AN EMPIRICAL EXAMINATION OF MULTINATIONAL CORPORATIONS' (MNCs) INTEGRATION OF TOURISM MARKET DEVELOPMENT STRATEGIES (TMDS) WITH AFRICAN HOST COUNTRIES' NEEDS AND EXPECTATIONS.

By

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AN EMPIRICAL EXAMINATION OF MULTINATIONAL CORPORATIONS' (MNCs) INTEGRATION OF TOURISM MARKET DEVELOPMENT STRATEGIES (TMDS) WITH DEVELOPING AFRICAN HOST COUNTRIES' NEEDS AND EXPECTATIONS.

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(ABSTRACT)

This exploratory study examined the different tourism market development strategies that tourism Multinational Corporations (MNCs) implement in their operations in African host countries. It empirically investigated the existence of any relationships between tourism MNCs' market development strategies and the "Needs and Expectations of African host countries." Also, it investigated the influences of external environmental factors on tourism MNCs' tourism market strategic choice.

Its sample population were top management executives of tourism MNCs' with operations in the African market. The unit of analysis was the corporation. The sample frame was an exhaustive list of tourism MNCs with operations in the African region. The initial sample size was 106 tourism MNCs' executives. Thirty-seven of them responded to a mail in survey questionnaire. Two of the questionnaires were discarded due to numerous missing data. Thus, there were 35 usable questionnaires for data analysis, which is a response rate of 33%.

The study results identified relationships between the integration of Multinational Corporations' (MNCs) tourism market development strategies with the needs and

expectations of developing African host countries, and their successful performance in those host countries in terms of growth in operations and profitability. It revealed that significant differences exist among the market development strategies on the factors of needs and expectations of African host countries. The significant factors were community participation, local entrepreneurship, and job and national security. Also, the economic development factor was observed to be partially significant. This study also identified free trade economy in the African host countries as a significant factor on the influence of external environment.

The framework of this study is embedded in the underlying theories of international strategic management, international business, international development, and needs and expectations. The study's final conceptual model depicts the significant factors of African host countries' needs and expectations, the tourism market development strategies, an integration of the two concepts and the resultant tourism MNCs successful performance.

This research study investigated MNCs in all sectors of the tourism industry. And the findings have shown that for the tourism MNCs to be successful in their African host countries, they should be sensitive to the identified sectors, namely economic development, community participation, local entrepreneurship, and job and national security measures. Also, they should exert more efforts in exploring African free trade economies for their business locations in the region.

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CHAPTER ONE

INTRODUCTION

This dissertation examined the strategic measures that Multinational Corporations (termed MNCs) in the tourism industry adopt in expanding their tourism ventures into developing countries in Africa. It determined the effects of market development strategies that encompass the "needs and expectations" of the African host communities within the prevailing forces of the organizations' external environment. .

It investigated Multinational Corporations (MNCs) in all sectors of the tourism industry (Theme Parks, Lodging, Resorts, Restaurants, Airlines, Travel Agencies, Car Rental Agencies, Tour Operators and Tour organizers). It explored the tendency for a tourism MNC to chose a "global strategy" rather than a "multi-domestic strategy" in its international operations (Porter, 1986; Tse and West, 1992).

The tourism industry has emerged as one of the largest and fastest growing industries in the global economy (Eadington and Redman 1991). It is a silent export that contributes to approximately 5.5% of the world gross output, 7.3% of capital investment and 11% of the world taxes (World Travel and Tourism Council, 1992). There were about 625 million tourists worldwide in 1998 that contributed to 2% growth in worldwide tourism receipt to $445 billion (WTO, 1999). It is estimated to have generated an aggregate worldwide revenue of about $661 billion from an estimated number of 700 million tourists (WTO, 2000). According to UNESCO Courier, the WTO projected international tourism arrivals to rise to an estimated 1.6 billion, with an anticipated tourism revenue of more than $2 trillion in 2020. (UNESCO Courier, 1999). It has become the economic power source of many countries and has facilitated the development of infrastructure and employment levels in developing countries. International tourism has been propelled by neoliberal development strategists as a comparable out-ward oriented development sector for many countries (Brohman, 1996). It surely has become a vital source of reviving economies and balance of payment of most developed countries such as U.S., U.K., France, Japan, Germany, etc. (Miller and Smith, 1972).

However, the contribution of international tourism to Third World Development is quite controversial (Brohman, 1996). It is expected to be a channel of development for developing countries, a source of economic development that will bring social uplifting, economic growth and employment, specially to the rural residents and generally to the developing host countries (Chow, 1980). According to Cohen (1984), tourism is considered as an aspect of commercial hospitality with tremendous impacts on host populations. Tourism MNCs should properly understand the developing African market through an on-going scanning of their organizations' external environment in the region (Tse, 1988; and Costa, 1995).

As most developing African countries rely on tourism development as a facet for economic growth and job creation, the reality as depicted in most tourism literature is that the viability of tourism development in these Third World countries results from capitalist policies that entail foreign ownership, foreign exchange leakage, and influx of expatriates for skilled tourism positions. All this prevailing capitalist factor heave hidden costs on the host governments that are so pressed for economic growth. The latent costs could range from governmental investment incentives to constructing ambitious tourism infrastructure such as roads, airports, bridges, resorts, water and electrical amenities, as well as other tourism support services.

The massive domination of tourism operations in Third World countries by foreigners usually leads to overseas leakage of foreign exchange earnings. Brohman (1996) stated that foreign tourism developers use their "capitals to construct and own the major part of hotel accommodations, restaurants and other services, including the principal transportation links and travel agencies." On referring to Erisman (1983:37), Brohman outlined "marketing and the procurement of customers, international transportation, and food and lodging" as the three main lucrative tourism components of Third World countries that are usually operated by foreigners through 'vertical integration of global network' of airlines and other transnationals with expatriate staff.

International tourism had in the past been criticized as a dependency theory (Britton, 1982), which induces "a process of historical conditioning which alters the functioning of economic and social sub-systems within an underdeveloped country. This condition causes the simultaneous disintegration of an indigenous economy and its reorientation to serve the needs of exogenous markets." There is no doubt that the development of tourism has its eminent benefits, but its negative impacts especially on underdeveloped and developing countries which are here referred to as 'Third World' countries have impelling unfavorable outcomes.

PROBLEM STATEMENT

Tourism development and planning in Third World countries has been associated with a series of negative impacts such as high crime-rate, cultural-destruction, prostitution, and leakage of generated tourism funds (Brohman, 1996). Usually, these impacts lead to local residents' resistance to tourism development as well as residents' hostility toward international tourists (Murphy, 1985). Effective tourism development planning in Third World countries should reflect the goals and strategies that incorporate the host community's perception of better economic and social livelihood. MNCs need to scan and understand the external environment in which they operate (Webster and Hudson, 1991). Equally, the tourism and hospitality MNCs that operate in Third world countries need to understand the development needs of host countries and their local residents. They should evaluate the prevailing circumstances and align them with their corporate values and expected social responsibilities. This would make tourism MNCs to become more proactive and anticipatory to the regions' turbulent environment. Thus minimizing their "resource risks" which are very profound in Third World countries (Ghoshal, 1987:430).

The following issues pose operational challenges for tourism MNCs in developing African countries, which with their vast tourism resources, are faced with political instability, disparate socio-cultural values, high unemployment rate, unskilled labor pool, limited outward developmental program and meager GNPs:

- Are the tourism MNCs adopting market development strategies that encompass the needs and expectations of their African host countries?

- Do organizational external environmental factors in African host countries influence the choice of market development strategy in the African host countries?
- Are there any relationships between integrated market development strategies and tourism MNCs' successful performance in the form of operational growth and profits in their African host countries?

This research focused in addressing the above issues. It was able to determine the effects on performance of those MNCs' tourism development strategies that incorporate the needs and expectations of developing African host countries. An understanding of relationships between MNCs' strategic objectives and the needs and expectations of the host countries, should lead to successful tourism operations in Third World countries that are free of socio-cultural and socio-economical turmoil between host communities and tourism MNCs that operate in the region. In order to preserve the image of the tourism industry and the community's cultural and socio-economic values, which include meeting their economic expectations from tourism development in their area, effective planning which considers both tourists' demands and local perceptions and values should be implemented (Lankford, 1994).

THEORETICAL UNDERPINNINGS

This research was based on underpinning theories of "needs and expectations" and their influence on tourism MNCs' development strategies in developing countries. The theories tend to enable one to understand the relevance of the underlying concept and its pertinent impact on the success of tourism MNCs' operations in developing host countries. The theoretical underpinnings comprise of perspectives from literature on international strategic management, international business, international development, and needs and expectations theory.

