swissotel) consist of three corporate executives in charge of international development or operations (one in the headquarters and two in Asia Pacific regional offices) and three general managers, each in charge of one of the chain's hotels in the Asian countries under study. According to the panel member information sheet, five of them had graduated from hotel schools or hotel management departments in universities and one had graduated from a business school.

Three government members, one director-general and two

directors of a national tourism office, represent two countries, Korea and Singapore. Two of them hold bachelor's degrees in law, while one holds a bachelor's degree in business administration. Two educators from Hong Kong and Korea reported being professors in departments of hospitality management and tourism, respectively. Both have doctoral degrees, one in technology and the other in tourism policy.

Trade associations were represented by three senior executives of national hotel or tourism associations from Hong Kong, Korea, and Singapore. Finally, of the three industry lawyers who participated in the study, two were specialized in travel related law and one in international real estate investment and development. All reported counseling experience in the hospitality industry for more than 15 years.

Some panel members did not answer the personal information sheet, giving no reason. Some members declined to rate some items in the second and third round questionnaires because they were not applicable specifically to situations in their countries. Accordingly, analysis of the data from Round II and III was based on the percentage of those responding to the question.

### **Analysis of Data From Round I**

Round I listed five segments of the political environment according to the classification scheme of the Trends Database developed by the Center for Hospitality Research and Service at the Virginia Polytechnic Institute and State University, Blacksburg, Virginia (Table 11). The panel members listed key factors having an impact upon the business development and operations of the multinational hotel chain in NICs for the categories of law and regulation, legislative, administrative, judicial, and lobbying. A few examples of factors to be listed were presented in each category to help the panelist reply to the questionnaire (Table 11).

Panel members suggested a total of 93 key factors, including 47 under the law and regulation category, 19 under administrative, 13 under judicial, and 14 under lobbying. In each category, except for judicial and lobbying, the factors were grouped into three sub-categories of financial, operational, and general/strategic. This classification system was cited from the table titled Examples of Host Government Intervention in Multinational Settings (Poynter, 1978; Berenheim, 1983). Duplicated factors were summarized into a common factor and factors having a common theme were grouped under each sub-category. The result of Round I is

Table 11  
Round I: Identification of Key Factors  
in the Political Environment

Category	Examples of Factors
1. Law and Regulation	1. Labor laws regulating the creation of a union and its activities  2. Limits on ownership of hotels by a foreigner  3. Environmental restrictions on constructing hotels  (Space for listing provided here)
2. Legislative	1. Imposing a new fee on international air/cruise passengers for the national tourism organization's funding  2. A new bill to restrict foreign investment in the hospitality sector  (Space for listing provided here)
3. Administrative	1. Price control (e.g., rates or room and food & beverage)  2. Hiring and firing constraints (e.g., local employees)  3. Use of local distributors for import of food stuffs, liquors, beverages, etc.)  (Space for listing provided here)

(Table Continued)

Category	Examples of Factors
4. Judicial	<ol style="list-style-type: none"> <li>1. Judicial precedents of applying liability law with regard to hotel guests and their belongings</li> <li>2. A case of conflicts over court jurisdiction</li> <li>3. A case of disputes over interpretation of a contract</li> </ol> <p>(Space for listing provided here)</p>
5. Lobbying	<ol style="list-style-type: none"> <li>1. Maintaining good relationships with government agencies</li> <li>2. Hiring a local lobbying group</li> <li>3. Organizing an association consisting of chain hotel managers</li> </ol> <p>(Space for listing provided here)</p>

Table 12  
The Result of Round I

Category	Number of Suggested Factors	Percent (%)
Law and Regulation	47	50.5
Financial	14	15.0
Operational	16	17.2
General/Strategic	17	18.3
Administrative	19	30.4
Financial	5	5.4
Operational	4	4.3
General/Strategic	10	10.7
Judicial	13	14.0
Lobbying	14	15.1
Total	93	100.0

shown in Table 12, and a list of the factors identified under each category is found in the section of Analysis of Data from Round II. All factors listed by the panel members were included as items to be rated in Round II (Appendix C).

During the analysis of Round I, a considerable number of panel members provided a same or similar listing of key factors under the categories of law and regulation and legislative. Some other members just left the legislative category blank. It implied that panel members experienced some confusion or difficulty in differentiating the two categories. Realizing that it was of little practical use to maintain the two in separate categories, a decision was made to eliminate the legislative category from the political environmental classification for the subsequent rounds of the Delphi process.

### **Analysis of Data From Round II**

Round II was designed to provide the panel members with the opportunity to rate the key factors suggested by them during Round I (Appendix C). The panel members rated each factor for its level of influence on business on a five point Likert-type scale: 5 = very influential, 4 = moderately influential, 3 = average influence, 2 = slightly influential, and 1 = not influential.

Two categories, 'very influential' and 'moderately influential,' were referred to as 'the higher level influence categories' and other two categories of 'slightly influential' and 'not influential' were referred to as 'the lower level influence categories' throughout this and following chapters. Data for each of the four political environmental categories are analyzed as follows.

### Law and Regulation

The panel members suggested a total of 47 key factors under this category. Fourteen of them come under the financial sub-category; 16 under operational; and 17 under general/strategic. The distribution of responses by the two segments of panel members, industry and non-industry, within law and regulation, is presented in Tables 14, 16, and 18. The industry segment includes representatives from multinational chain hotels and those from trade associations, while the non-industry segment includes those representing government, education, and law firms.

Financial: Table 13 presents factors listed by the panel members in Round I with brief explanations where necessary. Table 14 shows that two of the 14 identified factors (14.3%) in this sub-category, limits on

Table 13  
Financial, Law and Regulation Factors

Factors Listed by the Panel	Explanation
1. Limits on convertibility of local currency into foreign currency	These limits make it impossible for a hotel to make remittance of its earnings
2. Restrictions on repatriation of capital, profit and management fees	
3. High corporation tax on hotel firms	
4. Local tax holidays	Tax incentives given by host government (e.g., exemption of corporate tax for five years)
5. Tax credits for creating new jobs or for providing training and education	
6. Taxation laws intended to attract foreign capital for investment in hotel projects	Host government offers tax incentives to foreign investors
7. Possible taxes being considered for legislation:	
a. traffic tax to be imposed on hotels that create traffic jams	To be applied mostly in crowded downtown areas, causing additional financial burden to a hotel
b. tax to imposed on foreign workers	
c. sales tax	
d. fee to be imposed on a cruise passenger	To be applied for international departure passengers
e. increase in corporate tax	
f. increase (or decrease) in airport tax	Tax imposed on international departure passengers
g. abolition of tax incentives	Elimination of tax benefits such as items 4 and 6

(Table Continued)

Factors Listed by the Panel	Explanation
8. Budget proposals to fund tourist promotion activities and education of local hotel employees	

Table 14  
Round II: Frequency of Responses to  
Financial, Law and Regulation

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Financial	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Limits on convertibility of local currency into foreign currency	7 3 1 1 5	5 0 1 0 3	2 3 0 1 2
2. Restrictions on repatriation of capital, profit and management fees	8 3 1 2 3	5 1 1 1 1	3 2 0 1 2
3. High corporation tax on hotel firms	4 7 1 2 3	2 4 0 1 2	2 3 1 1 1
4. Local tax holidays	2 4 6 4 0	2 2 3 2 0	0 2 3 2 0
5. Tax credits for creating new jobs or for providing training and education	2 6 2 4 2	1 4 1 3 0	1 2 1 1 2
6. Taxation laws intended to attract foreign capital for investment in hotel project	4 4 4 3 1	3 2 2 2 0	1 2 2 1 1
7. Possible taxes being considered for legislation:			
a. traffic tax to be imposed on hotels that create traffic jams	1 3 6 1 5	0 3 2 0 4	1 0 4 1 1
b. tax to be imposed on foreign workers	3 5 3 4 1	2 2 2 2 1	1 3 1 3 0
c. sales tax	2 3 5 6 1	1 3 2 3 0	1 0 3 3 1
d. fee to be imposed on a cruise passenger	0 1 5 4 7	0 1 2 1 5	0 0 3 3 2
e. increase in corporate tax	1 3 5 6 2	1 3 3 1 1	0 0 2 5 1
f. increase (or decrease) in airport tax	1 2 4 6 4	1 2 3 1 2	0 0 1 5 2
g. abolition of tax incentives	1 5 4 5 1	1 4 3 1 0	0 1 1 4 1

(Table Continued)

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Financial	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
8. Budget proposals to fund tourist promotion activities and education of local employees	1 3 10 3 0	1 2 5 1 0	0 1 5 2 0
Total Number of Frequency	37 52 57 52 35	25 33 30 17 19	12 19 27 33 16

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

convertibility of local currency into foreign currency (Item 1) and restrictions on repatriation of capital, profit and management fees (Item 2) rated highest in the very influential category. There was no substantial difference in the rating of these two items between the panel members representing the industry and non-industry.

Three factors (21.4%) obtained the most votes in the moderately influential category: high corporate tax on hotel firms (Item 3), tax credits for creating new jobs or for providing training and education (Item 5), and possible tax legislation imposed on foreign workers (Item 7b). Industry and non-industry panel members also rated these items similarly.

The following five factors rated highest in the least influential categories: traffic tax to be imposed on hotels that create traffic jams (Item 7a), sales tax (Item 7c), fee to be imposed on a cruise passenger (Item 7d), increase in corporate tax (Item 7e), and increase (or decrease) in airport tax (Item 7f). The fee to be imposed on a cruise passenger (Item 7d) rated highest in the category of not influential. A difference was found in the rating of the three items between the two groups. Non-industry members were more negative in the rating of Items 7e and 7f (increase in corporate tax and airport tax) than were industry members, while the industry members were more

negative in the rating of Item 7a (traffic tax).

Two items, abolition of tax incentives (Item 7g) and budget proposals to fund tourist promotion activities and education of local hotel employees (Item 8), obtained mixed votes that gave no marked direction regarding the level of influence. There was no substantial difference in the rating of Item 8 (budget proposals to fund tourist promotion activities) between the two groups, but the industry group was more negative in the rating of Item 7g (abolition of tax incentives) than was the other group.

There were a total of 233 votes in this financial sub-category, of which 89 (38.2%) were for the very or moderately influential categories and 87 (37.3%) were for the slightly or not influential categories. Industry members more frequently rated in the very or moderately influential categories than non-industry members did (Table 14). Fifty-eight of 124 votes (46.8%) by the industry representatives were in the very or moderately influential categories, while 31 of 109 votes (28.4%) by the non-industry representatives were in the same categories.

Operational: Table 15 provides factors listed by the panel members and further definition of each factor if it is not self-explanatory. Table 16 shows the frequency of responses to the operational sub-category under the law and

regulation category. Among 16 factors listed in this sub-category, prohibition against holding weddings and other luxurious parties in a hotel (Item 3) was the only item rated highest in the very influential category with more votes of industry members than non-industry members (55.5% versus 28.6%).

The five (31.3%) rated highest in the moderately influential category include: minimum standards required for registering with the government to be officially recognized as a high standard hotel (Item 1), no allowance for a hotel to produce certain types of items such as sausages (Item 4), hiring employees based on racial quotas (Item 5a), setting a minimum wage to protect employees (Item 6a), and establishing an employee welfare fund (Item 6b). Three of the above five factors, Items 1, 4, and 6b, were suggested to be more influential by industry members than non-industry members.

Item 5b (hiring only those holding a government issued qualification certificate for all service or customer contact positions) received more votes in the less influential categories than in the higher influential categories. Industry representatives considered this item less influential than did non-industry representatives.

The following three factors received mixed votes giving no definite direction: firing employees who are incompetent

Table 15  
Operational, Law and Regulation Factors

Factors Listed by the Panel	Explanation
1. Minimum standards for registering with the government to be officially recognized as a high standard hotel	Most international chains maintain their own internal standards which far exceed most government rating standards.
2. Licensing of restaurants, swimming pools, barber shops, night clubs, bars, casinos, etc., in a hotel	Government requires a hotelier to get these licenses in addition to the hotel license
3. Prohibition against holding weddings and other luxurious parties in a hotel	This is one of government campaigns to discourage local people from engaging in excessive consumption
4. Hotels are not allowed to produce certain types of food items such as sausages	
5. Restrictive labor laws regarding: <ul style="list-style-type: none"> <li>a. hiring employees based on racial quotas</li> <li>b. hiring only those holding a government issued qualification certificate for all service or customer contact positions</li> <li>c. firing employees who are incompetent and/or keep bad relations with their superiors and/or peers</li> <li>d. creation of a union and its activities</li> </ul>	Government gives qualification tests several times a year to make qualified employees available to hotels. This is not necessarily stipulated only in labor law.
6. Labor laws protecting employees by: <ul style="list-style-type: none"> <li>a. setting a minimum wage</li> <li>b. establishing an employee welfare fund</li> </ul>	

(Table Continued)

Factors Listed by the Panel	Explanation
7. Labor laws extending benefits to multinational hotel chains for training the unprivileged local population	Benefits may include preferential government loan, reduction of taxable income, etc.
8. Limits on the number of foreign employees who may be employed in a hotel	
9. Setting standards for: <ul style="list-style-type: none"> <li>a. safety of guests, especially fire safety</li> <li>b. food handling and cleanliness for restaurant workers</li> <li>c. education and training facilities</li> </ul>	Facilities a hotel should provide
10. Restrictions on importation of liquor, raw materials, equipment, etc., for hotels use	In two ways: one is to encourage the use of local products; the other is to use local distributors to import them.

Table 16  
Round II: Frequency of Responses to  
Operational, Law and Regulation

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Operational	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Minimum standards for registering with the government to be officials recognized as a high standard hotel	2 6 3 1 4	1 5 1 0 2	1 1 2 1 2
2. Licensing of restaurants, swimming pools, barber shops, night clubs, bars, casinos, etc., in a hotel	4 6 6 1 0	3 4 2 0 0	1 2 4 1 0
3. Prohibition against holding weddings and other luxurious parties in a hotel	7 4 1 1 3	3 2 0 0 2	2 2 1 1 1
4. Hotels are not allowed to produce certain types of food items such as sausages	2 6 2 3 3	1 5 1 0 2	1 1 1 3 1
5. Labor laws being restrictive regarding:			
a. hiring employees based on racial quotas	1 6 4 2 3	0 4 3 2 0	1 2 1 0 3
b. hiring only those holding a government issued qualification certificate for all service or customer contact positions	0 4 6 4 2	0 3 2 2 2	0 1 4 2 0
c. firing employees who are incompetent and/or keep bad relations with their superiors and/or peers	3 4 3 6 1	2 1 1 5 0	1 3 2 1 1
d. creation of a union and activities	1 5 6 4 1	1 2 3 2 1	0 3 3 2 0
6. Labor laws protecting employees by:			
a. setting a minimum wage	1 6 3 4 2	0 4 2 2 1	1 2 1 2 1
b. establishing an employee welfare fund	1 5 4 3 3	0 4 2 1 2	1 1 2 2 1

(Table Continued)

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Operational	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
7. Labor laws extending benefits to multinational hotel chains for training the unprivileged local population	1 5 6 2 2	0 3 3 1 2	1 2 3 1 0
8. Limits on the number of foreign employees who may be employed in a hotel	3 6 6 2 0	2 4 2 1 0	1 2 4 1 0
9. Setting standards for:			
a. safety of guests, especially fire safety	4 4 6 0 2	3 3 2 0 1	1 1 4 0 1
b. food handling and cleanliness for restaurants workers	3 6 6 1 1	2 4 2 1 0	1 2 4 0 1
c. education and training facilities	0 6 8 2 1	0 4 4 1 0	0 2 4 1 1
10. Restrictions on importation of liquor, raw materials, equipment, etc., for hotels use	4 3 3 4 2	3 2 2 1 1	1 1 1 3 1
Total Number of Frequency	37 82 73 41 30	23 54 32 19 16	14 28 41 22 14

1. Industry: multinational hotel chain and hotel or tourist association

2. Non-Ind.: government, education, and law firm

3. 5 = very influential, 1 = not influential

and/or keep bad relations with their superiors and/or peers (Item 5c), creation of a union and its activities (Item 5d), and restrictions on the importation of liquor, raw materials, equipments, etc., for hotel's use (Item 10). However, differences were found in the rating of Items 5c and 10 between the two groups. Industry members were more negative in the rating of Item 5c, while non-industry members were more negative in the rating of Item 10.