Strategic Management Objectives

The dynamic environment of international business requires tourism MNCs to be able to anticipate potential risks and detrimental issues in their remote environment. According to Twiss (1980), only businesses that learn to live with environmental uncertainty and incorporate it within their decision-making processes are bid to be successful in the long run. "Strategic management is concerned with deciding on strategy and planning how that strategy is to be put into effect" (Johnson and Scholes, 1988). A good understanding of the turbulent international environments by tourism MNCs top management, coupled with their analysis of opportunities and threats in international environments is quite instrumental to the process of international strategic management (Tse and West, 1992).

International Strategic Management Paradigm

Both International strategic management studies and domestic strategic management studies, posit the general strategic management theory. This theory emphasized the co-alignment principle; which is organizational strategic decision makings that align with the forces in the organizational environment (Miles et al., 1978; Bourgeois, 1980; Olsen and Roper, 1988). Bourgeois (1980) stated that "this co-alignment delineates the activities through which organizational leaders establish the social or economic mission of the organization, define its domain(s) of action and determine, how it will navigate or compete within its chosen domain(s)." Olsen, Tse and West (1992) stipulated the four components of general strategic management: "environmental scanning; strategy formulation; strategy choice; and strategy implementation."

The concept of organizational environment emanated from "systems theory" (Von Bertalanffy, 1950). Basically, there are two categories of environment in the strategic management literature:

1. General environment - which comprises of political issues, legal issues, demography, socio-cultural issues, economic issues, ecology, technology, etc. (Thompson, 1967; Weick, 1969: Miles, 1980; Zhao and Merna,1992).
2. Task environment - Which is composed of customers, (distributors and users) suppliers, competitors, and regulatory groups (such as government agencies, unions, and interim associates). (Dill, 1958; Thompson, 1967; Duncan, 1972; Tse and Olsen, 1990).

Environmental analysis is also a concept of the theory of "open systems" (West and Olsen, 1989). Through environmental scanning, organizations could identify the opportunities and threats in their environment that would be matched with its capabilities (Ansoff, 1965; Thompson 1967; Katz, 1970; Vancil and Lorange, 1975; West and Olsen, 1989). The focus of environmental scanning is basically on the external environment which comprises both the general and remote environmental factors, rather than the internal environment that comprises of the strengths and weaknesses of an organization (Tse, 1988; and Costa, 1995).

Studies such as Chandler, (1962); Bower (1970); Child, (1972); Miles and Snow (1978); have dealt exhaustively with the process of strategy formulation. It is the underlying factor that compromises organizational structure to strategy. Thus, it details how organizational leaders identify channels of achieving the organization's goals and objectives, accomplish their mission, determine its business parameter and identify its organizational culture.

Organizational strategic choice is a recurring phenomenon that is always revisited, monitored and evaluated. It projects the view that organizational behavior is at the remedy of the environmental factors, the resultant outcomes of top management strategic choice are the "critical determinants of organizational structure and process" (Miles et al., 1978). Thus, strategic choices are only as good as their outcomes. A good assessment of the environment will in most cases establish a rewarding and effective strategic choice. Usually, it follows the formalities of organizational contingency theory. They entail reconstructing organizational forms that would conform to the adopted strategic choice (Kast and Rosenzweig, 1973).

Researchers such as, Hofer (1973, 1975); and Porter (1980), have stressed the importance of effective strategic implementation and evaluation. This is the vital mechanism through which the organization puts its chosen strategies into action by allocating its resources accordingly. It also maps organizational structures as well as institute control systems that monitor and evaluate the proceeds of the chosen strategies.

International Business Paradigm

As stated above, the International strategic paradigm is rooted in general strategic management theory that postulates the co-alignment principle. It stipulates forces in organizational external and internal environmental factors. On the other accord, international business paradigm projects direct and indirect foreign investments approaches that MNCs adopt. These foreign investment approaches are generally referred to as "entry modes" into international markets. There are numerous international business theories but none is able to address foreign investments that are applicable to all countries or industries. However, they all tend to explain why a corporation chooses one approach, such as direct foreign investment (wholly owned subsidiary), exporting, joint venture, management contracts, or licensing agreement over another.

Past studies (Cyert, 1963; Aharoni, 1967; Simon, 1967) on international business were embedded in the classical theory of international trade which was based on exporting and importing transactions. The two aspects of the theory; the comparative advantage theory, and the theory of factor proportions postulate that MNCs foreign investments were triggered by international trade imbalances or international interest differentials for securities of equal or less risks. One of the limitations of the comparative advantage and its corollary is that they were unable to identify the impact of environmental uncertainty, economies of scale, cost of communication and costs of differential products on international business markets.

Modern theories (Dunning, 1977,1980; Kundu, 1994) on international business have emerged from the original work of Hymer (1960) product and market imperfections theory. The theory conceptualizes the notion that product and factor imperfections are the main driving forces that influence direct investments. Most of the imperfections are created by protective governments and some corporations' business approaches.

Dunning (1977, 1980) eclectic paradigm postulates that complimentary factor endowments and international product imperfections coupled with a corporation's competitive advantages, enhance that corporation's foreign markets investments. The eclectic paradigm hypothesized three conditions that could benefit a corporation's international investments: "ownership, location, and internalization advantages." The ownership aspect deals with the internal strengths of the corporation which encompass investment and operational resources, competitve advantages, skills and equity. The aspect of locations condition, involves more of the external factors such as considering the financial and political risks in various locations and choosing the most feasible location or international market to invest in. The internalization advantage considerations determine if direct or indirect foreign investment approaches to a particular location is more appropriate. It entails an analysis of the cost and benefit factors that are associated with utilizing the corporation's resources in foreign investments. Low cost and above marginal benefits induce fully equity ownership, while high cost and marginal benefits induce indirect investment (joint venture, licensing, or contractual agreement).

Needs and Expectations Theory

Researchers such as Meleka, 1985; Beamish, 1987; Kobrin, 1988; Kogut and Singh, 1988 have conducted studies based on "needs and expectations" theory and the effect of national culture on organizational environment. As mentioned earlier, tourism MNCs that operate in Third world countries need to understand the development needs of host countries and their local residents. Zhao (1994) stated that when a host country allows a multinational corporation to operate in its economic development, the country may have its unique needs and expectations such as “finance, human resources, marketing development, management know-how, and political needs.” Also, Kobrin (1988) stressed the importance of a good understanding of a host country’s needs and expectations by multinational corporations. It is always necessary for MNCs to constantly scan their international environment and project plans that could enable them to cope with any unforeseen circumstance that might occur.

According to Meleka (1985), the five forms of benefits that host countries expect from MNCs are national economic development, creation of jobs and employment, training of skilled labor and management development, creating opportunities for entrepreneurship and industrialization through joint ventures, and promoting political stability and good international relationships between host country and home country. Beamish (1987) also identified five categories of needs and expectations that MNCs should anticipate from host countries: readily capitalized items such as capital assets, access to raw materials, transfer of technology and equipment; human resources such as skilled and semi-skilled labor, management and technical personnel pool; access to international market such as exporting and distributing outlets; political needs such as political stability and inter-governmental relationships and knowledge needs such as information and training systems.

Other developing countries expectations from foreign investments as identified by Stoever (1985) are: participation through full or partial local ownership of an enterprise, the upgrading and transferring of technology from home country to host country, technical training of local staff, training and advancement opportunities for citizens of the host country, industrialization of the economy, opportunities for host country's middle men- suppliers, agents, contractors and entrepreneurs, investment distribution to urban and suburban areas, generation of foreign exchange and export revenues, governmental revenues in forms of taxes and tariffs and offer of employment to host country's citizens.

International Development Theories

Researchers such as Brohman (1996) have portrayed International tourism as an instrument of economic development, mainly for third world economies. Neoclassical theorists such as Haberler (1950); Viner (1953); Bauer and Yamer (1968), have since the 1960s projected neoclassical economics as a prevailing mode of development programs. They argued that development based on comparative advantage is better enhanced by outward-oriented development programs.

Modern neoliberals have used this basis of comparative advantage to resurrect the neoclassical economics approach in Third World development. They contend that exports of domestic attributes and natural resources enhance sustainable growth based on comparative advantage. Such exports as International tourism and trade are assumed to exhibit strong global competition more than the erection of industrial sectors. Such argument is substantiated by the tremendous growth in worldwide tourism receipts. The UNESCO Courier referred to World Tourism Organization (WTO) report, that in 1997, worldwide tourism receipts represented more than 8% of worldwide exports in goods and about 34% in worldwide export services (UNESCO Courier, 1999). Evidently, the neoliberals do not see more of a global competitive advantage in mechanized industrialization in Third World development.

Neoclassical theorists have projected development theory based on outward-oriented growth paradigm in different dimensions. The neoliberals posit outward growth strategies as tenable methods of reaching global markets that could induce growth in various segments of Third World economy. Thus, outward growth programs like international tourism can easily gain high level of international demand, as compared to the low level of domestic demand. Neoliberals implying classical theories as the bases for Third World economic growth also believe in the microeconomics efficiency of outward-oriented development programs. Such programs are assumed to enhance greater productivity more than inward-oriented programs.

DEFINITION OF DEVELOPMENT

As mentioned earlier, effective tourism development and planning should reflect the goals and strategies of tourism MNCs that encompass the community's perception of better economic and social livelihood. According to Escobar (1992, p.69)

> The history of development in the post-second World War period is in many ways, the history of the institutionalization and ever more pervasive deployment of planning. The process was facilitated time after time by successive development strategies'. From the emphasis on growth and national planning in the 1950s, to the Green Revolution and sectorial and regional planning of the 1960s and the '70s, including 'Basic Needs' and the local level planning in the '70s and '80s, to environmental planning for 'sustainable development' and planning to 'incorporate' women, or the grassroots, into development in the '80s, the scope and vaulting ambitions of planning have not ceased to grow.

While the term development may be defined or interpreted in various forms, in the context of development theory, it refers to classification of human-beings' status in the society (social class), the availability of vital utilities such as water, sewage, food, health education and transportation facilities as well as the position of a nation's resources in the world system. Below are some social scientists' definitions:

Goulet (1968, p.388) stated that;

> Development has usually been treated as a process, a particular kind of social change. Nevertheless, development is also a state or condition. Whenever a society is called developed or underdeveloped we refer to its present condition. Similarly, when development is declared to be a major goal of Third World nations, the allusion is to a terminal condition, not to a process. Thus the single term 'development' refers both to the destination of a journey and the journey itself.

The three major goals of development identified by Goulet (1968) are: sustenance of life, self-esteem and freedom. While development has been primarily attributed to economic growth, there is an emerging conceptual shift to socio-economic factors. Smith (1977) refers to development as 'welfare improvement' meaning a "better state of affairs, with respect to who gets what, when and where."

According to Seers (1969):

> The questions to ask about a country's development are three: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt there has been a period of development for country concerned.

By identifying development with distributive justice Mabogunje (1980) illustrated who was getting what, when and where by paralleling development with the reduction of poverty level among the masses. Thus, the issue of development reflects among other things how governments provide goods and services to their entire residents, the distribution and accessibility of the provided goods and services to various social classes and how these classes are involved in development.

MNCs' Modes of Entry into international markets

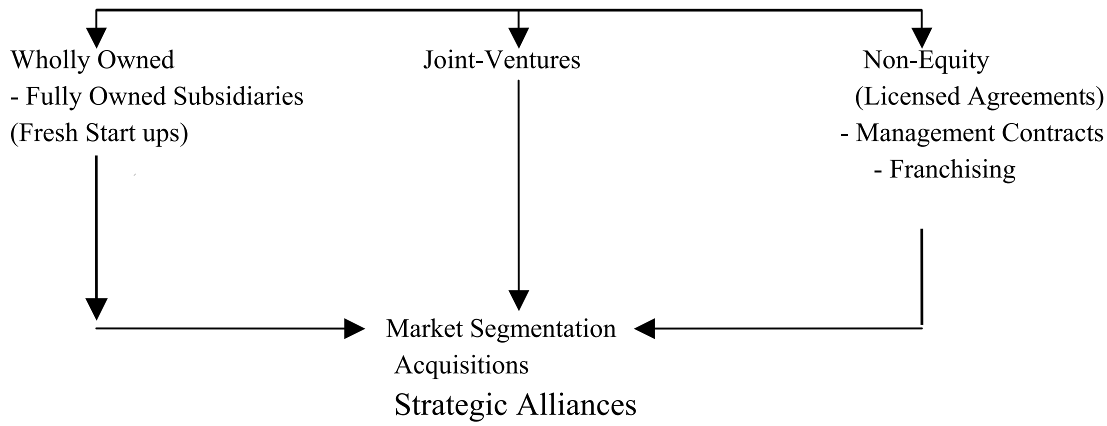
The two major categories of MNCs international market development are "direct and indirect foreign investments." As stated earlier, they are generally termed "entry modes or ownership structure" in international business literature. The essence of organizational choice of entry mode into international market is to exert control of ownership with maximum operational success and minimum operational and environmental risks in the international market.

Some researchers such as Contractor and Lorange (1981); Pearce and Harvey (1990); Lorange and Roos (1991); Olsen et al. (1991); Tse and West (1992); Kim and Hwang (1992); etc., have written on the various forms of entry modes and development strategies. This research will follow Kim and Kwang three categories of entry modes, namely: wholly owned, joint venture and non-equity involvement entry modes. Their theory postulates the concept of a continuum in MNCs' entry mode choices. The capital assets intensive wholly owned subsidiary is at the top end of the continuum and is associated with full operational control, joint ventures with various degrees of capital investment vary in the middle of the continuum, while non-equity in form of licensing arrangements at the bottom of the continuum.

MNCs' Tourism Market Development Strategies

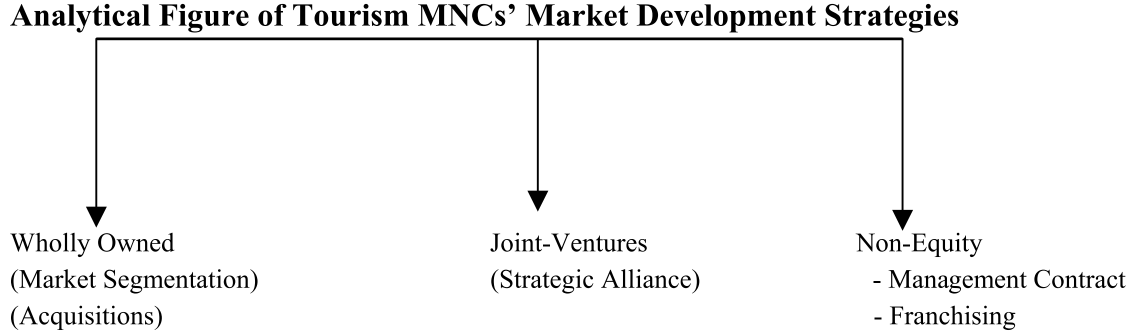
Figure 1, illustrates the identified tourism market development strategies that will be examined in this research. The three across the board sub-components- Acquisitions, Market Segmentation, Acquisitions and Strategic Alliances of the three main market

Figure 1. Tourism MNCs' Market Development Strategies



development strategies (wholly Owned, Joint Ventures, and Non-Equity) were analyzed together with their primary components. Acquisitions and market segmentations were analyzed together with wholly owned, and strategic alliance was analyzed together with joint venture (see figure 2).

Figure 2.
Analytical Figure of Tourism MNCs' Market Development Strategies



Wholly owned: This category comprises of fully owned subsidiaries which may originate as fresh start ups or acquisitions. As stated earlier, they usually involve direct investment resources such as capital assets, manpower, technology and distribution channels. The parent MNC has the ultimate and full control of the operations of a wholly owned subsidiary. It also assumes all environmental, operational and financial risks that the subsidiary might encounter.

Joint Venture: This is a form of development strategy in which a multinational corporation forms partnership with one or more other foreign enterprises to own and operate an international business. It involves contribution of capital assets and resources by the participating enterprises relative to their respective share of the profits that the business may generate. Also, the joint venture participants may share the control of the operations as well as any environmental, operational and financial risks that might occur.

Acquisitions: This kind of development strategy involves a multinational corporation to produce a substantial amount of cash outlay in order to procure an existing business. The acquired business may be in the same market or in a different market from that of the acquisition (vertical integration and horizontal integration). This form of strategy can be pursued as a wholly owned, a joint venture, or a non-equity endeavor.

Market Segmentation: This strategy is more of a marketing strategy than of a developmental strategy. Here a multinational corporation decides to develop various levels of its services or products for different target groups. The amenities and qualities of each level or segment are tailored specifically to suit the consumers in that particular segment. This strategy could be implemented in any of the three categories of MNCs' mode of entry into international markets.

Non-Equity Strategies: These kinds of strategies involve little or no capital from a multinational corporation. They are basically indirect forms of foreign investment. The non-equity strategies that a multinational corporation can adopt are:

- **Management Contract**. Through this type of development strategy, a multinational corporation would only provide the management skills that are needed to run the international business and has sole control of all operational matters. The enterprise is owned by another party. In most cases, the enterprise assumes the name of the managing MNC. This concept helps the owners of the enterprise to gain exposure as subsidiary of the MNC and also enjoy the image and reputation that the MNC may portray. It is a low-risk MNC development strategy and does not entail any of its capital except for human resources and equipment which should be compensated for by the owners of the business.
- **Franchising**. This is a contractual agreement between a multinational corporation termed the franchisor and a foreign enterprise termed the franchisee. The contract enables the franchisee to obtain an operating license from the franchisor in order to produce the goods or offer the services of the franchisor. The franchisor gets paid in form of fees and royalties. Also, this is a low risk MNC development strategy. However, steps should be taken to meet the host countries' franchise legal obligations.
- **Strategic Alliances**. This type of MNC's development strategy comprises of two or more organizations joining in agreement to serve each other's interest in their respective markets or locations where they operate. Again, this is another strategy

that is marketing oriented than development oriented. It minimizes marketing costs by sharing distribution channels, reservations, resource locations, management and technical expertise, labor, and transportation means. It offers a form of economy of scale to different enterprises within the alliance. Environmental and operational risks are minimized as the members of the alliance are well informed of the environment in the country in which they individually operate on behalf of the other alliance members. Strategic alliance is applicable to the three development approaches.