The factors in this operational sub-category received more votes in the higher level of influence categories than in the lower level of influence categories. As Table 16 indicates, 119 of 263 votes (45.2%) were for the very or moderately influential categories, compared to 71 (27%) for the slightly or not influential categories. Again industry members were more positive in suggesting the factors which were more influential than were non-industry members (53.5% versus 35.3%).

General/Strategic: Table 17 provides a list of factors identified by the panel members and gives further definition of each factor if it is not self-explanatory. A distribution of responses to this section are illustrated in Table 18. Seventeen factors listed by the panel members were classified under this sub-category.

No items in this section received the most votes in the

Table 17  
General/Strategic, Law and Regulation Factors

Factors Listed by the Panel	Explanation
1. Limits (or no limitation) on ownership of a hotel by foreigners	General practice is known to be 49 percent ownership by foreigners when a limit is imposed.
2. Regulations applied to construction of hotels:	
a. A hotel project should be approved by the government before the construction is started.	
b. A certain amount of money per room must be posted in the time of application for a guarantee to ensure a project's start.	
c. The impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government.	Examples of impacts are traffic jams, sewage, destruction of the natural beauty, etc.
d. The hotel construction site should be located in the areas where the relevant laws permit (environmental and zoning restrictions).	
e. Standard lots for parking should be secured (for exclusive customer use and safety).	Standard lots differ according to the size of a hotel to be constructed.
f. A minimum size for guest room and bath is required.	A minimum size differs according to the type of room.
g. The requirement for basic facilities and amenities such as lobby, restaurants, etc.	The planned facility for most international hotel chains would far exceed any minimum government requirement.
3. No smoking regulations in food and beverage outlets	

(Table Continued)

Factors Listed by the Panel	Explanation
4. Hotel classification systems (e.g., using symbols of flowers or stars)	
5. Constantly changing regulations	Hotel management should pay attention to frequent changes in host government's laws and regulations.
6. Whether the country is a signatory to any international convention or protocol	International conventions may include International Civil Aviation Organization and World Tourism Organization.
7. Availability of police forces to ensure security in cities and neighborhoods	
8. Budget available to country's tourism department to promote the hotel's services overseas	
9. Reduction of red tape to get government permits	Examples for red tape include too many agencies that require a hotel to get permits for construction and/or operation.
10. Legalizing casino gambling	
11. Establishment of small claims courts to provide easy and inexpensive ways to process consumer claims	

Table 18  
Round II: Frequency of Responses to  
General/Strategic, Law and Regulation

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Limits (or no limitation) on ownership of a hotel by foreigners	5 3 1 5 3	2 2 1 2 2	3 1 0 3 1
2. Regulations applied to construction of hotels:			
a. A hotel project should be approved by the government before the construction is started.	4 5 3 3 2	2 2 3 0 2	2 3 0 3 0
b. A certain amount of money per room must be posted in the time of application for a guarantee to ensure a project's start.	0 4 9 2 2	0 1 7 1 0	0 3 2 1 2
c. The impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government.	4 7 6 0 0	2 6 1 0 0	1 2 5 0 0
d. The hotel construction site should be located in the areas where the relevant laws permit (environmental and zoning restrictions).	3 6 7 1 0	2 4 2 1 0	1 2 5 0 0
e. Standard lots for parking should be secured (for exclusive customer use and safety).	3 5 6 2 1	1 4 2 1 1	2 1 4 1 0
f. A minimum size for guest room and bath is required.	3 3 4 2 4	1 2 3 1 2	2 1 1 1 2
g. The requirement for basic facilities and amenities such as lobby, restaurants, etc.	2 2 5 5 3	1 1 3 2 2	1 1 2 3 1
3. No smoking regulations in food and beverage outlets	2 2 5 5 3	1 1 2 3 2	1 1 3 2 1

(Table Continued)

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1	5 4 3 2 1	5 4 3 2 1
4. Hotel classification systems (e.g., using symbols of flowers or stars)	2 2 5 4 4	1 1 3 2 2	1 1 2 2 2
5. Constantly changing regulations	3 6 4 2 2	3 3 2 0 1	0 3 2 2 1
6. Whether the country is a signatory to any international convention or protocol	2 6 3 5 0	2 5 1 1 0	0 1 2 4 0
7. Availability of police forces to ensure security in cities and neighborhoods	5 4 5 2 1	4 3 2 0 0	1 1 3 2 1
8. Budget available to country's tourism department to promote the hotel's services overseas	2 5 6 3 0	2 3 2 2 0	0 2 4 1 0
9. Reduction of red tape to get government permits	3 7 5 2 0	2 5 2 0 0	1 2 3 2 0
10. Legalizing casino gambling	4 7 2 1 2	2 5 1 0 1	2 2 1 1 1
11. Establishment of small claims courts to provide easy and inexpensive ways to process consumer claims	2 2 6 4 2	1 0 4 2 2	1 2 2 2 0
Total Number of Frequency	49 76 82 48 29	29 48 41 18 17	20 28 41 30 12

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

very influential category. Six of 17 factors (35.3%) rated highest in the moderately influential category. They are: a hotel project should be approved by the government before the construction is started (Item 2a), the impact of hotel construction upon transportation and physical environment in and around the site should be examined by the government (Item 2c), constantly changing regulations (Item 5), whether the country is a signatory to any international convention or protocol (Item 6), reduction of red tape to get government permits (Item 9), and legalizing casino gambling (Item 10). Differences in rating were found in all but Item 2a (a hotel property should be approved by the government before the construction is started) between the two groups. Industry representatives voted more in favor of the higher influential categories than did non-industry representatives.

Four of 17 factors (26.7%) in this section obtained the most votes in the least influential categories: the requirement for basic facilities and amenities such as lobby, restaurants, etc. (Item 2g), no smoking regulations in food and beverage outlets (Item 3), hotel classification system (Item 4), and establishment of small claims courts to provide easy and inexpensive ways to process consumer claims (Item 11). Industry members voted more often against Items 4 and 11 than did non-industry members, and there was no

difference in the rating of Items 2g and 3.

No preference in rating was shown for the following three items: limits on ownership of a hotel by foreigners (Item 1); a certain amount of money per room must be deposited at the time of application for a guarantee to ensure a project's start (Item 2b); and requirement for a minimum size for guest room and bath (Item 2f).

The very or moderately influential categories received 125 of 284 votes (44%) in total, while the slightly or not influential categories received 77 (27%). In this sub-category too, there was a greater percentage of voting for the higher influential categories by industry members than by non-industry members (50.3% versus 36.6%).

Summary: The following factors were considered very influential under law and regulation: (1) limits on convertibility of local currency into foreign currency; (2) restrictions on repatriation of capital, profit, and management fees, and (3) prohibition against holding weddings and other luxurious parties in a hotel.

The moderately influential factors were: (1) high corporation tax on hotel firms, (2) tax credits for creating new jobs or for providing training and education, (3) tax to be imposed on foreign workers, (4) minimum standards required for registering with the government to be

officially recognized as a high standard hotel, (5) hotels are not allowed to produce certain types of food items such as sausages, (6) hiring employees based on racial quotas, (7) setting a minimum wage, (8) establishing an employee welfare fund, (9) a hotel project should be approved by the government before the construction is started, (10) the impact of the hotel construction upon transportation and the physical environment in and around the site should be examined by the government, (11) constantly changing regulations, (12) whether the country is a signatory to any international convention, (13) reduction of red tape to get government permits, and (14) legalizing casino gambling.

The following were considered as the least influential factors: (1) a traffic tax to be imposed on hotels that create traffic jams, (2) new sales tax, (3) fees to be imposed on a cruise passenger, (4) increase in corporate tax, (5) increase (or decrease) in airport tax, (6) hiring only those holding a government issued qualification certificate for all service or customer contact positions, (7) the requirements for basic facilities and amenities such as lobby, restaurants, etc., (8) no smoking regulations in food and beverage outlets, (9) hotel classification system, and (10) establishment of small claims courts to provide easy and inexpensive ways to process consumer claims.

It was found from Round II that the panel

members seemed to suggest that laws and regulations currently in force were generally influential, while laws in the legislative process were less influential to the business development and operations of multinational chain hotels in NICs. It was also found that industry representatives generally had a tendency to rate higher in the very or moderately influential categories than non-industry representatives. It is thought natural for the industry people to have such a tendency because they are regulated and most of the factors listed affect their industry directly.

### Administrative

Nineteen key factors were suggested by the panel members under this category, of which 5 belonged to the financial sub-category, 4 to the operational, and 10 to the general/strategic. The distribution of responses to the administrative category is presented in Tables 20, 22, and 24.

Financial: Table 19 provides a list of factors identified by the panel members and gives further definition. As Table 20 shows, Item 1, price controls for rooms and other charges in a hotel, was the only factor in

Table 19  
Financial, Administrative Factors

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Factors Listed by the Panel	Explanation
1. Price controls for rooms and other charges in a hotel	Either government's unilateral setting of ceiling prices or approval of prices set by a hotel
2. Waiver of import duties of materials for establishment of new hotels and refurbishment projects	
3. Currency controls, e.g., requiring a hotel to collect all charges only in the domestic currency	
4. Crackdown on speculative property development	Designed to discourage investors to invest in hotel projects for the purpose of real estate development
5. Tightening of monetary policy affecting economic expansion -- demand for hotel rooms	

Table 20  
Round II: Frequency of Responses to  
Financial, Administrative

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Financial	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Price controls for rooms and other charges in a hotel	7 3 2 1 3	5 1 1 0 2	2 2 1 1 1
2. Waiver of import duties of materials for establishment of new hotels and refurbishment projects	2 5 4 2 3	2 4 1 1 1	0 1 3 1 2
3. Currency controls, e.g., requiring a hotel to collect all charges only in the domestic currency	3 6 2 2 3	3 3 1 0 2	0 3 1 2 1
4. Crackdown on speculative property development	1 3 7 3 3	1 1 3 2 2	0 2 4 1 1
5. Tightening of monetary policy affecting economic expansion -- demand for hotel rooms	2 6 6 0 3	1 4 2 0 2	1 2 4 0 1
Total Number of Frequency	15 23 21 8 15	12 13 8 3 9	3 10 13 5 6

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

this section that received the most votes in the very influential category. The industry group tended to consider this factor more influential than the non-industry group.

Two factors, waiver of import duties of materials for establishment of new hotels and refurbishment projects (Item 2) and currency controls (Item 3), rated highest in the moderately influential category. There were differences in the rating of these two factors between the two groups. Industry representatives tended to consider the factors more influential than did non-industry representatives. Item 5 (tightening monetary policy affecting economic expansion) obtained the same highest ratings in the categories of moderately influential and average influence, but it is suggested to be influential. For this factor the industry members gave slightly more votes to the higher level influence categories than did the non-industry members. Item 4 (crackdown on speculative property development) was considered least influential. The industry members were more negative in the rating of this factor than the other group members.

Thirty-eight of 82 votes (46.3%) rated in the categories of the very and moderately influential, while 23 (28%) in the categories of the slightly and not influential (Table 20). There were more favorable votes for the high influential category by industry members than by non-

industry members (55.6% versus 35%).

Operational: Table 21 provides a list of factors identified by the panel members and gives further definition. Table 22 indicates that no factor rated highest in the very influential category, but three of 4 factors (75%) in this section received the most votes in the moderately influential category. They are: restrictions on business hours or days for food & beverage outlets, night club and health center in a hotel (Item 1), excessive requirements for licenses and permits before allowing full operation of the hotel (Item 2), and controls on purchasing systems in hotels (Item 4). No difference was found in the rating preference between the two groups for these factors except for Item 1 (restrictions on business hours ..) for which industry members voted slightly more in the higher level influence categories than did non-industry members.

Most panel members considered the factor addressing enforcing hotel employees to undergo training too frequently (Item 3) as having the average influence, but it was considered generally influential. No difference was found in the rating pattern between the two groups for this factor.

Thirty-one of 65 votes cast (63%) in this sub-category were for the very and moderately influential categories,

Table 21  
Operational, Administrative Factors

Administrative	Explanation
1. Restrictions on business hours or days for food & beverage outlets, night clubs and health center in a hotel	Examples: night clubs must close at 1:00 am; health clubs should be closed on any one day of the week
2. Excessive requirements for licenses and permits before allowing full operation of a hotel	Licenses for operating coffee shops, dining rooms, night clubs, health clubs, barbershops, etc.
3. Enforcing hotel employees to undergo training too frequently	Government forces hotel employees to attend its education and training programs, for example, four times a year.
4. Controls on purchasing systems in hotels (e.g., use of local distributors)	A hotel must purchase imported liquors, food stuffs and beverages from the government designated local agencies.

Table 22  
Round II: Frequency of Responses to  
Operational, Administrative

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Operational	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Restrictions on business hours or days for food & beverage outlets, night clubs and health center in a hotel	5 9 1 1 1	3 5 0 0 1	2 4 1 1 0
2. Excessive requirement for licenses and permits before allowing full operation of a hotel	4 9 1 1 1	2 4 1 1 1	2 5 0 0 0
3. Enforcing hotel employees to undergo training too frequently	1 4 8 1 2	0 3 4 1 1	1 1 4 0 1
4. Controls on purchasing systems in hotels (e.g., use of local distributors)	2 7 3 2 2	1 4 2 1 1	1 3 1 1 1
Total Number of Frequency	12 29 13 5 6	6 16 7 3 4	6 13 6 2 2

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

with only 11 (16.9%) for the slightly and not influential categories. There was no difference in rating between the two groups in total terms.

General/Strategic: Table 23 shows a list of factors identified by the panel members and gives further definition of each factor if it is not self-explanatory. As Table 24 indicates, two of ten factors (20%) obtained the most votes in the very influential category: the government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service (Item 2) and continued uncertainty and instability on the political socio-economic front (Item 10). There was no difference in the rating tendency between the two groups for Item 2, but industry members cast more votes to the higher level influence categories than did non-industry members.

The highest number of responses in the moderately influential category was given to the following three factors: discouraging major companies from investing in property developments such as hotels (Item 1), increased crime control in tourist environments (Item 3), and national airline policies which would encourage or discourage tourists from coming to a country (Item 6). These factors were suggested as being more influential by the industry

Table 23  
General/Strategic, Administrative Factors

Factors Listed by the Panel	Explanation
1. Discouraging major companies from investing in property developments such as hotels	This policy aims at curbing the excessive consumption in the national economy.
2. The government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service.	
3. Increased crime control in tourist environment	
4. Establishing impartial and central reservation information center for all hotels	
5. Civil service employees with poor English language skills or with poor knowledge about tourism and hospitality industry	
6. National airline policies which would encourage or discourage tourists from coming to a country, e.g., deregulation of controls over which airline can fly into and/or within a country	
7. Enforcement of antitrust-type laws which have the effect of increasing competition	
8. Enforcement of safety laws and regulations affecting building and operation of hotels	

(Table Continued)

Factors Listed by the Panel	Explanation
9. Government campaigns to discourage nationals from overseas travel	Either by limiting issuance of passports or by limiting travel allowances
10. Continued uncertainty and instability on the political socio-economic front -- history of coup d'etat, military power and influence in everyday life	

Table 24  
Round II: Frequency of Responses to  
General/Strategic, Administrative

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Discouraging major companies from investing in property developments such as hotels	3 5 4 1 3	2 3 1 1 2	1 2 3 0 1
2. The government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service.	5 2 3 3 3	3 1 2 1 2	2 1 1 2 1
3. Increased crime control in tourist environment	4 7 3 2 1	3 5 0 1 0	1 2 3 1 1
4. Establishing impartial and central reservation information center for all hotels	0 3 5 3 5	0 3 2 0 4	0 0 3 3 1
5. Civil service employees with poor English language skills or with poor knowledge about tourism and hospitality industry	2 4 4 3 3	1 3 1 2 2	1 1 3 1 1
6. National airline policies which would encourage or discourage tourists from coming to a country, e.g., deregulation of controls over which airline can fly into and/or within a country	4 9 3 0 1	3 5 0 0 1	1 4 3 0 0
7. Enforcement of antitrust-type laws which have the effect of increasing competition	1 4 7 0 4	1 3 2 0 3	0 1 5 0 1
8. Enforcement of safety laws and regulations affecting building and operation of hotels	4 3 8 2 0	2 2 3 2 0	2 1 5 0 0

(Table Continued)

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
9. Government campaigns to discourage nationals from overseas travel	1 4 7 2 2	1 2 4 1 1	0 2 3 1 1
10. Continued uncertainty and instability on the political socio-economic front -- history of coup d'etat, military power and influence in everyday life	8 3 2 1 2	5 2 1 0 1	3 1 1 1 1
Total Number of Frequency	32 44 46 17 24	21 29 16 8 16	11 15 30 9 8

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

members than the other group.