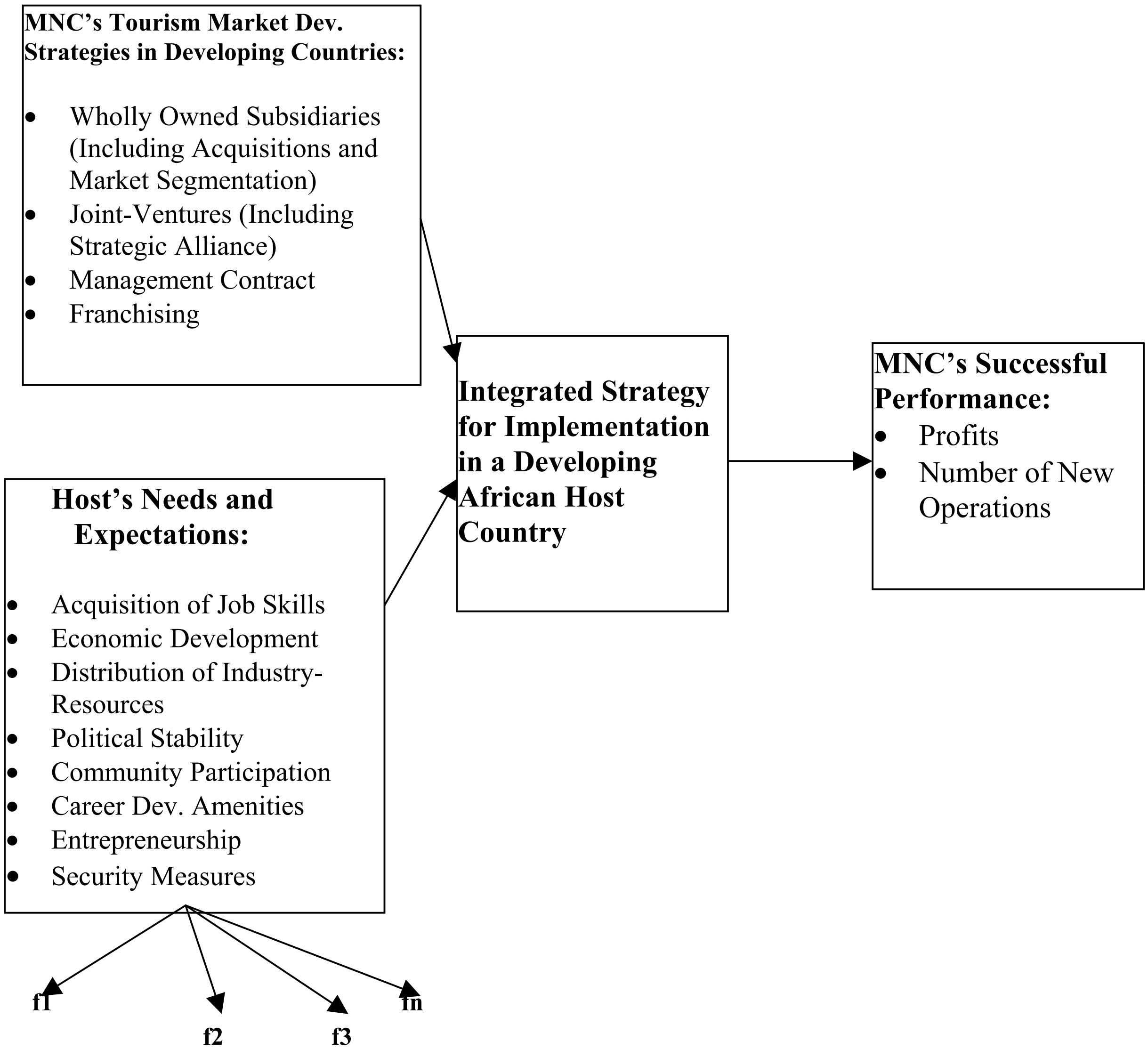
As Figure 3 depicts, the research conceptual model comprises of the following constructs: (1) tourism MNCs' market development strategies, namely: Wholly Owned Subsidiaries (including acquisitions and market segmentation); Joint Ventures (including strategic Alliance); Management Contract and Franchising. (2) Tourism MNCs' performance measures in the forms of: profits and number of operations in developing host countries, and (3) the host countries' needs and expectations: Acquisition of Job Skills; Economic Development; Distribution of Industrial Resources; Political Stability; Community Participation; Career Development Amenities; Entrepreneurship; and Job and National Security Measures. It projects a pattern for strategic integration that leads to successful performance of tourism MNCs' operations in developing African host countries.

Performance of tourism MNCs' was operationalized in terms of number of growth in new operations for the past 3 years, and average profits in the past 3 years. The past three-year operational span was a benchmark on long-term MNCs'operations that could yield feasible profit. It is also a determined time period for the participating tourism MNCs to deduce their average profit. Profitization of Multinational Corporations

(MNCs) is a function of various operational determinants such as economy of scale, competition in various national or regional markets, effective distribution of corporate resources, effective management, cost of goods, operational costs, administrative costs, litigation, etc.

It should be understood that this study's operationalization of performance in the form of profit as a function (outcome) of integrated strategies (effective management) is a projection for examining one of the feasible components of MNCs' profitization. Thus, other profitization components should equally be favorable to MNCs' as integrated strategies for long-term MNCs' profits to be realized.

Figure 3. Conceptual Hypothetical Model of Integration of Tourism MNCs' Market Development Strategies in Developing Countries



f1-fn: Delineated factors from factor analysis

MNCs' Interests in Global Markets.

MNCs Integrate their activities in the global arena in order to maintain their competitive advantage (Porter, 1986). They adopt global strategies that would utilize their competitive strengths in one host country to contribute to their competitive advantages in other host countries (Hout, Porter, and Rudden, 1982). According to Ghoshal (1987), a MNC enters foreign markets to make profit through its technological resources, reputable brand name, and managerial skills. Thus, the different environmental factors in the various host countries that a MNC operates force it to learn and acquire the necessary resources that offer it competitive advantage in the diverse environment.

Multinational corporations enter international markets with their competitve resources to achieve these various goals:

1. **Follow Customers**. MNCs tend to follow their customers to international markets in order to develop brand loyalty with them. Tse and West (1992) mentioned that multinational hotel chains follow their customers to international destinations. MNCs maintain their competitive edge by ensuring that their customers always identify with them, whether they are at home or abroad. Thus, retaining their regular clients is a paramount concern of MNCs.
2. **Market Exposure**. MNCs tap into emerging markets by exposing its image, products, and services. Hoping to establish a growing share of the market that would become its customer base.
3. **Resource Exploitation**. MNCs venture into foreign markets, especially into developing markets to exploit business resources and incentives that are germane to their global competition. They exploit the marginal differences that exist between the

input and output market resources among various host countries (Ghoshal 1987). Thus, by utilizing cheap labor, free estate incentives and tax holidays, effective MNCs can convert their marginal resource inputs into competitive output resources.

4. **Economic Hedge**. As Tse and West (1992) stated, MNCs can use international market development as a hedge to economic recessions and instability that may affect their operational gains in their home countries or in other host countries. In this situation, the profits generated in one host country can be used as a hedge to offset the losses encountered in another economic trodden market.
5. **Profit Maximization**. The main objective of a MNC's foreign market development is to make profit (Ghoshal, 1987; Webster and Hudson, 1991). Profit maximization at minimum costs is the underlying goal of a MNC. In the long run, a MNC would not sustain international markets that are not profitable.

Trends of MNCs' Tourism Development Strategies in African Host Countries

The main goal of a MNC may be to maximize profit and minimize its cost, but the measure of successful tourism strategies in developing African countries should also be assessed on a MNC's community development effort. According to Brohman (1996), "tourism should also be assessed according to how it has been integrated into the broader development goals of existing local communities, as well as the ways in which tourism related investments and revenues have been used to benefit those communities."

The governments of the developing countries in Africa, in most cases implement privatization policies in some foreign investment sectors such as the tourism industry. This is a form of checks and balances that are introduced to curtail excessive foreign exchange leakage. Tanzania requires 50% of tourism operations in its national parks, Uganda imposes 60% state ownership of all industrial sectors (Hyma, Ojo, and Wall, 1980),while Nigeria has rescinded its 50% indigene ownership to 100% foreign investors' ownership in 1999 (African News Service, 2000)[1].