Three factors, enforcement of anti-trust type laws which have the effect of increasing competition (Item 7), enforcement of safety laws and regulations affecting building and operation of hotels (Item 8), and government campaign to discourage nationals from overseas travel (Item 9), received the most votes in the average influence category. Among these three factors, Item 7 (enforcement of anti-trust type laws which have the effect of increasing competition) and Item 8 (enforcement of safety laws and regulations affecting building and operation of hotels) received more votes in the average influence category from the non-industry members than the other group members.

Item 4 (establishing impartial and central reservation information center for all hotels) obtained the most votes in the not influential category. There was no difference in negative votes for this factor between the two groups. A mixed opinion was shown about Item 5 (civil service employees with poor English language skills or with poor knowledge about tourism and hospitality industry).

Seventy-six of 163 votes (46.6%) were for the very and moderately influential categories, with 41 (25.2%) for the slightly and not influential categories. Industry members had the stronger tendency to consider the factors being influential than non-industry members (55.6% versus 35.6%).

Summary: Three of the 19 factors (15.8%) listed in this section rated highest in the very influential category. They are: price controls for rooms and other charges in a hotel (Item 1, Financial), government control of the hotel grading system based only on the type and size of facilities disregarding the level of service (Item 2, General/Strategic), and continued uncertainty and instability on the political, socio-economic front (Item 10, General/Strategic).

Eight factors (42.1%) received the most votes in the moderately influential category. They are: (1) restrictions on business hours or days for food and beverage outlets, night club and health center in a hotel, (2) excessive requirements for licenses and permits before allowing full operation of the hotel, (3) controls on purchasing systems in hotels, (4) waiver of import duties of materials for establishment of new hotels and refurbishment projects, (5) currency controls, (6) discouraging major companies from investing in property development such as hotels, (7) increased crime control in tourist environment, and (8) national airlines policy which would encourage or discourage tourists from coming to a country.

The least influential factors were: (1) crackdown on speculative property development and (2) establishing impartial and central reservation information center for all

hotels. In this category too it was found that industry members generally had a tendency to consider the listed factors more influential than did non-industry members.

### Judicial

Table 25 shows a list of factors identified by the panel members and gives further definition of each factor where necessary. Table 26 indicates that 13 factors were suggested by the panel members under the judicial category. The only factor that received the most frequent votes in the very influential category was interpretation of trademark rights (Item 12). There was no difference in the rating of this factor between the two groups. The following seven factors rated highest in the moderately influential category: court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto (Item 1), court decisions interpreting the enforceability of hotel contracts (Item 2), court decisions enforcing union rights and responsibilities (Item 3), court decisions encouraging (or discouraging) consumers to sue large hotel companies (Item 4), legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury (Item 5), cases of disputes over employment rights of

Table 25  
Judicial Factors

Factors Listed by the Panel	Explanation
1. Court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto	
2. Court decisions interpreting the enforceability of hotel contracts	
3. Court decisions enforcing union rights and responsibilities	
4. Court decisions encouraging consumers to sue large hotel companies (or discouraging..)	
5. Legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury	
6. Overall integrity of the judicial system and the quality of the judiciary	
7. Enforceability of foreign judgments or arbitration awards	
8. Use of resident agents for service of legal process	
9. Speed with which the judicial system resolves disputes	
10. Whether local system requires/permits a court to order losing party to pay prevailing party's legal expenses	

(Table Continued)

Factors Listed by the Panel	Explanation
11. Cases of disputes over employment rights of hiring and importing foreign personnel	
12. Interpretation of trademark rights	
13. Interpretation of resident vs. non-resident marketing/franchising agreements	

Table 26  
Round II: Frequency of Responses to  
Judicial

Judicial	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto	0 6 4 3 3	0 4 1 2 2	0 2 3 1 1
2. Court decisions interpreting the enforceability of hotel contracts	2 6 4 3 1	1 5 0 2 1	1 1 4 1 0
3. Court decisions enforcing union rights and responsibilities	2 7 6 0 1	2 6 1 0 0	0 1 5 0 1
4. Court decisions encouraging consumers to sue large hotel companies (or discouraging..)	1 9 2 2 2	1 6 1 0 1	0 3 1 2 1
5. Legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury	1 6 1 4 4	0 4 0 3 2	1 2 1 1 2
6. Overall integrity of the judicial system and the quality of the judiciary	6 2 6 2 0	4 0 3 2 0	2 2 3 0 0
7. Enforceability of foreign judgments or arbitration awards	4 3 4 3 2	3 1 2 2 1	1 2 2 1 1
8. Use of resident agents for service of legal process	0 2 10 2 2	0 1 7 0 1	0 1 3 2 1
9. Speed with which the judicial system resolves disputes	2 1 8 4 1	2 1 4 2 0	0 0 4 2 1
10. Whether local system requires/permits a court to order losing party to pay prevailing party's legal expenses	1 2 7 3 3	0 2 3 2 2	1 0 4 1 1

(Table Continued)

Judicial	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
11. Cases of disputes over employment rights of hiring and importing foreign personnel	3 5 4 3 1	2 3 2 2 0	1 2 2 1 1
12. Interpretation of trademark rights	6 2 3 4 1	4 0 2 3 0	2 2 1 1 1
13. Interpretation of resident vs. non-resident marketing/franchising agreements	4 6 0 4 2	1 2 0 3 1	1 4 0 1 1
Total Number of Frequency	32 57 59 37 23	22 35 26 23 11	10 22 33 14 12

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

hiring and importing foreign personnel (Item 11), and interpretation of resident vs. non-resident marketing and franchising agreements (Item 13).

Differences in rating were found in five of these seven factors between the two groups. Industry members tended to vote more in favor of the higher level influence categories for Items 1, 2, 3, 4, and 11. Though Item 5 (legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers) obtained the most votes in the moderately influential category, it was considered less influential because of more votes obtained in the least influential categories.

No factors received the most frequent votes in the least influential categories. However, three factors that received the most votes in the average influence category were considered to be less influential. They are: the use of resident agents for service of legal process (Item 8), the speed with which the judicial system resolves disputes (Item 9), and whether local system requires/permits a court to order the losing party to pay the prevailing party's legal expenses (Item 10). There was no difference in the rating of these items between the two groups except for Item 8 which received more votes in the average category from the industry group members than the other group members.

Both Item 6 (overall integrity of the judicial system

and the quality of the judiciary) and Item 7 (enforceability of foreign judgments or arbitration awards) obtained the same highest ratings in the very influential and the average influence categories, and they were suggested as being influential factors.

Eighty-nine of 208 votes (42.8%) were for the very and moderately influential categories, while 60 or 28.8 percent for the slightly and not influential categories (Table 26). In terms of total voting, the industry members were more positive in voting in favor of the higher level of influence categories than were the non-industry members (48.7% versus 35%).

### Lobbying

Table 27 presents a list of factors identified by the panel members and gives further explanation if necessary. As Table 28 shows, two of 14 factors (21.4%) in this category rated highest in the very influential category. They are: the need for a truly independent association that looks out for the travel industry (Item 6) and the integrity of local business environment (Item 10). A difference was found in the rating of Item 6 between the two groups. Industry members gave more votes to the higher level influence categories than did non-industry members. There

Table 27  
Lobbying Factors

Factors Listed by the Panel	Explanation
1. National laws governing lobbying (strong or weak? Tough enforcement or not?)	
2. Using a hotel (or tourist) association as an organized lobbying group	
3. Hiring a local legal company as lobbyists	
4. Organizing an association consisting of public relations officers of multinational hotel chain subsidiaries	To be utilized as a lobbying group
5. Activation of lobbying activities by holding a seat on the Board of Directors of the government tourism organization by a hotelier	May be applied only to a country with the board system (e.g., Singapore Tourism Promotion Board)
6. Need for a truly independent association that looks out for the travel industry	"Truly independent" means being independent from the government funding and its intervention in an association's activities
7. Maintaining access to government officials at the decision- or policy-making level either directly or through an organization	An organization may include any organization that has the ability to apply pressure on government officials (e.g., hotel association, professional lobbying group)
8. The ability to discuss problems/concerns with decision- or policy-makers	

(Table Continued)

Factors Listed by the Panel	Explanation
9. Maintaining access to government officials in the various agencies and bureaus at the decision-making level	
10. Integrity of local business environment (can business be done on a purely business basis or is system widely regarded as generally corrupt?)	
11. Endearing lobbying assistance from local supporters	Local supporters may include political group, chamber of commerce, hospitality educators group, hotel managers group
12. Engaging in major local events of cultural and non-political nature	To participate in and make donation to various cultural events, educational programs, sports activities, philanthropic work, etc.
13. Existence of political action committee and their ability to support political candidates; limits on campaign contributions, etc.	
14. Ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement	It implies mostly to hiring local personnel because this is generally known to be advantageous to hotel chains

Table 28  
Round II: Frequency of Responses to  
Lobbying

Lobbying	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. National laws governing lobbying (strong or weak? Tough enforcement or not?)	1 6 3 2 4	1 4 1 0 3	0 2 2 2 1
2. Using a hotel (or tourist) association as an organized lobbying group	0 8 5 3 1	0 6 2 0 1	0 2 3 3 0
3. Hiring a local legal company as lobbyists	0 2 5 5 4	0 2 1 3 3	0 0 4 2 1
4. Organizing an association consisting of public relations officers of multinational hotel chain subsidiaries	0 0 5 9 2	0 0 3 4 2	0 0 2 5 0
5. Activation of lobbying activities by holding a seat on the Board of Directors of the government tourism organization by a hotelier	1 3 8 2 3	1 1 4 0 3	0 2 4 2 0
6. Need for a truly independent association that looks out for the travel industry	6 1 5 2 2	4 1 1 2 1	2 0 4 0 1
7. Maintaining access to government officials at the decision- or policy-making level either directly or through an organization	5 5 3 4 0	3 3 1 2 0	2 2 2 2 0
8. The ability to discuss problems/concerns with decision- or policy-makers	4 6 3 3 0	2 4 0 3 0	2 2 3 0 0
9. Maintaining access to government officials in the various agencies and bureaus at the decision-making level	4 5 6 2 0	2 3 3 1 0	2 2 3 1 0
10. Integrity of local business environment (can business be done on a purely business basis or is system widely regarded as generally corrupt?)	6 5 3 1 1	2 4 2 0 1	4 1 1 1 0

(Table Continued)

Lobbying	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
11. Endearing lobbying assistance from local supporters	1 4 5 5 1	0 3 3 2 1	1 1 2 3 0
12. Engaging in major local events of cultural and non-political nature	2 3 8 4 0	1 3 2 3 0	1 0 6 1 0
13. Existence of political action committee and their ability to support political candidates; limits on campaign contributions, etc.	0 1 3 5 7	0 1 2 1 5	0 0 1 4 2
14. Ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement	2 4 9 1 1	0 4 3 1 1	2 0 6 0 0
Total Number of Frequency	32 53 71 48 26	16 39 28 22 21	16 14 43 26 5

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

was no difference in the rating pattern for Item 10.

The following three factors received the most frequent votes in the moderately influential category: national laws governing lobbying (Item 1), using a hotel (or tourist) association as an organized lobbying group (Item 2), and the ability to discuss problems/concerns with decision- or policy-makers (Item 8). Item 7 (maintaining access to government officials at the decision- or policy-making level either directly or through an organization) gained the same number of highest ratings in the very influential and moderately influential categories respectively. Differences in the rating pattern were found in all of these factors between the two groups. The industry group tended to vote more in favor of the higher level influence categories than the other group.

Two factors obtained their highest ratings in the least influential categories: Item 13 (existence of political action committees and their abilities to support political candidates) in the not influential category and Item 4 (organizing an association consisting of public relations officers of multinational hotel chain subsidiaries) in the slightly influential category. No difference was found in these two factors between the two groups.

The following four factors rated highest in the average influence category, but their levels of influence were

determined depending on how many votes they received in other categories: three items, maintaining access to government officials in the various agencies and bureaus at the decision-making level (Item 9), engaging in major local events of a cultural and non-political nature (Item 12), and ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement (Item 14), were suggested to be influential, while the factor addressing activation of lobbying activities by holding a seat on the Board of Directors of the government tourism organization by a hotelier (Item 5) was judged to be least influential. A difference in rating was found only in Item 14 (ability to hire executives). Non-industry members gave more votes in favor of the average influence category than the other group members.

Table 28 indicates that 85 of 230 votes (40%) were for the very and moderately influential categories, while 74 (32%) were for the slightly and not influential categories. This further indicates that panel members voted only marginally in favor of higher influential categories. However, a distinctive difference was found between the two group's ratings. Many more of votes were cast for the higher influential categories by the industry representatives than the non-industry representatives (43.7%

versus 28.8%).

### **Analysis of Data From Round III**

In Round III, the questionnaire was concerned with the reexamination of key factors and their ratings based on the results of the second questionnaire. The purpose of Round III was to reach a general agreement on which of suggested factors should be selected for inclusion in a framework. This final phase of the study asked the panel members to determine if they would prefer to change their initial ratings in view of the ratings given by the other panel members.

Based on the result of Round III, a decision was made that there was a general agreement among members on a factor when it received at least 66% of the responses in the very influential, moderately influential, and average influence categories (Gow, 1979; Miller, 1988). However, those factors receiving fewer votes in the very and moderately influential categories (referred to as the higher level influence categories) than in the slightly and not influential categories (referred to as the lower level influence categories), or receiving an equal number of votes, were not selected as acceptable factors to be included in the final listings, even though they obtained

two-thirds of the votes in the three categories of very, moderately, and average influence categories (hereinafter referred to as the three highest influence categories). An analysis of the responses for Round III, by category, is presented below.

### **Law and Regulation**

Since no change or addition was suggested regarding the listed key factors by the panel members in Round III, a total of 47 factors, the same as in Round II, were rated by each member under the three sub-categories: 14 financial, 16 operational, and 17 general/strategic. Twenty-six, a little more than half of the suggested factors (55.3%), were agreed upon by the members as being influential to the multinational hotel firms. Of the 26, seven factors were in the financial, 10 in the operational, and 9 in the general/strategic sub-category. The result of their ratings for each of the three sub-categories is described below (Tables 29 through 31).

**Financial:** As Table 29 shows, 7 of the 14 suggested factors (Items 1, 2, 3, 4, 5, 6, and 8) received at least 66% of the responses in the three highest influence categories: two factors obtained the most votes in the very

Table 29  
Round III: Frequency of Responses to  
Financial, Law and Regulation

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Financial	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Limits on convertibility of local currency into foreign currency	12 1 1 0 3	7 0 0 0 2	5 1 1 0 1
2. Restrictions on repatriation of capital, profit and management fee	12 1 2 1 1	7 0 1 1 0	5 1 1 0 1
3. High corporation tax on hotel firms	1 12 2 0 2	0 8 0 0 1	1 4 2 0 1
4. Local tax holidays	2 2 11 1 0	2 1 6 0 0	0 1 3 1 0
5. Tax credits for creating new jobs or for providing training and education	2 9 1 4 0	1 5 1 2 0	1 4 0 2 0
6. Taxation laws intended to attract foreign capital for investment in hotel project	5 7 3 1 0	4 3 1 1 0	1 4 2 0 0
7. Possible taxes being considered for legislation:			
a. traffic tax to be imposed on hotels that create traffic jam	0 0 9 2 5	0 0 4 0 5	0 0 5 2 0
b. tax to be imposed on foreign workers	1 8 2 5 1	1 3 1 3 1	0 5 1 2 0
c. sales tax	1 1 2 12 1	1 1 1 6 0	0 0 1 6 1
d. fee to be imposed on a cruise passenger	0 0 1 3 12	0 0 0 0 9	0 0 1 3 3
e. increase in corporate tax	1 1 3 11 1	1 1 2 4 1	0 0 1 7 0

(Table Continued)

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Financial	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
f. increase (or decrease) in airport tax	0 0 1 11 5	0 0 1 5 3	0 0 0 6 2
g. abolition of tax incentives	0 6 4 6 0	0 5 2 2 0	0 1 2 4 0
8. Budget proposal to fund tourist promotion activities and education of local hotel employees	1 2 12 2 0	1 1 7 0 0	0 1 5 2 0

1. Industry: multinational hotel chain and hotel or tourist association

2. Non-Ind.: government, education, and law firm

3. 5 = very influential, 1 = not influential

influential category, three in the moderately influential category, and two in the average influence category, respectively. All items under the theme of possible taxes being considered for legislation (Item 7a, b, c, d, e, f, and g) received the negative responses in terms of their influence on the business.

Of the seven factors which received at least 66% of the responses, the following two factors obtained the most votes in the very influential category: limits on convertibility of local currency into foreign currency (Item 1) and restrictions on repatriation of capital, profit and management fees (Item 2). The percentage of votes for these two items in this highest category was up to 71% in Round III from 41% for Item 1 and 47% for Item 2 in Round II. However, no difference was found in the rating pattern between the two groups.

Three items received the most frequent votes in the moderately influential category: high corporation tax on hotel firms (Item 3), tax credits for creating new jobs or for providing training and education (Item 5), and taxation laws intended to attract foreign capital for investment in hotel projects (Item 6). Differences in ratings were found in Items 3 and 6. The industry members demonstrated a stronger interest in these two factors than did the non-industry members.

Two factors, local tax holidays (Item 4) and budget proposals to fund tourist promotion activities and education of local hotel employees (Item 8), gained the most votes in the average influence category. Local tax holidays (Item 4) was suggested to be influential more frequently by the industry members than the non-industry members.

Item 7b, tax to be imposed on foreign workers, received two-thirds of the votes in Round II, but was excluded in Round III because it failed to receive the required two-thirds of the votes. A contradiction was found between Item 4 (local tax holidays) and Item 7g (abolition of tax incentives). The result of Round III indicates that the panel members selected the former as being influential, but failed to select the latter. Logically, if the former was considered influential, the latter should go along with it. For six factors (Items 1, 2, 3, 5, 6, and 7b), the number of the votes in the very and moderately influential categories in Round II was increased in Round III, while for seven others (Items 4, 7a, b, c, d, e, f, and 8), it was decreased.

Operational: Table 30 presents the distribution of responses to the operational section in the law and regulation category. Ten of the 17 suggested factors (58.5%) obtained at least 66% of the responses in the higher

Table 30  
Round III: Frequency of Responses to  
Operational, Law and Regulation

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Operational	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Minimum standards for registering with the government to be officials recognized as a high standard hotel	0 9 2 3 2	0 5 1 2 1	0 4 1 1 1
2. Licensing of restaurants, swimming pools, barber shops, night clubs, bars, casinos, etc. in a hotel	1 10 3 1 0	1 7 1 0 0	0 3 4 1 0
3. Prohibition against holding weddings and other luxurious parties in a hotel	10 3 1 0 2	5 2 0 0 2	5 1 1 0 0
4. Hotels are not allowed to produce certain types of food items such as sausages	0 9 1 3 3	0 4 0 2 3	0 5 1 1 0
5. Labor laws being restrictive regarding:			
a. hiring employees based on racial quotas	1 9 4 2 0	0 4 3 2 0	1 5 1 0 0
b. hiring only those holding a government issued qualification certificate for all service or customer contact positions	0 3 7 4 2	0 2 2 3 2	0 1 5 1 0
c. firing employees who are incompetent and/or keep bad relations with their superiors and/or peers	1 3 2 9 1	0 1 2 6 0	1 2 0 3 1
d. creation of a union and activities	1 4 12 2 0	1 2 6 0 0	0 2 4 2 0
6. Labor laws protecting employees by:			
a. setting a minimum wage	1 7 3 1 4	0 5 2 0 2	1 2 1 1 2
b. establishing an employee welfare fund	0 10 1 2 3	0 6 0 1 2	0 4 1 1 1

(Table Continued)

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Operational	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
7. Labor laws extending benefits to multinational hotel chains for training the unprivileged local population	1 1 10 2 2	0 1 5 1 2	1 0 5 1 0
8. Limits on the number of foreign employees who may be employed in a hotel	1 7 9 0 0	0 5 4 0 0	1 2 5 0 0
9. Setting standards for:			
a. safety for guests, especially fire safety	3 1 11 0 2	2 1 4 0 2	1 0 7 0 0
b. food handling and cleanliness for restaurants workers	2 6 7 2 0	1 4 2 2 0	1 2 5 0 0
c. education and training facilities	0 3 11 3 0	0 2 5 2 0	0 1 6 1 0
10. Restrictions on the importation of liquor, raw materials, equipment, etc. for the use of hotels	4 2 3 6 1	3 1 3 2 0	1 1 0 4 1

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

level influence categories. One factor obtained the most votes in the very influential category, five in the moderately influential category, and four in the average influence category, respectively.

The prohibition against holding weddings and other luxurious parties in a hotel (Item 3) was the factor that received the most votes (62.5%) in the very influential category. No difference in rating was displayed in this item.

Among the 10 factors receiving two-thirds of the votes in the final round, the following five items gained the most frequent votes in the moderately influential category: (1) minimum standards required for registering with the government to be officially recognized as a high standard hotel (Item 1), (2) licensing of restaurants, swimming pools, barber shops, night clubs, bars, casinos, etc., in a hotel (Item 2), (3) hiring employees based on racial quotas (Item 5a), (4) setting a minimum wage (Item 6a), and (5) establishing an employee welfare fund (Item 6b). Differences were demonstrated in all but one item between the two groups. The industry members tended to vote in the higher level influence categories than non-industry members for Item 2 (licensing of restaurants,...), Item 6a (setting a minimum wage), and Item 6b (employee welfare fund). However, as for Item 5a (racial quotas), the non-

industry representatives voted more in favor of the higher level influence categories than did the industry representatives.

The following four items obtained the most votes in the average influence category: (1) restrictions on creation of a union and its activities (Item 5d), (2) limits on the number of foreign employees who may be employed in a hotel (Item 8), (3) setting standards for safety of guests, especially fire safety (Item 9a), and (4) setting standards for food handling and cleanliness for restaurant workers (Item 9b). In all but one item, differences in the rating pattern were found between the two groups. As to Item 8 (limits on the number of foreign employees), Item 9a (safety for guests), and Item 9b (food handling and cleanliness ..), the industry members were more positive in rating in the higher level influence categories than were the non-industry members. Another difference was found in Item 9c (setting standards for education and training facilities). It received two-thirds of the votes in the three highest influence categories in Round II, but was eliminated in Round III for changes in rating by the panel members.

General/Strategic: Table 31 indicates that the panel members agreed on 9 of the 17 identified factors (52.9%) as being influential (Items 2a, 2c, 2d, 5, 6, 7, 8, 9, and 10).

Of the nine agreed factors, six received the most votes in the moderately influential category and three obtained the most frequent responses in the average influence category. No factor rated highest in the very influential category.

Six factors receiving the most votes in the moderately influential category were: (1) a hotel project should be approved by the government before construction is started (Item 2a), (2) the impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government (Item 2c), (3) constantly changing regulations (Item 5), (4) whether the country is a signatory to any international convention or protocol (Item 6), (5) reduction of red tape to get government permits (Item 9), and (6) legalizing casino gambling (Item 10). A difference in the rating was found only in Item 5 (constantly changing regulations) between the two groups. The industry members voted more in favor of the higher level influence categories than did the other group members.

The following three factors obtained the most frequent responses in the average influence category: the hotel construction site should be located in the areas where the relevant laws permit (Item 2d), availability of police forces to ensure security in cities and neighborhoods (Item 7), and budget available to country's tourism department to

Table 31  
Round III: Frequency of Responses to  
General/Strategic, Law and Regulation

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Limits (or no limitation) on ownership of a hotel by foreigners	8 1 2 4 2	3 1 1 2 2	5 0 1 2 0
2. Regulations applied to construction of hotels:			
a. A hotel project should be approved by the government before the construction is started.	2 14 1 0 0	1 7 1 0 0	1 7 0 0 0
b. A certain amount of money per room must be posted in the time of application for a guarantee to ensure a project's start.	0 1 13 2 1	0 0 8 1 0	0 1 5 1 1
c. The impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government.	3 10 4 0 0	2 5 2 0 0	1 5 2 0 0
d. The hotel construction site should be located in the areas where the relevant laws permit (environmental and zoning restrictions).	3 3 9 2 0	2 2 3 2 0	1 1 6 0 0
e. Standard lots for parking should be secured (for exclusive customer use and safety).	2 1 9 4 1	1 0 4 3 1	1 1 5 1 0
f. A minimum size for guest room and bath is required.	0 2 7 0 7	0 1 4 0 4	0 1 3 0 3
g. The requirement for basic facilities and amenities such as lobby, restaurants, etc.	0 0 12 2 3	0 0 6 0 3	0 0 6 2 0
3. No smoking regulations in food and beverage outlets	2 1 7 4 3	1 0 4 1 3	1 1 3 3 0

(Table Continued)

Law and Regulation	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
4. Hotel classification systems (e.g., using symbols of flowers or stars)	0 0 10 5 1	0 0 5 3 1	0 0 5 2 0
5. Constantly changing regulations	1 12 3 0 1	1 7 0 0 1	0 5 3 0 0
6. Whether the country is a signatory to any international convention or protocol	0 11 1 4 0	0 6 0 3 0	0 5 1 1 0
7. Availability of police forces to ensure security in cities and neighborhoods	5 2 8 1 1	4 1 4 0 0	1 1 4 1 1
8. Budget available to country's tourism department to promote the hotel's services overseas	2 3 8 3 0	2 1 3 3 0	0 2 5 0 0
9. Reduction of red tape to get government permits	1 10 5 1 0	0 6 3 0 0	1 4 2 1 0
10. Legalizing casino gambling	2 10 2 1 1	0 7 1 0 1	2 3 1 1 0
11. Establishment of small claims courts to provide easy and inexpensive ways to process consumer claims	2 1 9 2 3	1 0 5 0 3	1 1 4 2 0

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

promote the hotel's services overseas (Item 8). Differences were found in two factors between the two groups. Both Item 2d (the hotel construction site should be located in the areas where the relevant laws permit) and Item 7 (availability of police forces) were suggested to be more influential by the industry representatives than the non-industry representatives.

There was a difference in the result of the ratings between Round I and Round II. For six factors (Items 1, 2a, c, 5, 9, and 10) the number of votes for the very and moderately influential categories in Round II increased in Round III, and for 11 factors (Items 2b, d, e, f, g, 3, 4, 6, 7, 8, and 11) that was a decrease. Another difference was that in Round II Item 2e (standard lots for parking) received two-thirds of the votes in the three highest influence categories, but in Round III it failed. It is interesting to note that ownership of a hotel by foreigners was perceived by the panel members to be less influential and most of the regulations applied to the construction of hotels were considered less significant. This may be because those factors are a matter of concern most for investors or developers, not for managers, educators, or lawyers.

**Administrative**

In this category the panel members agreed on 14 of the 19 suggested factors (73.7%) as having an impact upon the international hotel business (Tables 32 through 34). Of these 14 agreed factors, four were in the financial, three in the operational, and seven in the general/strategic sub-category. The result of the ratings for each sub-category is presented as follows:

**Financial:** Four of the five identified factors (80%) received at least 66% of the responses in the higher level influence categories (Table 32). Of the four agreed factors, one gained the most votes in the very influential category and three in the moderately influential category, respectively (Table 32).

The factor that gained the most in the very influential category was price controls for rooms and other charges in a hotel (Item 1), and no difference was displayed in the ratings between the two groups. Three factors that received the most frequent votes in the moderately influential category were: waiver of import duties of materials for establishment of new hotels and refurbishment projects (Item 2), currency controls (Item 3), and tightening of monetary policy affecting economic expansion - demand for hotel rooms

Table 32  
Round III: Frequency of Responses to  
Financial, Administrative

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
Financial	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Price controls for rooms and other charges in a hotel	12 1 1 0 2	7 0 0 0 2	5 1 1 0 0
2. Waiver of import duties of materials for establishment of new hotels and refurbishment projects	1 10 2 2 1	1 5 1 1 1	0 5 1 1 0
3. Currency controls, e.g., requiring a hotel to collect all charges only in the domestic currency	1 12 1 0 2	1 6 0 0 2	0 6 1 0 0
4. Crackdown on speculative property development	0 1 12 2 2	0 0 6 1 2	0 1 6 1 0
5. Tightening of monetary policy affecting economic expansion -- demand for hotel rooms	0 9 6 1 1	0 6 2 0 1	0 3 4 1 0

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

(Item 5). No difference was found in the rating of these three items between the two groups with the exception of the rating in the higher level influence categories than were the other group members.

A difference in the number of votes was found between Round II and Round III. For all but one factor (Item 4) the number of votes for the higher level influence categories was increased in Round III.

Operational: As Table 33 shows, three out of the four suggested factors were agreed on by the panel members as being influential: restrictions on business hours or days for food and beverage outlets, night clubs and health center in a hotel (Item 1), excessive requirements for licenses and permits before allowing full operation of a hotel (Item 2), and controls on purchasing systems in hotels (Item 4). All of these factors received the most frequent responses in the moderately influential category. There was no difference in the rating of these factors between the two groups.

Item 3 (enforcing hotel employees to undergo training too frequently) obtained two-thirds of the votes in the three highest influence categories in Round II, but was dropped out in Round III. Two factors (Items 1 and 2) received more votes in the moderately influential categories in Round III than in Round II.

Table 33  
Round III: Frequency of Responses to  
Operational, Administrative

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>12</sup>
Operational	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Restrictions on business hours or days for food & beverage outlets, night clubs and health center in a hotel	2 12 2 0 1	1 7 0 0 1	1 5 2 0 0
2. Excessive requirement for licenses and permits before allowing full operation of a hotel	2 12 2 0 0	1 7 1 0 0	1 5 1 0 0
3. Enforcing hotel employees to undergo training too frequently	1 1 11 2 1	0 1 6 1 1	1 0 5 1 0
4. Controls on purchasing systems in hotels (e.g., use of local distributors)	1 8 4 2 1	0 4 3 1 1	1 4 1 1 0

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

General/Strategic: The panel members agreed on seven among ten suggested factors as shown in Table 34. Of the seven agreed factors, two received the highest votes in the very influential category. They are: the government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service (Item 2) and continued uncertainty and instability on the political socio-economic front (Item 10). Four other items (1, 3, 5, and 6) obtained the most votes in the moderately influential category and one (Item 8) in the average influential category, respectively.

No distinct difference was found in the rating of factors in this section between the two groups. However, there was a difference in the number of votes for the very and moderately influential categories between Round II and Round III. Six factors (Items 1, 2, 3, 5, 6, and 10) gained an increased number of votes in Round III, while four (Items 4, 7, 8, and 9) received less.

Two factors, enforcement of antitrust-type laws which have the affect of increasing competition (Item 7) and government campaign to discourage nationals from overseas travel (Item 9), received more than 66% of total votes in Round II, but were eliminated in Round III.

Administrative	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
General/Strategic	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
9. Government campaigns to discourage nationals from overseas travel	1 1 1 1 2	1 0 6 1 1	0 1 5 0 1
10. Continued uncertainty and instability on the political socio-economic front -- history of coup d'etat, military power and influence in everyday life	10 3 2 0 1	6 1 1 0 1	4 2 1 0 0

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

**Judicial**

In this category 10 of 13 identified factors (76.9%) were agreed among the panel members to be influential (Table 35). Of these 10 factors, one rated highest in the very influential category, two received the same highest ratings in the very influential and average influence, and seven received the most votes in the moderately influential category.

The factor that received the most votes in the very influential category was interpretation of trademark rights (Item 12), and the non-industry members were slightly more positive in the rating than were the industry members.

Item 6 (overall integrity of the judicial system and the quality of the judiciary) and Item 7 (enforceability of foreign judgements or arbitration awards) gained the same highest ratings in the very and average influence categories. Since the panel members' opinions were divided into two parts, one for very influential and the other for average influence, these two factors should be categorized into the moderately influential. No difference was shown in these factors between the two groups.