Most MNCs enter the African market through managerial contracts. Ankomah (1991) stated that managerial contract accounted for 72% of all hotel rooms in sub - Saharan Africa. Foreign wholly owned and joint ventures account to only 18% of all hotel rooms in the region. Some of the managerial contracts and tourism development advisory involved the following MNCs: Accor, which is a French multinational hotel chain (Ofei-Nkansah, 1988); Holiday Inns in Swaziland; Hilton International in Lesotho (Crush and Wellings, 1983); Danish tourism advisory team of four counseled on Ghana's Tourism Master Plan for the 1975 to 1979 planning period (Teye, 1988); British advisory team counseled on Tanzania's tourism rejuvenation (Hancock, 1979); Technical experts from the European Economic Community assisted in the rehabilitation of Uganda's tourism industry; Experts from Ireland, Spain, and Australia conjointly complemented the effort of Nigerian Tourist Board in its effort to addressing the acute shortage of Nigerian tourism skilled labor. An Irish research consultancy group- 'Tourism Transport Consult International (TTC)' counseled the Kenyan government in February 1999, on the country's potential for cruise tourism (Africa News Service, 1999); An insurance consultancy group, 'MaxPal Intermediaries', counseled the government of Ghana on the implementation of a 5-year tourist security and safety measures(African News Service, 2000)[2]; and the African Development Bank awarded a $5 million, 10-year term loan to

Zambia's 5-star Hotel Intercontinental in Lusaka for complete renovation and installation of security and safety measures (African News Service, 2000)[3].

. Other African countries' tourism enterprises such as Rawanda-national parks, Malawi -Michiru Mountain Conservation, Botswana-Moremi Wildlife Reserve, etc., all have expatriate managers (Comfort and Comfort, 1984; Almagor, 1985; van den Berghe, 1986;). MNCs are not indulging in the franchising development strategy in the African countries. Hilton, Club Med, Holiday Inns, etc. all avoid franchising in the region. According to Dunning and McQueen (1982), tourism MNCs adopt the managerial contract entry mode to enter this region's international tourism market and at the same time provide quality service and the image associated with the international chain.

MNCs have been criticized in the literature because they adopt managerial contracts for the African market as a strategy to circumvent governments that inact nationalization of foreign investments. Thus, due to most of the region's instability and privatization's policies, tourism MNCs tend to minimize their risks by not indulging in equity investments (Ankomah, 1991).

PURPOSE OF RESEARCH

The purpose of this exploratory study is to utilize the model outlined in figure 2, as its underlying framework in exploring the following concepts in tourism MNCs' market development strategies in African host countries:

1. To assess the effects of tourism MNCs' development strategies that encompass the needs and expectations of African host countries, such as national economic development, creation of jobs and employment, training of skilled labor and management development, creating opportunities for entrepreneurship and industrialization through joint ventures, and promoting political stability and good international relationships between host country and home country (Meleka, 1985; Kobrin, 1988; Kogut and Singh, 1988; and Zhao, 1994).
2. To better understand if tourism MNC's market development strategies in African host countries vary among various organizational environmental forces in those African countries.
3. To determine if there is any relationship between integrated tourism development strategies in African host countries and tourism MNC's successful performance in those Africa countries.

RESEARCH QUESTIONS

In the bid to achieve the propose of this study, the following research questions were examined:

1. Do tourism MNCs integrate their international development strategies with attributes that are congenial to the needs and expectations of their African host countries?
2. Does tourism MNCs market development strategic choice for African host countries vary among different environmental forces in those African countries?
3. Is there any relationship between strategic integration by tourism MNCs in their African host countries and their successful operations (in terms of growth in the number of new operations and profits in the past three years) in those African countries?

STATEMENT OF HYPOTHESES

In using the research model in Figure 2 as a framework to investigate the research questions, the following research hypotheses were tested:

$H_{1:}$ Tourism MNCs' integration of African host countries' needs and expectations varies with different types of tourism market development strategies.

H_2: Tourism MNC's market development strategic choice in African host countries varies among organizational environmental forces in those African countries.

H_3: There is a relationship between integrated tourism MNCs' market development strategies in African host countries and MNCs' successful performance in those African countries (in terms of growth in number of new operations and profitability).

LIMITATION OF RESEARCH

As much as this research was a cohesive empirical investigation of MNCs' market development strategies in developing Third World Countries, it might be marred with measurement and reduction errors (Phillips, 1981; Lieberson, 1985), as well as the effects of small sample size and model specification (Summary, 1987) that are associated with quantitative studies. Also below, are other aspects of the study that may affect the generalizability of this study:

- The limitation in scope of research to African developing countries, though the inference may be to Third world countries in general.
- The unavailability of any related literature on the topic of this exploratory study. Thus, as the first exploratory study on this topic in the region, lack of adequate data and the peculiar interests of MNCs' managerial perspectives could skew its results.
- The constructs that were used in the study, which were based on "needs and expectations" and "international market development strategies" may not be exhaustive. So, there may exist other relationships between the underlying variables of the non- inclusive constructs that may yield other results.
- Also, the limitations of questionnaire surveys such as respondents' bias and missing data may affect the research's results.

SIGNIFICANCE OF STUDY

This research determined the variability among various types of tourism MNCs market development strategies on different needs and expectations of their developing African host countries. It also established variability among various types of tourism MNCs market development strategies and organizational environmental forces in those countries. An understanding of its findings by practitioners in the tourism and hospitality industry should lead to successful operations. It would enhance tourism 'Multinational Corporations' (MNCs) reputation as they are generally accused of the deterioration of cordial relationship between the industry and its Third World host countries (Chow, 1980; Pearce, 1991; Lankford, 1994; Brohman, 1996; and Sindiga, 1996).

As the first exploratory study that examines the integration of MNCs international tourism development strategies with the developing countries' needs and expectations, it revealed several propositions for future research. Also, it contributed to the body of knowledge by identifying the relationships between the examined variables and how each resultant relationship identifies variability among the various strategies.

Finally, an understanding of the deficiencies in international tourism development in Third World countries and their perceived effects on international service-delivery to the region, will be very beneficial to the industry's practitioners.

DEFINITION OF TERMS

Host Country: The foreign country in which a tourism MNC has an investment facility or operations.

Tourism MNCs' Market Development Strategies: These are the approaches that MNCs adopt in entering various international markets. It may be equity or non-equity related. They are categorized as wholly owned subsidiary (including acquisitions and market segmentations), joint venture (including strategic alliance), and non-equity (license agreements).

Needs and Expectations: These are what literature have identified as what most of the residents of the host country/community would like to gain from tourism operations in their community. Also, they are forms of benefits that tourism development advocates in host countries are anticipating to derive from tourism ventures in their localities. The prevailing ones in the literature are; national economic development, creation of jobs and employment, training of skilled labor and management development, creating opportunities for entrepreneurship and industrialization through joint ventures, and promoting political stability and good international relationships between host country and home country.

Tourism Multinational Corporation (MNC): Any multinational corporation (MNC) that renders tourism and hospitality services. Including Theme Parks, Lodging, Resorts, Restaurants, Airlines, Travel Agencies, Car Rental Agencies, Tour Operators and Tour organizers.

CHAPTER 2

LITERATURE REVIEW

INTRODUCTION

A propounding issue for tourism MNCs that operate in Third World countries is the ability to cope with the remote environmental forces such as political, economical, socio-cultural, technological, and ecological factors. The dependency paradigm extrapolates the notion that the tourism and hospitality MNCs that operate in the peripheral regions are just as their manufacturing and mining counterparts who were labeled “dependent developers,” for the fact that they encouraged the use of expatriates and machinery from developed countries in developing countries. Instead of introducing the bases for training local staff and producing manufacturing and mining accessories in their host developing nations, they imported all their requirements, thereby inducing excessive foreign exchange leakage and little employment opportunities (Freitag, 1994).

As MNCs are required to scan and understand the external environment in which they operate (Webster and Hudson, 1991), tourism and hospitality MNCs equally need to understand the development needs of their developing host countries and their local residents. They should evaluate the prevailing circumstances, and align them with their corporate values and expected social responsibilities. This would make tourism MNCs that accommodate and service international tourists in Third World countries to become more proactive and anticipatory to the region’s turbulent environment.

Most of the Tourism MNCs realize the vital need for mapping an on going strategic process in dynamic environments with versatile remote constraints. However, the problem is that they have not come up with global strategies that would make their ventures in Third World countries rewarding to them and sustainable to the host countries simultaneously. Thus they replicate their successful domestic concepts that give them competitive advantage at their home countries or multi-domestic strategies for international markets (Tse and West, 1992), which has little or no rewarding impact in developing Third World countries. According to Ghoshal (1987:433), from a strategic perspective, multi-domestic concept is a static and economic view of national differences. It is not an adequate basis for a firm to frame "its unique requirements in each national market... what may be more useful is to take a dynamic view of comparative advantage and to broaden the concept to include both societal and economic factors."