The following are the factors that rated highest in the moderately influential category: (1) court decisions interpreting legal principles regarding hotel overbooking

Table 35  
Round III: Frequency of Responses to  
Judicial

Judicial	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. Court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto	0 10 2 2 2	0 5 0 2 2	0 5 2 0 0
2. Court decisions interpreting the enforceability of hotel contracts	0 12 2 1 1	0 7 0 1 1	0 5 2 0 0
3. Court decisions enforcing union rights and responsibilities	1 11 5 0 0	1 6 2 0 0	0 5 3 0 0
4. Court decisions encouraging consumers to sue large hotel companies (or discouraging..)	0 11 3 1 1	0 7 1 0 1	0 4 2 1 0
5. Legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury	0 12 1 2 1	0 7 0 1 1	0 5 1 1 0
6. Overall integrity of the judicial system and the quality of the judiciary	8 0 8 1 0	4 0 4 1 0	4 0 4 0 0
7. Enforceability of foreign judgments or arbitration awards	6 1 6 2 1	3 0 3 2 1	3 1 3 0 0
8. Use of resident agents for service of legal process	0 1 14 0 1	0 0 8 0 1	0 1 6 0 0
9. Speed with which the judicial system resolves disputes	0 1 12 4 0	0 0 6 3 0	0 1 6 1 0
10. Whether local system requires/permits a court to order losing party to pay prevailing party's legal expenses	0 2 10 2 2	0 1 4 2 2	0 1 6 0 0

(Table Continued)

Judicial	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
11. Cases of disputes over employment rights of hiring and importing foreign personnel	0 10 3 2 1	0 5 1 2 1	0 5 2 0 0
12. Interpretation of trademark rights	8 2 3 3 0	4 0 2 3 0	4 2 1 0 0
13. Interpretation of resident vs. non-resident marketing/franchising agreements	2 11 0 3 1	1 4 0 3	1 7 0 0 0

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

and damages relating thereto (Item 1), (2) court decisions interpreting the enforceability of hotel contracts (Item 2), (3) court decisions enforcing union rights and responsibilities (Item 3), (4) court decisions encouraging consumers to sue large hotel companies (Item 4), (5) legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (Item 5), (6) cases of disputes over employment rights of hiring and importing foreign personnel (Item 11), and (7) interpretation of resident vs. non-resident marketing/franchising agreements (Item 13). In two factors a difference was found in the rating between the two groups. Item 4 (court decisions encouraging consumers to sue large hotel companies) was considered more influential by the industry members than the non-industry members. On the contrary, Item 13 (interpretation of resident vs. non-resident marketing and franchising agreements) was considered more influential by the non-industry members than the industry members.

A difference was found between Round II and Round III. The number of votes for the very and moderately influential categories for eight factors (Items 1, 2, 3, 4, 5, 11, 12, and 13) was increased in Round III and for three factors (Items 8, 9, and 10) it decreased. For the remaining two factors (Items 6 and 7) it remained the same.

### Lobbying

Of the 14 factors identified by the panel members, eight were agreed to be included in the final listing as Table 36 indicates. Two factors, the need for a truly independent association that looks out for the travel industry (Item 6) and integrity of local business environment (Item 10), obtained the most votes in the very influential category. Four items, national laws governing lobbying (Item 1), using a hotel (or tourist) association as an organized lobbying group (Item 2), maintaining access to government officials at the decision- or policy-making level either directly or through an organization (7), and the ability to discuss problems/concerns with decision- or policy-makers (Item 8), received most frequent responses in the moderately influential category. Two remaining factors, maintaining access to government officials in the various agencies and bureaus at the decision-making level (Item 9) and ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement (Item 14), in the average influential category.

There were few differences in the rating between the two groups. The number of votes given to the very and moderately influential categories in Round II increased in

Table 36  
Round III: Frequency of Responses to  
Lobbying

Lobbying	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
1. National laws governing lobbying (strong or weak? Tough enforcement or not?)	1 11 1 2 1	1 6 1 0 1	0 5 0 2 0
2. Using a hotel (or tourist) association as an organized lobbying group	0 12 4 1 0	0 7 2 0 0	0 5 2 1 0
3. Hiring a local legal company as lobbyists	0 1 7 5 3	0 1 3 3 2	0 0 4 2 1
4. Organizing an association consisting of public relations officers of multinational hotel chain subsidiaries	0 0 3 12 1	0 0 2 6 1	0 0 1 6 0
5. Activation of lobbying activities by holding a seat on the Board of Directors of the government tourism organization by a hotelier	0 2 12 0 3	0 0 6 0 3	0 2 6 0 0
6. Need for a truly independent association that looks out for the travel industry	8 0 3 3 2	4 0 1 3 1	4 0 2 0 1
7. Maintaining access to government officials at the decision- or policy-making level either directly or through an organization	4 10 1 2 0	2 4 1 2 0	2 6 0 0 0
8. The ability to discuss problems/concerns with decision- or policy-makers	1 13 0 3 0	0 6 0 3 0	1 7 0 0 0
9. Maintaining access to government officials in the various agencies and bureaus at the decision-making level	1 3 11 2 0	0 2 5 2 0	1 1 6 0 0
10. Integrity of local business environment (can business be done on a purely business basis or is system widely regarded as generally corrupt?)	10 5 0 0 1	3 5 0 0 1	7 0 0 0 0

(Table Continued)

Lobbying	Total	Industry <sup>1</sup>	Non-Ind. <sup>2</sup>
	5 4 3 2 1 <sup>3</sup>	5 4 3 2 1	5 4 3 2 1
11. Endearing lobbying assistance from local supporters	1 1 7 6 1	0 1 3 4 1	1 0 4 2 0
12. Engaging in major local events of cultural and non-political nature	0 1 12 4 0	0 1 5 3 0	0 0 7 1 0
13. Existence of political action committee and their ability to support political candidates; limits on campaign contributions, etc.	0 0 2 2 12	0 0 1 1 7	0 0 1 1 5
14. Ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement	1 2 14 0 0	0 2 7 0 0	1 0 7 0 0

1. Industry: multinational hotel chain and hotel or tourist association
2. Non-Ind.: government, education, and law firm
3. 5 = very influential, 1 = not influential

Round III for six factors (Items 1, 2, 6, 7, 8, and 10), while it decreased for eight factors (Items 3, 4, 5, 9, 11, 12, 13, and 14). Item 12 (engaging in major local events of a cultural and non-political nature) gained 76.5% of votes in the higher level influence categories in Round I, but did not get enough votes in Round III.

### **Summary**

This chapter presented a summary of participation of panel members and the results of the analysis of data from each of the three Delphi rounds.

Forty-five professionals, 21 from hotel chains, five each from government, education, and trade associations, and nine from industria law firms, were invited to serve as the panel for this study. Twenty-one of them accepted the invitation and returned Round I questionnaire, but 17 of the first round participants continued to participate in Round II and Round III. Six members were represented by hotel chains, three each by government tourism officials, trade association officials, and industry lawyers, and two by educators.

Ninety-three key factors were suggested by panel members in Round I. Forty-seven of them were in the law and regulation, 19 in the administrative, 13 in the judicial,

and 14 in the lobbying category. In Round II panel members rated each of the suggested factors on a five point Likert-type scale (5 = very influential, 1 = not influential). Nine factors rated highest in the very influential category, 32 in the moderately, 27 in the average, 5 in the slightly, and 2 in the not influential category, respectively. The remaining 18 of the 93 factors received mixed votes in two or three different categories.

In Round III panel reexamined the suggested key factors and their ratings to reach an agreement. Ten of the 93 factors received the most votes in the very influential category, 39 in the moderately, 30 in the average, 7 in the slightly, and 2 in the not influential category. The number of factors that received the most frequently responses increased in all but the not influential category, and the number of the factors that received mixed votes decreased to 5 in Round III.

The result of the final analysis shows that panel members agreed on 58 of the 93 suggested factors (62.4%), including 26 in the law and regulation, 14 in the administrative, 10 in the judicial, and 8 in the lobbying category.

## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

This chapter presents a summary of the study and its findings. It also outlines conclusions, compares these findings with the factors already found in the literature, and states limitations of this study. Finally, recommendations are made for use of the results of the study and for future research.

#### **Summary of the Study**

In spite of the ever increasing importance of political environmental issues to multinational hotel chains in conducting their business in developing or newly industrialized countries, few studies have been found in this subject. The hospitality industry does not have an appropriate framework for the analysis of political environmental issues to which it should refer for the development and operations of their multinational hotels, particularly in developing or newly industrialized countries.

The purpose of this study was to develop a framework by identifying key factors associated with the political

environment in NICs that affect the business development and operations of the multinational hotel chain. Key factors were sought in the five categories of the political environment suggested in the literature: law and regulation, legislative, administrative, judicial, and lobbying (legislative was merged into law and regulation in the process of the study due to some difficulties in differentiating the two by many panel members).

To identify key factors, this study sought the assistance of hospitality professionals in industry, government, education, and law circles. The Delphi technique, a tool for organizing group communication without discussion in order to refine group opinion and reach a consensus, was utilized to reach an agreement on which factors are influential to the development and operations of the multinational hotel chain.

A professional panel consisting of 17 members, 6 from hotel chains, 3 each from government, trade associations, and law firms, and 2 from education, developed key factors for each of the four political environmental categories. The panel rated the level of influence of each factor on multinational hotel firms in NICs using a five point Likert-type scale (5 = very influential, 4 = moderately influential, 3 = average influence, 2 = slightly influential, and 1 = not influential).

All key factors receiving a total of two-thirds of the panel members' votes in the three highest influence categories were included in the framework. After the final analysis, the number of key factors included in the framework turned out to be 58 in all.

### **Summary of Findings**

Table 37 presents a summary of findings as a result of the rating of key factors identified by the panel members. In Round I the panelists suggested 93 factors under the four political environmental categories, of which 47 were under law and regulation, 19 under administrative, 13 under judicial, and 14 under lobbying. Through the two subsequent rounds of the Delphi process, the panel members agreed on 58 factors (62.4%) to be influential to the development and operations of the multinational hotel chain in NICs. Of 58 factors finally selected for the framework, 9 (15.5%) received the most votes in the very influential category, 37 (63.8%) in the moderately influential category, and 12 (20.7%) in the average influence category.

The following is a summary of the findings for each of four political environmental categories:

Law and Regulation: For this category the panel

identified a total of 47 factors (Table 37): 14 financial, 16 operational, and 17 general/strategic. The panel arrived at an agreement on 26 (55.3%) of the factors, including 5 in the financial segment, 15 in the operational segment, and 12 in the general/strategic segment. Three (11.5%) of 26 factors received the most frequent ratings in the very influential, 14 (53.9%) in the moderately influential, and 9 (34.6%) in the average influence categories, respectively (Table 37).

Five factors received two-thirds of the votes in one of the three highest influence categories. They were: limits on convertibility of local currency into foreign currency (Item 1, financial) and restrictions on repatriation of capital, profit, and management fees (Item 2, financial) in the very influential category, a hotel project should be approved by the government (Item 2a, general/strategic) and constantly changing regulations (Item 5, general/strategic) in the moderately influential category, and high corporation tax on hotel firms (Item 3, financial) in the average influence category.

Of the seven items selected finally for the framework in the financial section, two items received an intensity rating of very influential, three, of moderately influential, and two, of average influence. Of the 10 finally selected operational factors, one item rated

Table 37  
The Final Result of Ratings of Factors

Category	# of Factors		# of Factors with most votes			
	Suggested (A)	Agreed (B)	B/A (%)	Very	Mod.	Avg. <sup>1</sup>
<u>Law and Regulation</u>	<b>47</b>	<b>26</b>	<b>55.3</b>	<b>3</b>	<b>14</b>	<b>9</b>
Financial	14	7	50.0	2	3	2
Operational	16	10	62.5	1	5	4
General/Strategic	17	9	52.9	0	6	3
<u>Administrative</u>	<b>19</b>	<b>14</b>	<b>73.7</b>	<b>3</b>	<b>10</b>	<b>1</b>
Financial	5	4	80.0	1	3	0
Operational	4	3	75.0	0	3	0
General/Strategic	10	7	70.0	2	4	1
<u>Judicial</u>	<b>13</b>	<b>10</b>	<b>76.9</b>	<b>1</b>	<b>9</b>	<b>0</b>
<u>Lobbying</u>	<b>14</b>	<b>8</b>	<b>57.1</b>	<b>2</b>	<b>4</b>	<b>2</b>
<u>Total</u>	<b>93</b>	<b>58</b>	<b>62.4</b>	<b>9</b>	<b>37</b>	<b>12</b>

Note: 1. signifies the level of influence (very, moderately, and average)

intensively in the very influential, five in the moderately influential, and four in the average influence categories. Of the nine agreed items in the general/strategic section, six gained the most votes in the moderately influential and three in the average influence category.

Administrative: Nineteen factors were developed for the administrative category in Round I (Table 37). By sub-category five factors were in the financial, four in the operational, and 10 in the general/strategic sub-categories. Of the 19 suggested factors, 14 were agreed upon by the panel, of which three were rated as very influential, 10 as moderately influential, and one as average influence.

Five factors received two-thirds of the votes in a single level of influence category: price controls for rooms and other charges in a hotel (Item 1, financial) in the very influential category, and four others, currency controls (Item 3, financial), restrictions on business hours or days (Item 1, operational), excessive requirements for licenses and permits (Item 2, operational), and national airline policies (Item 6, general/strategic) in the moderately influential category, respectively.

Fourteen agreed-upon factors include four from the financial sub-category, three from the operational, and seven from the general/strategic. Of the four financial

factors, one received the highest rating in the very influential category and three in the moderately influential category. All of the three operational factors received the most frequent votes in the moderately influential category. Two of the seven selected general/strategic factors received the highest rating in the very influential, four in the moderately influential, and one in the average influence categories, respectively.

Judicial: The panel members suggested 13 factors for this category, of which 10 were finally selected as to be included in the framework (Table 37). Of these, one was given a modal rating of very influential and nine were given a rating of moderately influential. Two factors alone received more than 66% of the votes in a single category of influence: court decisions interpreting the enforceability of hotel contracts (Item 2) and legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (Item 5), both in the moderately influential category.

Lobbying: In the category of lobbying, panel members identified 14 factors (Table 37), of which agreement was reached on eight. Two of these factors received the most ratings in the category of very influential, four in the

moderately influential, and two in the average influence categories.

Three factors alone obtained a two-thirds majority of votes in their individual categories of influence: using a hotel (or tourist) association as an organized lobbying group (Item 2), and the ability to discuss problems/concerns with decision- or policy-makers (Item 8) in the moderately influential category, and ability to hire executives who are knowledgeable about host government affairs (Item 14) in the average influence category.

### **Conclusions**

The following conclusions are drawn through the findings of the study:

First, an agreement on influential factors that have an impact upon the development and operations of the multinational hotel chain in NICs was reached among professionals in the fields of hospitality industry, hospitality management education, tourism government organizations, and industry law firms. Table 38 presents a suggested framework for identification of political environmental issues faced by multinational hotel chains in NICs as a final product of this study.

Second, study results indicated that the key factors

Table 38  
A Suggested Framework for  
Identification of Political Environmental Issues  
Faced by Multinational Hotel Chains in Newly  
Industrialized Countries in Asia

### LAW AND REGULATION

#### I. Financial

Very Influential	Moderately Influential	Average Influence
Limits on convertibility of local currency into foreign currency	High corporation tax on hotel firms	Local tax holidays
Restrictions on repatriation of capital, profit and management fee	Taxation laws intended to attract foreign capital for investment in hotel projects	Budget proposals to fund tourist promotion activities and education of local hotel employees
	Tax credits for creating new jobs or providing training and education	

(Table continued)

**LAW AND REGULATION****II. Operational**

<b>Very Influential</b>	<b>Moderately Influential</b>	<b>Average Influential</b>
Prohibition against holding weddings and other luxurious parties in a hotel	Licensing of restaurants, swimming pools, barber shops, night clubs, bars, etc., in a hotel	Setting standards for food handling and cleanliness for restaurant workers
	Labor law being restrictive regarding hiring employees (e.g., racial quotas)	Limits on the number of foreign employees who may be employed in a hotel
	Labor laws protecting employees by establishing an employee welfare fund	Labor law being restrictive regarding creation of a union and its activities
	Minimum standards required for registering with the government to be officially recognized as a high standard hotel	Setting standards for safety of guests, especially fire safety
	Labor law protecting employees by setting a minimum wage	

(Table continued)

## LAW AND REGULATION

## III. General/Strategic

Very Influential	Moderately Influential	Average Influence
	A hotel project should be approved by the government before the construction is started.	Availability of police forces to ensure security in cities and neighborhoods
	The impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government.	The hotel construction site should be located in the areas where the relevant laws permit (environmental and zoning restrictions)
	Constantly changing regulations	Budget available to country's tourism department to promote the hotel's service overseas
	Legalizing casino gambling	
	Reduction of red tape to get government permits	
	Whether the country is a signatory to any international convention or protocol	

(Table continued)

**ADMINISTRATIVE****I. Financial**

<b>Very Influential</b>	<b>Moderately Influential</b>	<b>Average Influence</b>
Price controls for rooms and other charges in a hotel	Currency controls (e.g., requiring a hotel to collect all charges only the domestic currency)	
	Waiver of import duties of materials for establishment of new hotels and refurbishment projects	
	Tightening of monetary policy affecting economic expansion -- demand for hotel rooms	

**II. Operational**

<b>Very Influential</b>	<b>Moderately Influential</b>	<b>Average Influence</b>
	Restrictions on business hours or days for food & beverage outlets, night club and health center in a hotel	
	Excessive requirements for licenses and permits before allowing full operation of the hotel	
	Controls on purchasing systems in hotels (e.g., use of local distributors)	

(Table continued)

## ADMINISTRATIVE

## III. General/Strategic

Very Influential	Moderately Influential	Average Influence
Continued uncertainty and instability on the political socio-economic front -- history of coup d'etat, military power and influence in every life	National airline policies which would encourage or discourage tourists from coming to a country (e.g., deregulation of controls over which airlines can fly into and/or within a country)	Enforcement of safety laws and regulations affecting building and operation of hotels
The government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service	Increased crime control in tourist environments	
	Discouraging major companies from investing in property developments such as hotels	
	Civil service employees with poor English language skills or with poor knowledge about tourism and hospitality industry	

(Table continued)

## JUDICIAL

Very Influential	Moderately Influential	Average Influence
Interpretation of trademark rights	Interpretation of resident vs. non-resident (off-shore) marketing/franchising agreements	
	Court decisions interpreting the enforceability of hotel contracts	
	Legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury	
	Court decisions enforcing union rights and responsibilities	
	Court decisions encouraging (or discouraging) consumers to sue large hotel companies	
	Cases of disputes over employment rights of hiring and importing foreign personnel	
	Court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto	
	Overall integrity of the judicial system and the quality of the judiciary	
	Enforceability of foreign judgments or arbitration awards	

(Table continued)

## LOBBYING

Very Influential	Moderately Influential	Average Influence
Integrity of local business environment (can business be done on a purely business basis or is system widely regarded as generally corrupt?)	The ability to discuss problems and concerns with decision- or policy-makers	Ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement
Need for a truly independent association that looks out for the travel industry	Maintaining access to government officials at the decision-making or policy-making level either directly or through an organization	Maintaining access to government officials in the various agencies and bureaus at the decision-making level
	National laws governing lobbying (strong or weak? Tough enforcement or not?)	
	Using a hotel (or tourist) association as an organized lobbying group	

related to the law and regulation category were the ones identified most frequently, followed by those related to administrative, judicial, and lobbying. Although this does not necessarily relate directly to the order of importance, it is more than enough to conclude that laws and regulations are very important and influential to the multinational hotel business in NICs.

Third, 30 factors representing 32.3% of the 93 suggested factors in Round II received the most votes in the average influence category. It is interpreted that many members felt uncertain on whether a factor was really influential. This may be a reflex of the proposition made by Lawrence and Lorsch (1967) in which they assert that one of major problems in connection with events taking place in organizations' environment is the lack of clarity of information obtained.

Fourth, this study identified 58 different factors that affect the multinational hotel business, and all or part of these factors should be examined by anyone concerned for effective management of the political environment. Accordingly, the findings of this study support the statement in the literature that the political environment surrounding hospitality organizations is complex and diverse. They further support the importance of environmental scanning by hospitality organizations,

particularly multinational, in order to be successful in this complex and dynamic environment.

Fifth, since none of these factors were identified as being specific to any country, nonetheless they may have uses for analyzing the political environment in developing and developed countries. The political environmental issues found in this study reflected those which have been inherited from the past experiences of participants in their developing era and those which have been newly taken from developed countries.

### **Limitations**

One limitation of this study is that the professional representation by field in the panel was not in balance (e.g., 6 from hotel chains and 2 from education). Balanced representation would be ideal. However, the attempt was made in this study to overcome this limitation by grouping the professionals into two groups, industry and non-industry. Thereby a balanced presentation was made with nine from industry and eight from the non-industry.

The second limitation of this study is that since the size of the panel became smaller than planned and some countries were not fully represented by necessary professionals, the satisfactory result could not be produced

from this study. It was planned to have at least 25 participants. This was thought to be an appropriate size as recommended by Delphi experts (Gow, 1979; Taylor and Judd, 1989), but only 17 participated in the study. Due to the above mentioned limitations, it may be hard to generalize the study's applications. However, the results can be used as guidelines for developing and operating multinational chain hotels in developing or developed countries in the world.

The third limitation of this study was that due to the time constraint, panel members were not given an opportunity to have the meaning of each factor listed by their peers in Round I, so that the same understanding might be able to be shared among members before rating in the subsequent rounds. Therefore, there is the possibility that factors were interpreted differently by different members. This can lead to the question of validity of measurement. Because of this question, it is recognized that it may be difficult to compare the factors found by this study with those existing in the literature for verification.

However, it was found from the comparison of the findings of this study to the existing literature in Chapter 2 that the existing studies regarding the political environmental issues in the literature, particularly in the hospitality sector, show some weaknesses in terms of the

scope and levels of details in identifying influencing factors. Of the 30 political environmental factors for multinational business in general found in the literature, only 11 (36.7%) were supported by the findings of this study (e.g., foreign exchange controls, profit repatriation limits). Such important areas as safety, security, government red tape, judicial, and lobbying were not found in the existing literature.

In the hospitality sector only 7 of the 26 political environmental issues identified in the literature (26.9%) were supported by the findings of this study (e.g., price controls, employment of foreign nationals), while 19 (73.1%) did not match with the findings. As many as 51 factors in the various areas including judicial and lobbying total missed from the existing literature, from which it can be concluded that the related studies in the literature are in need of continued development and research.

### **Recommendations**

The following recommendations for utilization of the result of this study and future research were suggested:

1. Key factors in the political environment in NICs identified by this study should be used as guidelines for

strategic planning by the multinational hotel chain management when developing new projects and/or improving their hotel operations in developing or newly industrialized countries. Due to the differences in political, socio-cultural, and economic situations in a country, it will be necessary to reevaluate the importance of taking or leaving every identified factor when applying it in any country.

2. The intensity rating of the selected factors should be used as a basis for assigning priority status to each factor.

3. These factors should be used as a standard by government officials for legislating, administering, or applying laws, regulations, and rules related to the development and operations of multinational hotel chains in their countries.

4. These factors should be made available to hospitality management educators and students, hospitality industry lawyers, and trade association officials for understanding better the political environmental issues faced by multinational hotel chains in NICs.

5. This study was concerned with development of an appropriate framework to include a pattern of key factors associated with the political environment in NICs, major impacts of the key variables on the multinational hotel firm's management, and the timing affecting the firm in each

segment of law and regulation, legislative, administrative, judicial, and lobbying.

This study completed identification of 58 influencing key factors to be included in a framework, but no study has been done with regard to their impacts and timing. Future research, therefore, should be conducted regarding these two areas to complete development of a framework.

6. Research for this study included events taking place in the five areas of the political environment at all of three levels of jurisdiction, national, state (or provincial), and local. However, it is considered necessary to further classify into these levels in order to more effectively analyze host government's intervention. It is therefore recommended that future research take this into consideration.

7. A replicate research should be conducted to find out how constant or changing the key factors identified by this study will be in the lapse of a certain period (e.g., three years). The research will also contribute to keeping the key factor current.

8. Similar research should be conducted for developing countries in other part of the world (e.g., South America) to compare the newly identified factors with previously identified ones.

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## APPENDICES

**APPENDIX A**

**LETTER OF INVITATION TO PANEL MEMBERS**



**Department of Hotel, Restaurant and  
Institutional Management**

College of Human Resources  
Blacksburg, Virginia 24061-0429  
(703) 231-5515  
Fax: (703) 231-7157 Telex: 9103331861

September 27, 1991

Dear \_\_\_\_\_:

I let me first introduce myself to you. I am currently completing a Ph.D. in the Department of Hotel, Restaurant and Institutional Management, Virginia Polytechnic Institute and State University, Blacksburg, Virginia, U.S.A. I earned my master's degree in travel and tourism from the George Washington University, Washington, D.C. in 1988. Before I came to the United States to study in 1986 I had served the Korean government for 27 years mostly in the field of tourism. My last position in the government was Director-General of the Civil Aviation Bureau in the Ministry of Transportation prior to which I served as Director-General of Tourism in the ministry.

I am conducting a study for my dissertation, the topic of which is "Development of a Framework for Identification of Political Environmental Issues Faced by Multinational Hotel Chains (MHC) in Newly Industrialized Countries in Asia." The objective of the study is to identify key factors in the political environment of newly industrialized countries that have an impact upon the development and operations of MHCs. The key factors will ultimately be incorporated into a framework to be used as a guideline for MHC management in conducting business in developing countries or newly industrialized countries.

A Delphi Technique will be used to identify and reach a consensus on political environmental key factors. For this study, you are selected as one of members of a panel since you are considered an expert in the field of tourism and hospitality management in . Your willingness to serve on the panel will be beneficial to me as well as to your organization, e the framework to be developed by this study will help you better understand the political environmental factors that would affect the business of MHCs in newly industrialized countries.

A Delphi Technique consists of three rounds or phases. The first round will present to you five sub-categories of the political environment under which you will be asked to list key factors that you feel have an impact on the MHC's business. In following rounds you will be asked to rank the level of influence of each factor on the MHC's business.

If you agree to participate in this study you will be one of a forty-six member panel of experts. The panel consists of representatives from world's leading hotel chains, trade associations, hospitality education, legal professions, and government tourism organizations. The five countries in Asia --Hong Kong, Korea, Malaysia, Singapore, and Thailand -- were selected as a sample for this study.

Anonymity is a characteristic of the Delphi Technique. Therefore, your name will not be associated with responses during the study. When making your decision to participate please remember that the success of the Delphi Technique and this study depends on the completion of all the rounds by all the panel members. The study will require approximately one to two hours of your time three times during coming months. I have set a target date of November 26, 1991 for the completion of the rounds.

Enclosed are a personal data form, the first round questionnaire of the Delphi process, and a self-addressed return envelope. It would be very much appreciated if you will be kind enough to participate in the study. Please return the completed personal data form and questionnaire by October 15, 1991. Since your responses will be basis for round two, it is important for you to complete the first round. I will be willing to send the final result of the study for your reference.

Thanking you in advance for your attention and looking forward to your cooperation.

Sincerely,

Chol Yong Kim

Enclosure

**PANELIST INFORMATION**  
(Chain Representative)

**Personal Information**

Name of Company \_\_\_\_\_

Position \_\_\_\_\_

Years in this Position \_\_\_\_\_

Other positions held in the hospitality industry \_\_\_\_\_

Education/training preceding this position \_\_\_\_\_

Have you ever worked at any multinational hotel chain's subsidiary in a developing or newly industrialized country? If yes, in what capacity \_\_\_\_\_

**Corporation Information**

The total number of hotel properties your corporation operates in foreign markets and the number of countries in which they are operated:

( ) Properties          ( ) Countries

The number of hotel properties (owned, joint ventured, managed, and/or franchised by your company) being operated in the following countries:

( ) Hong Kong          ( ) Korea          ( ) Malaysia  
( ) Singapore          ( ) Thailand

What forms did your company take when entering foreign markets? Please fill in the number of cases that fall under each form.

( ) 100% ownership          ( ) Joint ownership  
( ) Management contract      ( ) Franchise agreement  
( ) Other

**THANK YOU!**

**PANELIST INFORMATION**  
**(Trade Association Representative)**

**Name**\_\_\_\_\_

**Name of organization** \_\_\_\_\_

**Position** \_\_\_\_\_

**Years in this position** \_\_\_\_\_

**Years of hospitality industry experience** \_\_\_\_\_

**Your primary field of expertise** \_\_\_\_\_

**Education/training preceding this position** \_\_\_\_\_

**THANK YOU!**

**PANELIST INFORMATION**  
**(Industry lawyer)**

**Name** \_\_\_\_\_

**Name of firm** \_\_\_\_\_

**Area of specialization** \_\_\_\_\_

**Years of counseling experience in hospitality industry** \_\_\_\_\_

**Your primary field of expertise** \_\_\_\_\_

**Education/training preceding this position** \_\_\_\_\_

**THANK YOU!**

**PANELIST INFORMATION**  
**(Education Representative)**

**Personal Information**

Name \_\_\_\_\_

Name of institution \_\_\_\_\_

Your title or position \_\_\_\_\_

Your last degree (please include area) \_\_\_\_\_

Years of teaching in the hospitality program \_\_\_\_\_

Years of hospitality industry experience \_\_\_\_\_

Your primary field of expertise \_\_\_\_\_

**Institution Information**

The program of hospitality management education at your institution is entitled

\_\_\_\_\_

Hospitality management education at your institution includes

- |  |   |
|--|---|
| <input type="checkbox"/> Restaurant management     | <input type="checkbox"/> Hotel/motel management         |
| <input type="checkbox"/> Catering management       | <input type="checkbox"/> Recreation (theme parks, etc.) |
| <input type="checkbox"/> Travel/tourism management | management  |
| <input type="checkbox"/> Other _____               |   |

How many students does your program currently serve?

\_\_\_\_\_ Undergraduate      \_\_\_\_\_ Graduate

**THANK YOU!**

**PANELIST INFORMATION**  
(Government Representative)

**Personal Information**

Name \_\_\_\_\_

Name of Organization \_\_\_\_\_

Position \_\_\_\_\_

Years in this position \_\_\_\_\_

Education/training preceding this position \_\_\_\_\_

**Organization Information**

Function(s) of your organization include:

- ☐ Tourism promotion abroad
- ☐ Development of tourist areas, theme parks, or other parks
- ☐ Guidance of operations of hotels and/or restaurants
- ☐ Guidance of travel agents, tour guides, or tour escorts
- ☐ Education/training of hospitality and tourism employees
- ☐ Other \_\_\_\_\_

Your organization is

- ☐ A ministry (or department)      ☐ A bureau in the ministry (or department)
- ☐ A government corporation      ☐ A division of one of bureaus in the
- ☐ Other \_\_\_\_\_      ministry (or department)

Functions of your organization for hotel/motel related business include:

- ☐ Approval of hotel/motel construction
- ☐ Licensing of hotel/motel operations
- ☐ Approval of foreign direct investment, management contract, or franchise agreement by multinational hotel chains
- ☐ Other \_\_\_\_\_

**THANK YOU!**

**APPENDIX B**

**ROUND I QUESTIONNAIRE**

**IDENTIFICATION OF KEY FACTORS  
IN THE POLITICAL ENVIRONMENT**

## **ROUND I**

### **Identification of Key Factors in the Political Environment**

#### **Directions**

I would like to identify key issues in the political environment that have or will have an impact upon current or future business development and operation of multinational hotel chains (MHC) or their subsidiaries in the five host countries -- Hong Kong, Korea, Malaysia, Singapore, and Thailand.

In pages that follow you will find five categories of the political environment. In the space provided for each category please list the key issues and events in the countries concerned that you consider have had or, are likely to have, an impact upon MHCs and their subsidiaries. It is kindly requested that issues be specific. Please use the back of these pages if necessary.

When a certain issue is applied only to a certain country, please indicate the initial of that country at the end in parentheses [e.g., Hong Kong (H), Korea (K), Malaysia (M)].

Thank you.

## **1. LAW AND REGULATION**

- ex.** 1. Labor laws regulating the creation of a union and its activities
2. Limits on ownership of hotel subsidiaries by foreigners
3. Environmental restrictions on constructing hotels

## **2. LEGISLATIVE**

- ex.** 1. Imposing a new fee on international air/cruise passengers for the national tourism organization's funding
2. A new bill to restrict foreign investment in hospitality sector

## **3. ADMINISTRATIVE**

- ex.** 1. Price control (e.g., rates for room and food & beverage)
2. Hiring and firing constraints (e.g., local employment)
3. Use of local distributors for import of food stuffs, liquors, beverage and so forth

#### 4. JUDICIAL

- ex. 1. Judicial precedents of applying liability law with regard to hotel guests and their belongings
2. A case of conflicts over court jurisdiction
3. A case of disputes over interpretation of a contract basis

#### 5. LOBBYING

- ex. 1. Maintaining good relationships with government agencies
2. Hiring a local lobbying group
3. Organizing an association consisting of managers of MHC subsidiaries

Panelist affiliation: (check one)

NAME \_\_\_\_\_ Hotel \_\_\_\_\_ Trade Assn \_\_\_\_\_  
 Education \_\_\_\_\_ Government \_\_\_\_\_  
 Lawyer \_\_\_\_\_

THANK YOU!