Trends in International Tourism

There has been a rapid growth in worldwide demand for international tourism in the last four decades. Tourism expenditures have increased tremendously since the 1950s. According to World Tourism Organization (WTO), international tourist arrivals increased by approximately 1,800%, from 1950 to 1990. That is with a total of 443.5 million tourist arrivals in 1990 as compared to 25.3 million tourist arrivals in 1950. And total tourist expenditures totaled $254.8 billion in 1990, up from $2.1 billion in 1950 (WTO, 1989,1993). In 1950, the tourism industry generated a worldwide revenue of $2 billion from 25 million tourists worldwide, by 1991 the industry has ganared $263 billion dollars from 466 million tourists worldwide. This amount increased to $450 million with 636 million tourists in 1998. It is estimated that by the year 2020, the industry would generate a worldwide revenue of $2 trillion from a projected 1.6 billion international tourist arrivals worldwide (WTO, 1999, 2000).

As Africa is emerging as the fastest-growing tourism region, with 7.5% increase in the number of international tourist arrivals in 1998 from the number in 1997 (WTO, 1999), it becomes very eminent for researchers to investigate the prospects of sustained success for MNCs in the region. Also, MNCs top management need to explore the region's emerging markets in different perspective, than has always been the case in the past.

Tourism Impacts in 3rd World Countries

Tourism has been associated with various negative impacts such as environmental degradation, air-pollution, prostitution, increase in crime rate, cultural-destruction, etc.(Hyma et al., 1980; Chow, 1980; Ankomah, 1991; and Brohman, 1996). Third World tourism has been marred with the above listed attributes and others with detrimental economical impacts. The most prevailing detrimental factor in Third World countries is 'leakage'. Brohman (1996) stated that the domination of foreign ownership contributes to residents' loss of control over their own local resources; excessive overseas leakage of locally generated tourism earnings; and lack of articulation with other domestic economic sectors. He stipulated those weak multiplier effects outside of tourism enclaves; possible reintroduction of socio-economic inequality with spatial distribution unevenness is all the ailments of insensitivity of foreign owners in their tourism planning.

An anticipatory and visionary tourism planning should adopt proactive measures that could curb environmental destruction, resistance and rising alienation among the local residents. They are attributed to tourism related negative issues such as "increasing crime, overcrowding and overloading infrastructure, pollution and other environmental damage, conflicts over access to scarce resources, and the perceived loss of cultural identity and social control to outsiders" (Brohman, 1996:53).

Globalization of Corporations

Firms indulge in worldwide expansion in order to explore potential markets that would enable them to maintain profitable operations. They do this by exerting their competitive advantages in different international markets. Ghosen (1987) stipulates that a major goal to internationalize is to make profit. The firm does so by exploiting its strengths in technological know-how, brand name recognition, and management expertise in various international markets. Ghosen (1987) also rationalizes the notion of "diversity of environments" in which a tourism MNC operates in. Thus by operating in different countries with different general environmental issues, the MNC would acquire diverse capabilities and achieve broader learning facets for successful global operations.

Porter (1986) asserts that a global firm is one that gains some elements of competitve advantage by integrating its worldwide activities. As some studies (Cyert, 1963; Aharoni, 1967; Caves 1971; Buckley and Casson, 1976; Dunning, 1977; and Kundu, 1994) posit, the globalization of the firm is an outcome of international trade imbalances or international interest differentials of equal or less risks. The product and market imperfection theory as projected by Hymer (1960), stipulates product and factor imperfections that are created by protective governments and some corporations limited operational technicalities, influence the influx of firms globalization. MNCs pursue international growth so that they could attain the following objectives that were stated earlier in chapter one: Follow Customers; Market Exposure; Resource Exploitation; Economic Hedge; and Profit Maximization (Ghoshal 1987; Webster and Hudson 1991; Tse and West, 1992).

Multinational corporations (MNCs) were considered to be companies that have equity interests in two or more countries (Glynn, 1983; Dunning, 1992). According to Glynn (1983), they are very powerful large organizations that pursue success worldwide by applying valid principles to their dynamic business operations. The earlier classical theory of international trade was based on companies that conduct exporting and importing transactions (Simon, 1947; Cyert, 1963; Aharoni, 1967). However, the new multinational corporations concept (Kobrin, 1982) are now considered by researchers (Caves, 1974; Dunning and McQueen, 1981; Dunning and Norman, 1983; Dunning, 1992) and projected by Harvard Multinational Enterprise project team as large corporations that operate in different countries with access to "a common pool of financial resources, and controlling their widespread activities rather than serving as mere exporters and licensers of technology" (Turnbull, 1996:26). Table 1 depicts Dunning (1992) criteria for assessing degrees of MNC's activity.

Table 1

Criteria for Assessing the Degree of an Enterprises' Multinationality
1. The number and size of foreign subsidiaries or associate companies it controls.
2. The number of countries in which it engages in value-adding activities such as mines, plantations, factories, selling outlets, banks, offices and hotels.
3. The proportion of its global assets, revenue, income or employment accounted for by its foreign affiliates.
4. The degree to which its management or stock ownership is internationalized.
5. The extent to which its higher value activities, for example; research and development (R&D), are internationalized; this measure is intended to capture the quality or depth of foreign production.
6. The extent and pattern of the systemic advantages arising from its governance of, and influence over, a network of economic activities located in different countries.
Adapted from Dunning, 1992.

Global Competitive Approaches

International markets offer MNCs more operating base that enables them to carve out market niches, offers them flexibility in positioning their products or services, and allows them to focus in untapped emerging target markets. In the process of achieving their international objectives, MNCs unleash different competitive approaches that they internationalize for global markets. Leontiades (1986) identified four generic strategies namely, "global high share strategy; global niche strategy; national high share strategy; and national niche strategy" for MNCs. They stress competition based in geographic scope (global/national) and market share objective (high/low).They distinguish between international oriented strategies and domestic oriented strategies with respective market share objectives.

Two major forms of international competition that surface in the literature are global competition and multi-domestic competition. Porter (1986) taxonomy of international competition is depicted in Table 2. Global competition induces an integration of worldwide activities that could enable a MNC to subvert individual country's local competition. The multidomestic competition approach involves international strategies that are country centered. An MNC that exerts multidomestic competitive strategies, considers each country as a separate competitive market sector. Thus, individualized strategies are tailored to that particular host country to combat local competition.

TABLE 2

TAXONOMY OF INTERNATIONAL COMPETITION

MULTI-DOMESTIC CHARACTERISTICS	GLOBAL CHARACTERISTICS
1. Independence of competition in individual countries.	1. Each country's competitive position is influenced by the competitive position in other countries.
2. While products and services are present in each other country, competition is on a country-by-country basis.	2. Integration of worldwide activities in order to capture linkages among countries.
3. Advantage of transfer of know-how from home base to foreign markets.	
4. Each international market is autonomous form another. International strategy as a series of domestic strategies which are 'country centered.'	

Adapted from Tse and West (1992)

MNCs Environment

Globalization poses environmental complexity that warrants MNCs understanding of organizational general environment worldwide. Forces in the complex environment are socio-cultural factors, economic development factors, technological factors, political factors, and ecological factors (Lawrence and Lorch, 1969; Zhao and Merna 1992; Zhao, 1994). Scanning and monitoring the business environment is vital for MNCs for them to keep abreast with the prevailing environmental and competitive forces. Thus, MNCs formulation of international strategies that would seek alignment with the environmental forces becomes quite essential (Zhao and Merna, 1992; Olsen and Roper, 1998).

While environmental scanning and the alignment principle are necessary components for organizational success, most MNCs do not adequately indulge in such practices (Keegan, 1974). Preble et al. (1989) descriptive study, assessed the international environment of 450 MNCs that are headquatered in the U.S., and found only 5% of them adopt some kind of environmental scanning. Thus, most of them tend to be reactive instead of proactive to environmental uncertainties. Keegan (1994) identified three sources of environmental scanning that MNCs utilize: “human sources,” “documentary sources,” and “physical phenomena.” MNCs access the human and documentary sources that are either inside the organizations or outside the organizations. MNCs’ physical phenomenal sources that are outside the organizations comprise of objectives, events, and circumstances.

Studies have shown that environmental scanning is crucial to organizational success (Aguilar, 1967; Keegan,1974; O'Connell and Zimmerman, 1979; Kobrin et al., 1980; Kennedy, 1984; Prebel et al., 1989). The international environment is mostly influenced by forces such as political stability, foreign investment climate, profit remittances and exchange controls, taxation, expropriation, political party attitudes toward foreign investment, labor strike and unrest, administrative procedures, public sector industrial activities, and public image of the firm (Kobrin et al., 1980).

Tourism MNCs Environmental Scanning

Environmental scanning within the tourism and hospitality industry is still lagging behind the production and manufacturing industry. So far, only Marriott International quantifies its environmental scanning mechanism. An analysis of U.S. and European hospitality organizations' environmental scanning by Slattery and Olsen (1984), revealed that hospitality executives do not understand the importance of environmental scanning, thus they do not pursue it vigorously. Researchers such as Leonard (1987), Hoffman and Schiederjans (1990), Tse and Olsen (1990), and Zhao (1994) suggest that tourism and hospitality organizations invest in international markets in order to increase their customer base, increase growth and increase profit. Also, they transfer their core technology as a competitive edge into other countries, follow their clients, increase world tourism, preempt into emerging markets, gain recognition and brand loyalty, increase freedom and speed of international financing.