**DEFINITION OF TERMS**

<b>Multinational hotel chain:</b>	<b>Any lodging firm that performs its main operations in at least two countries</b>
<b>Subsidiary:</b>	<b>The corporate firm that represents foreign direct investment or the local owning company that makes a management contract or franchising agreement with a multinational hotel chain</b>
<b>Political environment:</b>	<b>The events that take place in five sub-categories: law and regulation, legislative, administrative, judicial, and lobbying</b>

**DEFINITION OF SUB-CATEGORIES IN  
POLITICAL ENVIRONMENT**

<b>Law and regulation:</b>	Bills that have been passed and are in effect, including bills passed domestically in the national, provincial and local legislatures as well as international agreements such as conventions, treaties, etc.
<b>Legislative:</b>	Bills undergoing the legislative process, not yet passed, rejected, or shelved
<b>Administrative:</b>	Administrative rules, regulations, orders, and decrees that are enacted to execute laws. This category includes formulation and implementation of policies. It also includes bureaucratic harassment that affects the business operation of a firm.
<b>Judicial:</b>	The application of laws and regulations. Court cases, court jurisdiction, court procedures, and judicial systems affecting the business are included in this category.
<b>Lobbying:</b>	The efforts of interest groups (e.g., a multinational hotel chain association) to meet the needs of the industry by applying pressure on lawmakers and administrative officials at the local, provincial, and national levels. Unsavory acts such as bribery and other corrupt practices may be included in this category.

## **APPENDIX C**

### **ROUND II**

#### **RATING OF KEY FACTORS**



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College of Human Resources  
Blacksburg, Virginia 24061-0429  
(703) 231-5515  
Fax: (703) 231-7157 Telex: 9103331861

**January 29, 1992**

**Dear \_\_\_\_\_:**

**Thank you very much for completing round one of the Delphi study to determine key factors having an impact upon the development and operation of multinational hotels in newly industrialized countries. Your thoroughness and kind cooperation in completing the round one questionnaire has helped the panel arrive at a comprehensive listing of key factors as attached.**

**The round two has only eight pages and I hope that completing it will not take an unfair amount of your time and it is easier than round one. The final round, round three, is dependent on your completing this second questionnaire. Please take a few moments, complete the enclosed form, and return it by February 10, 1992.**

**Thank you again for your time and cooperation.**

**Sincerely yours,**

**Chol Yong Kim**

**Enclosures**

**ROUND II****RATING OF KEY FACTORS****Directions**

Below is a listing of possible key factors to be used for developing a framework for identification of political environmental issues faced by multinational hotel chains in newly industrialized countries. The list was collected from the key factors identified by the panel in Round I. Please indicate how influential you feel each factor is to the development and operation of a multinational chain hotel in newly industrialized countries by circling the appropriate number. You may take this opportunity to add or change factors if you feel it necessary.

**Rating scales**

5 = Very influential

4 = Moderately influential

3 = Average influence

2 = Slightly influential

1 = Not influential

**LAW AND REGULATION****I. Financial**

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. Limits on convertibility of local currency into foreign currency                   | 5 | 4 | 3 | 2 | 1 |
| 2. Restrictions on repatriation of capital, profit and management fee                 | 5 | 4 | 3 | 2 | 1 |
| 3. High corporation tax on hotel firms  | 5 | 4 | 3 | 2 | 1 |
| 4. Local tax holidays   | 5 | 4 | 3 | 2 | 1 |
| 5. Tax credits for creating new jobs or for providing training and education          | 5 | 4 | 3 | 2 | 1 |
| 6. Taxation laws intended to attract foreign capital for investment in hotel projects | 5 | 4 | 3 | 2 | 1 |

5 = Very influential

4 = Moderately influential

3 = Average influence

2 = Slightly influential

1 = Not influential

## 7. Possible taxes being considered for legislation:

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| a. traffic tax to be imposed on hotels that create traffic jams | 5 | 4 | 3 | 2 | 1 |
| b. tax to be imposed on foreign workers                         | 5 | 4 | 3 | 2 | 1 |
| c. sales tax  | 5 | 4 | 3 | 2 | 1 |
| d. fee to be imposed on a cruise passenger                      | 5 | 4 | 3 | 2 | 1 |
| e. increase in corporate tax                                    | 5 | 4 | 3 | 2 | 1 |
| f. increase (or decrease) in airport tax                        | 5 | 4 | 3 | 2 | 1 |
| g. abolition of tax incentives                                  | 5 | 4 | 3 | 2 | 1 |

## 8. Budget proposals to fund tourism promotion activities and education of local hotel employees

5 4 3 2 1

## II. Operational

## 1. Minimum standards required for registering with the government to be officially recognized as a high standard hotel

5 4 3 2 1

## 2. Licensing of restaurants, swimming pools, barber shops, night clubs, bars, casinos, etc. in a hotel

5 4 3 2 1

## 3. Prohibition against holding weddings and other luxurious parties in a hotel

5 4 3 2 1

## 4. Hotels are not allowed to produce certain types of food items such as sausages

5 4 3 2 1

## 5. Restrictive labor laws regarding:

## a. hiring employees based on racial quotas

5 4 3 2 1

5 = Very influential	4 = Moderately influential	3 = Average influence
2 = Slightly influential	1 = Not influential	

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| b. hiring only those holding a government issued qualification certificate for all service or customer contact positions | 5 | 4 | 3 | 2 | 1 |
| c. firing employees who are incompetent and/or keep bad relations with their superiors and/or peers                      | 5 | 4 | 3 | 2 | 1 |
| d. creation of a union and activities  | 5 | 4 | 3 | 2 | 1 |
| 6. Labor laws protecting employees by:   |   |   |   |   |   |
| a. setting a minimum wage  | 5 | 4 | 3 | 2 | 1 |
| b. establishing an employee welfare fund   | 5 | 4 | 3 | 2 | 1 |
| 7. Labor laws extending benefits to multinational hotel chains for training the underprivileged local population         | 5 | 4 | 3 | 2 | 1 |
| 8. Limits on the number of foreign employees who may be employed in a hotel  | 5 | 4 | 3 | 2 | 1 |
| 9. Setting standards for:  |   |   |   |   |   |
| a. safety of guests, especially fire safety  | 5 | 4 | 3 | 2 | 1 |
| b. food handling and cleanliness for restaurant workers  | 5 | 4 | 3 | 2 | 1 |
| c. education and training facilities   | 5 | 4 | 3 | 2 | 1 |
| 10. Restrictions on the importation of liquor, raw materials, equipment, etc., for the use of hotels                     | 5 | 4 | 3 | 2 | 1 |

### III. General/Strategic

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. Limits (or no limitation) on ownership of a hotel by foreigners | 5 | 4 | 3 | 2 | 1 |
| 2. Regulations applied to construction of hotels:                  |   |   |   |   |   |

5 = Very influential  
2 = Slightly influential

4 = Moderately influential  
1 = Not influential

3 = Average influence

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| a. A hotel project should be approved by the government before the construction is started.   | 5 | 4 | 3 | 2 | 1 |
| b. A certain amount of money per room must be posted at the time of application for a guarantee to ensure a project's start.                      | 5 | 4 | 3 | 2 | 1 |
| c. The impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government. | 5 | 4 | 3 | 2 | 1 |
| d. The hotel construction site should be located in the areas where the relevant laws permit (environmental and zoning restrictions)              | 5 | 4 | 3 | 2 | 1 |
| e. Standard lots for parking should be secured (for exclusive customer use and safety)  | 5 | 4 | 3 | 2 | 1 |
| f. A minimum size area for guest room and bath is required.   | 5 | 4 | 3 | 2 | 1 |
| g. The requirement for basic facilities and amenities such as lobby, restaurants, etc.  | 5 | 4 | 3 | 2 | 1 |
| 3. No-smoking regulations in food and beverage outlets  | 5 | 4 | 3 | 2 | 1 |
| 4. Hotel classification system (e.g., using stars or flowers)   | 5 | 4 | 3 | 2 | 1 |
| 5. Constantly changing regulations  | 5 | 4 | 3 | 2 | 1 |
| 6. Whether the country is a signatory to any international convention or protocol   | 5 | 4 | 3 | 2 | 1 |
| 7. Availability of police forces to ensure security in cities and neighborhoods   | 5 | 4 | 3 | 2 | 1 |
| 8. Budget available to country's tourism department to promote the hotel's services overseas  | 5 | 4 | 3 | 2 | 1 |
| 9. Reduction of red tape to get government permits for development and operation of a hotel   | 5 | 4 | 3 | 2 | 1 |

5 = Very influential  
2 = Slightly influential

4 = Moderately influential  
1 = Not influential

3 = Average influence

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 10. Legalizing casino gambling   | 5 | 4 | 3 | 2 | 1 |
| 11. Establishment of small claims courts to provide easy and inexpensive ways to process consumer claims | 5 | 4 | 3 | 2 | 1 |

## ADMINISTRATIVE

### I. Financial

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. Price controls for rooms and other charges in a hotel   | 5 | 4 | 3 | 2 | 1 |
| 2. Waiver of import duties of materials for establishment of new hotels and refurbishment projects   | 5 | 4 | 3 | 2 | 1 |
| 3. Currency controls, e.g., requiring the hotel to collect all charges only in the domestic currency | 5 | 4 | 3 | 2 | 1 |
| 4. Crackdown on speculative property development   | 5 | 4 | 3 | 2 | 1 |
| 5. Tightening of monetary policy affecting economic expansion<br>--- demand for hotel rooms          | 5 | 4 | 3 | 2 | 1 |

### II. Operational

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. Restrictions on business hours or days for food & beverage outlets, night club and health center in a hotel | 5 | 4 | 3 | 2 | 1 |
| 2. Excessive requirements for licenses and permits before allowing full operation of the hotel                 | 5 | 4 | 3 | 2 | 1 |
| 3. Enforcing hotel employees to undergo training too frequently  | 5 | 4 | 3 | 2 | 1 |
| 4. Controls on purchasing systems in hotels (e.g., use of local distributors)                                  | 5 | 4 | 3 | 2 | 1 |

5 = Very influential

4 = Moderately influential

3 = Average influence

2 = Slightly influential

1 = Not influential

**III. General/Strategic**

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. Discouraging major companies from investing in property developments such as hotels   | 5 | 4 | 3 | 2 | 1 |
| 2. The government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service  | 5 | 4 | 3 | 2 | 1 |
| 3. Increased crime control in tourist environments   | 5 | 4 | 3 | 2 | 1 |
| 4. Establishing impartial and central reservation information center for all hotels  | 5 | 4 | 3 | 2 | 1 |
| 5. Civil service employees with poor English language skills or with poor knowledge about tourism and hospitality industry   | 5 | 4 | 3 | 2 | 1 |
| 6. National airline policies which would encourage or discourage tourist from coming to a country, i.e., deregulation of controls over which airlines can fly into and/or within a country | 5 | 4 | 3 | 2 | 1 |
| 7. Enforcement of antitrust-type laws which have the effect on increasing competition  | 5 | 4 | 3 | 2 | 1 |
| 8. Enforcement of safety laws and regulations affecting the building and operation of hotels   | 5 | 4 | 3 | 2 | 1 |
| 9. Government campaign to discourage nationals from overseas travel  | 5 | 4 | 3 | 2 | 1 |
| 10. Continued uncertainty and instability on the political socio-economic front -- history of coup d'état, military power and influence in everyday life                                   | 5 | 4 | 3 | 2 | 1 |

**JUDICIAL**

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. Court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|

5 = Very influential 2 = Slightly influential		4 = Moderately influential 1 = Not influential		3 = Average influence	
2.	Court decisions interpreting the enforceability of hotel contracts	5	4	3	2 1
3.	Court decisions enforcing union rights and responsibilities	5	4	3	2 1
4.	Court decisions encouraging consumers to sue large hotel companies (or discouraging ....)	5	4	3	2 1
5.	Legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury	5	4	3	2 1
6.	Overall integrity of the judicial system and the quality of the judiciary	5	4	3	2 1
7.	Enforceability of foreign judgments or arbitration awards	5	4	3	2 1
8.	Use of resident agents for service of legal process	5	4	3	2 1
9.	Speed with which the judicial system resolves disputes	5	4	3	2 1
10.	Whether local system requires/permits a court to order the losing party to pay the prevailing party's legal expenses	5	4	3	2 1
11.	Cases of disputes over employment rights of hiring and importing foreign personnel	5	4	3	2 1
12.	Interpretation of trademark rights	5	4	3	2 1
13.	Interpretation of resident vs. non-resident (off- shore) marketing/ franchising agreements	5	4	3	2 1

### LOBBYING

- |    |  |   |   |   |     |
|----|--|---|---|---|-----|
| 1. | National laws governing lobbying (strong or weak? Tough enforcement or not?) | 5 | 4 | 3 | 2 1 |
| 2. | Using a hotel (or tourist) association as an organized lobbying group        | 5 | 4 | 3 | 2 1 |

5 = Very influential	4 = Moderately influential	3 = Average influence
2 = Slightly influential	1 = Not influential	

3. Hiring a local legal company as lobbyists	5	4	3	2	1
4. Organizing an association consisting of public relations officers of multinational hotel chain subsidiaries	5	4	3	2	1
5. Activation of lobbying activities by holding a seat on the Board of Directors of the government tourism organization by a hotelier	5	4	3	2	1
6. Need for a truly independent association that looks out for the travel industry	5	4	3	2	1
7. Maintaining access to government officials at the decision-making or policy-making level either directly or through an organization	5	4	3	2	1
8. The ability to discuss problems/concerns with decision- or policy-makers	5	4	3	2	1
9. Maintaining access to government officials in the various agencies and bureaus at the decision-making level	5	4	3	2	1
10. Integrity of local business environment (can business be done on a purely business basis or is system widely regarded as generally corrupt?)	5	4	3	2	1
11. Endearing lobbying assistance from local supporters	5	4	3	2	1
12. Engaging in major local events of a cultural and non-political nature	5	4	3	2	1
13. Existence of political action committee and their ability to support political candidates; limits on campaign contributions, etc.	5	4	3	2	1
14. Ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement	5	4	3	2	1

**APPENDIX D**

**ROUND III**

**REEXAMINATION OF KEY FACTORS**



**Department of Hotel, Restaurant and  
Institutional Management**

College of Human Resources  
Blacksburg, Virginia 24061-0429  
(703) 231-5515  
Fax: (703) 231-7157 Telex: 9103331861

March 7, 1992

Dear \_\_\_\_\_ :

Thank you very much for your kind return of round two of my Delphi survey. The questionnaire for round three, final round, was prepared based on the result of round two. The Delphi process will be completed with this third round and you will find directions for this round on the enclosed questionnaire. Please return it by March 20, 1992 (due to the delay of mailing, would you mind faxing me?).

Round three will ask you to reach an agreement on whether or not to select each variable as a key factor having an impact upon the development and operation of multinational hotels in newly industrialized countries. At the completion of this study key variables selected as being "very influential," "moderately influential," and "average influence" will be incorporated into the framework for the analysis of political environmental issues faced by multinational hotel chains.

Using this opportunity, I would like to express my deep appreciation for your participation in my study in spite of your busy schedule. I am sure this study could not be accomplished without your valuable time and cooperation. A copy of the final listing of key factors selected by the panel will be sent to you.

Thanking you again for everything you have done for the success of this study.

Sincerely yours,

Chol Yong Kim

Enclosure

**ROUND III**

**Reexamination of Key Factors Influencing  
Development and Operations of Multinational  
Chain Hotels in Newly Industrialized Countries in Asia**

**Directions**

The following list of key factors is a duplicate of round two. Round three gives the panel an opportunity to reach an agreement on what factors are desirable for incorporating into the framework for the analysis of the political environmental issues faced by multinational hotel chains in newly industrialized countries.