The model established by Hoffman and Schniederjans (1990), identified a ten-step criteria that include factors such as political stability, customer, supplier, growth, costs (in form of labor, land, construction, etc.) and taxes that tourism MNCs should evaluate for location selection. Current literature show studies in tourism and hospitality are now focusing on the political environment of MNCs (Kim, 1992; Zhao, 1994; Turnbull, 1996), but there is still a lack of literature in MNCs' general environment that affect their operations in developing African countries

THEORETICAL CONCEPTS OF INTERNATIONALIZATION

International Business Theories

The dichotomy in the international business literature falls basically on the concepts of perfect market conditions and imperfect product and market conditions (Cyert 1963; Aharoni, 1967; Simon, 1967, 1993; Caves, 1971; Agarwal, 1980; Dunning, 1980; and Turnbull, 1996). The perfect market concept includes hypotheses such as: differential rate of return; portfolio; and output and market size. The imperfect market concept comprises of behavioral hypothesis; product cycle hypothesis; oligopolistic reaction hypothesis; and internationalization hypothesis. Table 3 depicts the theoretical concepts and their authors

The earlier theories in international business which are referred to as partial theories (Kundu, 1994), were deficient in determining the macro effects of international production. New studies such as the internalization theory of MNCs (Dunning, 1980; Rugman, 1980; Hennart, 1982 Buckley and Casson, 1985), Dunning (1977,1980, 1988) eclectic theory of international production, and Kojima (1973,1981) macro-economic theory of foreign direct investment have all attempted to identify determinants of international production at both the corporate and industry level, as well as country specific (Dunning, 1973, 1988). They focused on conditions that might favor international investment decisions. Their underlying concept is on the exploration of an imperfect product and market conditions where MNCs could minimize operational costs by taking advantage of their economy of scale and eliminating intermediate markets' transaction costs.

Table 3

Some Partial Theories of MNEs from an International Business Perspective - A Summary

Approaches	Author/Year	Focus
1. Product Cycle Hypothesis	Vernon (1966) Hirsch (1967) Posner (1961) Hufbauer (1966)	Depicts MNE development as 3-stage evolutionary process focusing on exploitation of the firm's ownership (proprietary) advantages. Stage I: advantages exploited in local market Stage II: Increasing competition in local market pushes firm to seek foreign country where it can maintain its competitive edge. Stage III: Product is now standardized and universally available; no proprietary advantage now available.
2. Core Assets Theories	Caves (1974) Levitt (1983) Johnson (1970)	Depicts the MNE as an organization possessing proprietary (core) assets it may successfully exploit in another country.
3. Oligopolistic Reaction Hypothesis	Knickerbocker (1973) Flowers (1976)	Depicts MNEs as oligopolistic firms which seek to counter the advantage which their competitors gain from expanding abroad, by also entering foreign markets in order to maintain competitive equilibrium.
4. Behavioral Hypothesis	Aharoni (1966) Cyert & March (1963)	Depicts foreign direct investment behavior of MNE as resulting from behavior of individual members of firm.
5. Risk Diversification Hypothesis	Tobin (1958) Markowitz (1959) Miller & Whitman (1970)	Depicts MNEs internationalization of their activities through FDI as efforts to minimize their risk by diversifying their portfolios in investments among various countries.
6. Hypothesis Based on Market Imperfection	Hymer (1960, 1976) Kindleberger (1969)	Depicts MNEs international operations as arising from possessing some ownership advantage to which local firms in the foreign country have no access and which outweigh local advantages of the local and foreign competitors.
7. Macro-economic Theory	Kojima (1973,1978) Enderwick (1980)	Postulates that countries undertake outward direct investment where they possess comparative disadvantage at home and undertake inward direct investments where they possess comparative advantage.
8. Sequential Process Theory	Kogut (1983,1987) Kogut & Kulatilaka (1988)	Depicts MNE FDI as the logical development in a sequence of steps in which an MNE increases its direct involvement in the marketing of its product or services in a foreign location as a way of continuing to protect its ownership advantage.

Adapted from Turnbull 1996.

Internalization of the firm paradigm

The international business paradigm focuses on measures that MNCs adopt in their direct and indirect foreign investments. While most of the theories are not corporate, industry or country specific, they all tend to explain the factors that influence MNCs foreign investment decisions. Thus, they illustrate conditions that are favorable for MNCs international expansion, namely: wholly owned subsidiaries, exporting, joint venture, management contracts, or licensing agreement.

Classical theorists assert that the general internalization paradigm is a control measure that hinges on the resources and assets of MNCs (Caves, 1971; Buckley and Casson, 1976; Dunning 1980; Kundu, 1994). The essence of the paradigm is to identify conditions through which a MNC could reduce or eliminate transaction cost in imperfect intermediary markets. It was embedded in Coarse (1937) international trade concepts such as exporting, battering, and importing. As Buckley and Casson (1976) stated, internalization allows a firm to commit its own resources that would be more cost efficient in pursuing their foreign investment objectives.

The fundamental bases of MNCs' internalization are on their economies of scale and scope. Usually, when the costs associated with MNCs' direct transactions are minimal relative to intermediary market transaction costs, the efficiency of internalization is appreciated (Caves, 1982). In accordance with the product and market imperfections theory that posits market imperfections as the driving forces that influence direct investments, Williamson (1975) favors 'wholly owned subsidiary' in a global transactions with centralized control mechanism, but Hennert (1977, 1982) deferred on the notion that MNCs are institutions that have the capabilities of bypassing global market imperfections which do exist and should ultimately do so through cost efficient means (Turnbull, 1996).

Eclectic Paradigm

Dunning (1977, 1980, 1988) eclectic paradigm postulates that complimentary factor endowments and international product imperfections coupled with a corporation's competitive advantages, enhances that corporation's foreign markets investments. There were criticisms on the initial concepts of the eclectic theory due to its limitation in observing MNCs' international production only at a given point in time. It also neglected the unquantified strategic implications of MNCs and only considered significant variables that are proned to international value added transactions. (Kundu, 1994). In 1992, he amended the theoretical concept by including in the model, variables that could correlate the behavior of MNCs and their strategic choice (Dunning, 1992).

As stated earlier in chapter one, eclectic paradigm hypothesized that the following three conditions could benefit a corporation's international investments: "ownership, location, and internalization advantages." While the ownership condition deals with the internal strengths of the corporation which consists of investment and operational resources, competitve advantages, skills and equity, the locations condition, deals with the external factors such as considering the financial and political risks in various locations and choosing the international market that is more rewarding to investment.

The internalization advantage considerations deal with adopting a cost-effective approach. Such considerations determine if direct foreign investment approach or indirect foreign investment approach is more rewarding in a potential investment location.

Usually, it entails an analysis of the cost and benefit factors that are associated with utilizing the corporation's resources in foreign investments. Full equity ownership is often preferred in low cost internalization, while indirect investment such as joint venture, licensing, or contractual agreement are adopted if high cost internalization is predicted.

International Strategic Management Paradigm

The International strategic management paradigm postulates the general strategic management theory. Its emphasis is on the co-alignment principle, which is organizational strategic decision makings that align with the forces in the organizational environment (Miles et al., 1978; Bourgeois, 1980; Olsen and Roper, 1988). Researchers such as Bourgeois (1980), Olsen, Tse and West (1992) have stated the importance of the co- alignment to tourism MNCs. As stated in chapter one, the four components of general strategic management are: "environmental scanning; strategy formulation; strategy choice; and strategy implementation" (Olsen, Tse and West, 1992).

There are two categories of environment in the strategic management literature. They emanated from "systems theory" which was conceived by Von Bertalanffy in 1950. Basically, the organizational environment is an open system that assimilates various factors that are congenial to the organizational survival. It is a revolving on going process that propels the organization through turbulent environments. The two categories are:

General environment, comprising of environmental forces such as political issues, legal issues, demography, socio-cultural issues, economic issues, ecology, technology, etc. (Dill, 1958; Thompson, 1967; Duncan, 1972; and Miles, 1980).

Task environment as stipulated by Thompson (1967), consists of environmental components such as customers, (distributors and users) suppliers, competitors, and regulatory groups (such as government agencies, unions, and interim associates).

An open system environmental analysis entails environmental scanning by which organizations could identify the opportunities and threats in their environment that would be matched with its capabilities (Ansoff, 1965; Thompson 1967; Katz, 1970; Ackerman and Rosenblum, 1973; West and Olsen, 1989).

Literature show that much has been written on strategy formulation (Chandler, 1962; Bower, 1970; Child, 1972; Miles and Snow, 1978). It compromises organizational structure with applicable strategy. The focus is on how top management could identify channels of achieving the organization's goals and objectives, accomplish their mission, determine its line of business and instill an organizational culture.