This round also gives you a chance to reconsider your initial responses in comparison with ratings made by the other members. The most frequently chosen response for each statement is enclosed in brackets and your response is underlined. Please complete the final questionnaire using the following steps:

1. Review each factor and note the rating most frequently chosen by members of the panel.
2. Compare your response with that of the panel.
3. If your response differs, make a decision to
  - a. change your rating to agree with the most frequently chosen rating for that factor, or
  - b. keep your rating as it is.
4. Indicate your decision to
  - a. change to that of the group by circling the number enclosed in brackets, or
  - b. keep your rating as it is by doing nothing.
5. If you decide not to agree with the rating most frequently made, please defend your decision in the space provided.

**Rating scales**

5 = Very influential  
2 = Slightly influential

4 = Moderately influential  
1 = Not influential

3 = Average influence

**LAW AND REGULATION****I. Financial**

- |   |                 |
|---|-----------------|
| 1. Limits on convertibility of local currency into foreign currency                   | [5] 4 3 2 1     |
| 2. Restrictions on repatriation of capital, profit and management fee                 | [5] 4 3 2 1     |
| 3. High corporation tax on hotel firms  | 5 [4] 3 2 1     |
| 4. Local tax holidays   | 5 4 [3] 2 1     |
| 5. Tax credits for creating new jobs or for providing training and education          | 5 [4] 3 2 1     |
| 6. Taxation laws intended to attract foreign capital for investment in hotel projects | [5] [4] [3] 2 1 |
| 7. Possible taxes being considered for legislation:                                   |                 |
| a. traffic tax to be imposed on hotels that create traffic jams                       | 5 4 [3] 2 1     |
| b. tax to be imposed on foreign workers   | 5 [4] 3 2 1     |
| c. sales tax  | 5 4 3 [2] 1     |
| d. fee to be imposed on a cruise passenger  | 5 4 3 2 [1]     |
| e. increase in corporate tax  | 5 4 3 [2] 1     |
| f. increase (or decrease) in airport tax  | 5 4 3 [2] 1     |
| g. abolition of tax incentives  | 5 [4] 3 [2] 1   |

5 = Very influential  
2 = Slightly influential

4 = Moderately influential  
1 = Not influential

3 = Average influence

- |   |                     |
|---|---------------------|
| 8. Budget proposals to fund tourism promotion activities and education of local hotel employees | 5   4   [3]   2   1 |
|---|---------------------|

## II. Operational

- |  |                       |
|--|-----------------------|
| 1. Minimum standards required for registering with the government to be officially recognized as a high standard hotel   | 5   [4]   3   2   1   |
| 2. Licensing of restaurants, swimming pools, barber shops, night clubs, bars, casinos, etc. in a hotel                   | 5   [4]   [3]   2   1 |
| 3. Prohibition against holding weddings and other luxurious parties in a hotel   | [5]   4   3   2   1   |
| 4. Hotels are not allowed to produce certain types of food items such as sausages  | 5   [4]   3   2   1   |
| 5. Restrictive labor laws regarding:   |                       |
| a. hiring employees based on racial quotas   | 5   [4]   3   2   1   |
| b. hiring only those holding a government issued qualification certificate for all service or customer contact positions | 5   4   [3]   2   1   |
| c. firing employees who are incompetent and/or keep bad relations with their superiors and/or peers                      | 5   4   3   [2]   1   |
| d. creation of a union and activities  | 5   4   [3]   2   1   |
| 6. Labor laws protecting employees by:   |                       |
| a. setting a minimum wage  | 5   [4]   3   2   1   |
| b. establishing an employee welfare fund   | 5   [4]   3   2   1   |
| 7. Labor laws extending benefits to multinational hotel chains for training the underprivileged local population         | 5   4   [3]   2   1   |

5 = Very influential

4 = Moderately influential

3 = Average influence

2 = Slightly influential

1 = Not influential

8. Limits on the number of foreign employees who may be employed in a hotel

5 [4] [3] 2 1

9. Setting standards for:

- a. safety of guests, especially fire safety

5 4 [3] 2 1

- b. food handling and cleanliness for restaurant workers

5 [4] [3] 2 1

- c. education and training facilities

5 4 [3] 2 1

10. Restrictions on the importation of liquor, raw materials, equipment, etc. for the use of hotels

[5] 4 3 [2] 1

### III. General/Strategic

1. Limits (or no limitation) on ownership of a hotel by foreigners

[5] 4 3 [2] 1

2. Regulations applied to construction of hotels:

- a. A hotel project should be approved by the government before the construction is started.

5 [4] 3 2 1

- b. A certain amount of money per room must be posted at the time of application for a guarantee to ensure a project's start.

5 4 [3] 2 1

- c. The impact of hotel construction upon transportation and the physical environment in and around the site should be examined by the government.

5 [4] 3 2 1

- d. The hotel construction site should be located in the areas where the relevant laws permit (environmental and zoning restrictions)

5 4 [3] 2 1

- e. Standard lots for parking should be secured (for exclusive customer use and safety)

5 4 [3] 2 1

5 = Very influential	4 = Moderately influential	3 = Average influence
2 = Slightly influential	1 = Not influential	

f. A minimum size area for guest room and bath is required.	5	4	[3]	2	[1]
g. The requirement for basic facilities and amenities such as lobby, restaurants, etc.	5	4	[3]	2	1
3. No-smoking regulations in food and beverage outlets	5	4	[3]	[2]	1
4. Hotel classification system (e.g., using stars or flowers)	5	4	[3]	2	1
5. Constantly changing regulations	5	[4]	3	2	1
6. Whether the country is a signatory to any international convention or protocol	5	[4]	3	2	1
7. Availability of police forces to ensure security in cities and neighborhoods	[5]	4	[3]	2	1
8. Budget available to country's tourism department to promote the hotel's services overseas	5	4	[3]	2	1
9. Reduction of red tape to get government permits for development and operation of a hotel	5	[4]	3	2	1
10. Legalizing casino gambling	5	[4]	3	2	1
11. Establishment of small claims courts to provide easy and inexpensive ways to process consumer claims	5	4	[3]	2	1

## ADMINISTRATIVE

### I. Financial

1. Price controls for rooms and other charges in a hotel	[5]	4	3	2	1
2. Waiver of import duties of materials for establishment of new hotels and refurbishment projects	5	[4]	3	2	1

5 = Very influential	4 = Moderately influential	3 = Average influence		
2 = Slightly influential	1 = Not influential			

- |  |   |     |     |   |   |
|--|---|-----|-----|---|---|
| 3. Currency controls, e.g., requiring the hotel to collect all charges only in the domestic currency | 5 | [4] | 3   | 2 | 1 |
| 4. Crackdown on speculative property development   | 5 | 4   | [3] | 2 | 1 |
| 5. Tightening of monetary policy affecting economic expansion --- demand for hotel rooms             | 5 | [4] | [3] | 2 | 1 |

## II. Operational

- |  |   |     |     |   |   |
|--|---|-----|-----|---|---|
| 1. Restrictions on business hours or days for food & beverage outlets, night club and health center in a hotel | 5 | [4] | 3   | 2 | 1 |
| 2. Excessive requirements for licenses and permits before allowing full operation of the hotel                 | 5 | [4] | 3   | 2 | 1 |
| 3. Enforcing hotel employees to undergo training too frequently  | 5 | 4   | [3] | 2 | 1 |
| 4. Controls on purchasing systems in hotels (e.g., use of local distributors)                                  | 5 | [4] | 3   | 2 | 1 |

## III. General/Strategic

- |  |     |     |     |   |     |
|--|-----|-----|-----|---|-----|
| 1. Discouraging major companies from investing in property developments such as hotels   | 5   | [4] | 3   | 2 | 1   |
| 2. The government dictates the hotel grading system based only on the type and size of facilities disregarding the level of service. | [5] | 4   | 3   | 2 | 1   |
| 3. Increased crime control in tourist environments   | 5   | [4] | 3   | 2 | 1   |
| 4. Establishing impartial and central reservation information center for all hotels  | 5   | 4   | [3] | 2 | [1] |
| 5. Civil service employees with poor English language skills or with poor knowledge about tourism and hospitality industry           | 5   | [4] | [3] | 2 | 1   |

5 = Very influential	4 = Moderately influential	3 = Average influence
2 = Slightly influential	1 = Not influential	

- |  |             |
|--|-------------|
| 6. National airline policies which would encourage or discourage tourist from coming to a country, i.e., deregulation of controls over which airlines can fly into and/or within a country | 5 [4] 3 2 1 |
| 7. Enforcement of antitrust-type laws which have the effect on increasing competition  | 5 4 [3] 2 1 |
| 8. Enforcement of safety laws and regulations affecting the building and operation of hotels   | 5 4 [3] 2 1 |
| 9. Government campaign to discourage nationals from overseas travel  | 5 4 [3] 2 1 |
| 10. Continued uncertainty and instability on the political socio-economic front -- history of coup d'état, military power and influence in everyday life                                   | [5] 4 3 2 1 |

### JUDICIAL

- |  |               |
|--|---------------|
| 1. Court decisions interpreting legal principles regarding hotel overbooking and damages relating thereto  | 5 [4] 3 2 1   |
| 2. Court decisions interpreting the enforceability of hotel contracts  | 5 [4] 3 2 1   |
| 3. Court decisions enforcing union rights and responsibilities   | 5 [4] 3 2 1   |
| 4. Court decisions encouraging consumers to sue large hotel companies (or discouraging ....)   | 5 [4] 3 2 1   |
| 5. Legal precedents placing liability on hotels for providing alcoholic beverages to drunk drivers (dram shop laws) who later commit acts of destruction or injury | 5 [4] 3 2 1   |
| 6. Overall integrity of the judicial system and the quality of the judiciary   | [5] 4 [3] 2 1 |

	5 = Very influential					4 = Moderately influential					3 = Average influence				
	2 = Slightly influential					1 = Not influential									
7. Enforceability of foreign judgments or arbitration awards											[5]	4	[3]	2	1
8. Use of resident agents for service of legal process											5	4	[3]	2	1
9. Speed with which the judicial system resolves disputes											5	4	[3]	2	1
10. Whether local system requires/permits a court to order the losing party to pay the prevailing party's legal expenses											5	4	[3]	2	1
11. Cases of disputes over employment rights of hiring and importing foreign personnel											5	[4]	3	2	1
12. Interpretation of trademark rights											[5]	4	3	2	1
13. Interpretation of resident vs. non-resident (off- shore) marketing/franchising agreements											5	[4]	3	2	1

### LOBBYING

1. National laws governing lobbying (strong or weak? Tough enforcement or not?)											5	[4]	3	2	1
2. Using a hotel (or tourist) association as an organized lobbying group											5	[4]	3	2	1
3. Hiring a local legal company as lobbyists											5	4	[3]	[2]	1
4. Organizing an association consisting of public relations officers of multinational hotel chain subsidiaries											5	4	3	[2]	1
5. Activation of lobbying activities by holding a seat on the Board of Directors of the government tourism organization by a hotelier											5	4	[3]	2	1
6. Need for a truly independent association that looks out for the travel industry											[5]	4	3	2	1

5 = Very influential

4 = Moderately influential

3 = Average influence

2 = Slightly influential

1 = Not influential

- |  |               |
|--|---------------|
| 7. Maintaining access to government officials at the decision-making or policy-making level either directly or through an organization           | [5] [4] 3 2 1 |
| 8. The ability to discuss problems/concerns with decision- or policy-makers  | 5 [4] 3 2 1   |
| 9. Maintaining access to government officials in the various agencies and bureaus at the decision-making level                                   | 5 4 [3] 2 1   |
| 10. Integrity of local business environment (can business be done on a purely business basis or is system widely regarded as generally corrupt?) | [5] 4 3 2 1   |
| 11. Endearing lobbying assistance from local supporters  | 5 4 [3] [2] 1 |
| 12. Engaging in major local events of a cultural and non-political nature  | 5 4 [3] 2 1   |
| 13. Existence of political action committee and their ability to support political candidates; limits on campaign contributions, etc.            | 5 4 3 2 [1]   |
| 14. Ability to hire executives who are knowledgeable about government impact on a hotel's business and how to manage government's involvement    | 5 4 [3] 2 1   |

**APPENDIX E**

**PANEL EXPERTS**

**PANEL EXPERTS****Industry**

**Mr. David Hopkin**  
**Operations Analyst - Asia Pacific**  
**Hyatt International Hotels**  
**c/o Hyatt Regency Hong Kong**  
**67 Nathan Road, Kowloon, Hong Kong**

**Mr. Peter Walshaw**  
**General Manager**  
**Hyatt Regency Seoul**  
**747-7 Hannam-dong, Yongsan-ku**  
**Seoul, Korea**

**Mr. Lawrence Lau**  
**General Manager**  
**Hyatt Saujana Hotel & Country Club**  
**P.O. Box 111, Jalan Sultan**  
**46710 Petaling Jaya**  
**Selangor Darul Ehsan, Malaysia**

**Mr. Jean-Gabriel Peres**  
**Senior Vice President, Asia Pacific**  
**Meridien Hotels**  
**Rm 1503 Chinachem Golden Plaza**  
**77 Mody Road, Kowloon, Hong Kong**

**Mr. Helmut Gaisberger**  
**General Manager**  
**Le Meridien Singapore**  
**100 Orchard Road**  
**Singapore 0923**

**Mr. Olivier F. Friedli**  
**Vice President, Corp. Development**  
**Swissair "Swissotel" Management Ltd.**  
**P.O. Box CH-8058 Zurich-Airport, Switzerland**

**PANEL EXPERTS - continued****Government**

**Mr. Nam Keun Paik**  
Director-General  
Bureau of Tourism  
Ministry of Transportation  
Seoul, Korea

**Mr. Soh Cheow Yeow**  
Senior Market Planning Officer  
Singapore Tourist Promotion Board  
36-04 Raffles City Tower  
250 North Bridge Road  
Singapore 0617

**Ms. Hilda Ng**  
Secretary  
Hotel Licensing Board  
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#36-04, Raffles City Tower  
Singapore 0617

**Education**

**Dr. Jong Yoon Ahn**  
Professor  
Tourism Management Dept.  
Hanyang University  
Kwangjang-dong, Seoul  
Korea

**Dr. Raymond John Pine**  
Dept. of Hospitality Management  
Hong Kong Polytechnic  
Hung Hom, Kowloon  
Hong Kong

**PANEL EXPERTS -continued****Trade Association**

**Mr. Keith Ho**  
Administration Manager  
Hong Kong Hotel Association  
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Hong Kong

**Mr. Dong Hui Lee**  
Executive Vice President  
Korea Tourist Association  
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**Ms. Margaret Heng-Siow**  
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**Mr. Arthur Schiff**  
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**Mr. Henri Rick Schuller**  
15760 Ventura Blvd., Suite #2020  
Encino, CA 91436

## VITA

Chol Yong Kim, son of Ki Chool Kim and Jung Chool Kang, was born on November 28, 1935 in Nagoya, Japan and returned to his native country, Korea, in 1946. He received a Bachelor of Arts degree in Political Science from Seoul National University in Seoul, Korea, in 1959. He completed a one-year course in Strategic Management at the National Defense College in Seoul in 1981 and a six-month policy-making course at the Advanced Center for Administrative Development, Seoul National University in 1983. He was awarded the degree of Master of Arts in Travel and Tourism from the George Washington University in Washington, D.C. in 1987.

Between 1957 and 1986 he held various positions in the Ministry of Transportation, Government of the Republic of Korea: Director of Tourism Policy, Bureau of Tourism (1969-1977), Inspector-General (1977-1978), Director-General of Land Transport Bureau (1979), Director-General of Bureau of Tourism (1979-1980), Director-General of Transport Policy Bureau (1982-1983), and Director-General of Civil Aviation Bureau (1983-1986). While he was serving the Korean government, he participated in many international conferences (e.g., Pacific Area Travel Association, World Tourism Organization, International Civil Aviation Organization) as a member, or the head of, the Korean delegation. He also headed the Korean negotiation team for a bilateral aviation agreement with more than ten countries including the United States, Japan, Great Briatin, and Italy. He was conferred a decoration by the government of the Republic of Korea in 1972.

He married Myung Hee Hahn in 1961 and is now the father of Jin Kim (age 30) and Hyun Sung Kim (age 28).

A handwritten signature in black ink, reading "Chol Yong Kim". The signature is written in a cursive, flowing style with a horizontal line underneath.

Chol Yong Kim