Organizational strategic choice entails reconstructing organizational forms that would conform to the adopted strategic choice (Kast and Rosenzweig, 1973). As a recurring phenomenon it is always revisited, monitored and evaluated. According to Miles et al. (1978) the successes of the decisions made by top management strategic choice are the critical determining factors of organizational structure and process.

Strategic implementation is the vital mechanism through which the organization puts its chosen strategies into action by allocating its resources accordingly. Strategic management scholars and researchers such as, Hofer (1973, 1975); Porter (1980) ; have stressed the importance of effective strategic implementation and evaluation. It is the result of a decisive process that has identified an organization's concern, considered different applicable strategies, and chosen the best strategy to tackling the concern.

Needs and Expectations Theory

Tourism MNCs that operate in Third world countries need to understand the development needs of host countries and their local residents. Kobrin (1988) stressed the importance of a good understanding of a host country's needs and expectations by MNCs. The 1980s and 1990s have seen an emergence of literature on the Needs and Expectations theory and the effect of national culture on MNCs' operating environment (Meleka, 1985; Beamish, 1987; Kobrin, 1988; Kogut and Singh, 1988; Zhao 1994). As Zhao (1994) stated, host countries usually welcome multinational corporations to their communities as apparent channels for economic development. Some of the host country's needs and expectations stated by Zhao (1994), are "finance, human resources, marketing development, management know-how, and political needs."

The five forms of benefits identified by Meleka (1995) that host countries expect from MNCs are, national economic development, creation of jobs and employment, training of skilled labor and management development, creating opportunities for entrepreneurship and industrialization through joint ventures, and promoting political stability and good international relationships between host country and home country. From his series of pilot studies on the relationship between the need and commitment of partners and performance, Beamish (1987) also identified the following five categories of needs and expectations that could also be attributed to host countries: readily capitalized items such as capital assets, access to raw materials, transfer of technology and equipment; human resources such as skilled and semi-skilled labor, management and technical personnel pool; access to international market such as exporting and distributing outlets; political needs such as political stability and inter-governmental relationships and knowledge needs such as information and training systems.

Despite improving their GNP and becoming more of market economies, developing Third World countries also expect MNCs to be catalysts in bringing changes that would satisfy their needs. Such general needs that could be realized from MNCs foreign investments in host countries are: participation through full or partial local ownership of an enterprise, the upgrading and transferring of technology from home country to host country, technical training of local staff, training and advancement opportunities for citizens of the host country, industrialization of the economy, opportunities for host country's middle men-suppliers, agents, contractors, and entrepreneurs, investment distribution to urban and suburban areas, generation of foreign exchange and export revenues, governmental revenues in forms of taxes and tariffs and offer of employment to host country's citizens (Stover, 1985).

International Development Theories

The 1950s and 1960s witnessed a shift to neoclassical economics as a prevailing mode of development programs. Neoclassical theorists such as Harberler (1950); Viner (1953); Bauer and Yamer (1968) argued that development based on comparative advantage is better enhanced by outward-oriented development programs. Modern neoliberals posit that sustainable growth would be enhanced by the exports of domestic goods and natural resources. They contend that exports such as International tourism and trade are assumed to exhibit strong global competition more than the erection of industrial sectors. The neoliberals argue against mechanized industrialization in Third

World development. Their notion is that grand industrialization in Third World countries would not give them the competitive edge that they need to be comparative. But dependency theorists such as Britton (1982), have criticized international tourism as a form of dependence concept through which MNCs infuse expatriates and indulge in less risky management contracts operations in developing Third World Countries.

Development theory based on outward-oriented growth paradigm has been projected in different dimensions by neoclassical theorists. They posit outward growth programs like international tourism can easily gain high level of international demand, as compared to the low level of domestic demand.

Neoliberals implying classical theories as the bases for Third World economic growth, also believe in the microeconomics efficiency of outward-oriented development programs. Such programs are assumed to enhance greater productivity more than inward-oriented programs. Turner (1974) favors International tourism as an outward oriented instrument of economic development that would offer comparative advantage to developing Third world Countries.

MNCs' TOURISM DEVELOPMENT STRATEGIES IN AFRICAN COUNTRIES

As Brohman (1996) stated, it is essential to assess tourism according to how it has been integrated into the broader development goals of existing local communities, and how investments and revenues that are associated with tourism have benefited those communities. The main goal of a MNC may be to maximize profit and minimize its cost, but the measure of successful tourism strategies in developing African countries should also be assessed on a MNC's community development effort.

Hyma et al. (1980) stated that the governments of the developing countries in Africa, implement privatization policies as forms of checks and balances in some foreign investment sectors such as the tourism industry. It is a move to restrict foreign exchange leakage from those African countries to the MNCs' host countries. Some of the countries that privatize included Nigeria which has rescinded its 50% indigene ownership (African News Service, 2000); Tanzania which requires 50% of tourism operations in its national parks, and Uganda that imposes 60% state ownership of all industrial sectors (Hyma, Ojo, and Wall, 1980).

Management contract is the prevailing mode of MNCs' development strategy and entry into African markets. As Ankomah (1991) stated, managerial contract accounted for 72% of all hotel rooms in sub -Saharan Africa. Foreign wholly owned and joint ventures account to only 18% of all hotel rooms in the region. Some of the major identified tourism firms that adopt the managerial contract strategy are Accor, which is a French multinational hotel chain (Ofei-Nkansah, 1988); Holiday Inns in Swaziland; and Hilton International in Lesotho (Crush and Wellings, 1983). Most of the MNCs are not known to be adopting the franchising development strategy in the African countries. Hilton, Club Med, Holiday Inns, etc. are so far not franchising in the region. Dunning and McQueen (1982) stated that tourism MNCs adopt the managerial contract entry mode to enter this region's international tourism market and at the same time provide quality service and the image associated with the international chain.

Some other management contracts are in form of consultation and advisory. A Danish tourism advisory team of four consulted on Ghana's Tourism Master Plan for the 1975 to 1999 planning period (Teye, 1988); British advisory team consulted for

Tanzania's tourism rejuvenation (Hancock, 1979); Technical experts from European Economic Community assisted in the rehabilitation of Uganda's tourism industry; Experts from Ireland, Spain, and Australia conjointly complemented the Nigerian Tourist Board in its effort to address the acute shortage of tourism skilled labor.

Many African countries tourist activities such as Rawanda-national parks, Malawi -Michiru Mountain Conservation, Botswana-Moremi Wildlife Reserve, etc., all have expatriate managers (Comfort and Comfort, 1984; Almagor, 1985; van den Berghe, 1986;).

While MNCs have been criticized in the literature for adopting mostly managerial contract for the African market as a strategy to circumvent governments' privatization policies, McQueen (1983) argues that it is the element of power and control that induce MNCs not to offer franchising in the region. In referring to McQueen (1983), Brown (1996) stated:

> by supplying expertise only through long term contracts, control transfers over operations to the multinational enterprise (in this case, the U.S. channel); by staffing key positions with its own personnel and combining this with a policy of appointing senior management posts only from within the organization, MNE hotels may be able to limit the rate of diffusion of knowledge. Thus they can "lock" employees into the organization and reduce the possibility of potential competitors obtaining access to proprietary knowledge through hiring from the organization. (Brown, 1996: 29).

HYPOTHESES DEVELOPMENT

The following needs and expectations concepts were reviewed as hypothetical fundamentals in the integration of tourism MNCs' development strategies in Third World countries:

Educational and Training Centers - The current dominance of foreign skilled labor in Third World countries tourism industry is mostly in the hotel sector (Ankoman, 1991). An establishment of a funding pool that will support hospitality schools in developing countries would be very appropriate. Such a school like The Gambian Hotel School which was established in 1980 by the World Bank, but funded and equipped by the Federal Republic of Germany graduates about 40 skilled hospitality hopefuls annually. Also The Atlantic hotel in Banjui, Gambia undertakes the training of certified tourism guides. The state of Gambia offers training of tourism guides through seminars conducted by its ministry of tourism (Thompson et al., 1995). Other such hospitality training institutions that need support form the tourism and hospitality industry are located in Nigeria, Cameroon, Kenya, and Tanzania. The Swiss government technically assists the Immolate Hotel and Tourism College, which was established by the state of Kenya. It is the major tourism personnel training school in Kenya and surrounding region (Ankomah, 1991). A unified funding program such as the "Hospitality 2000" program in the US, would promote availability of human resources for skilled and semi-skilled hospitality labor in Third World countries. It would be very productive to their economy.

Consortia and Franchising with National Hospitality Businesses - Only a few multi-national tourism and hospitality firms namely; Concord, Holiday Inn International, etc. offer franchises in Third World Countries. The issue is that most of them are afraid that due to lack of adequate skilled staff and material resources, the facilities would not maintain the required standards for franchising (Ankomah, 1991). However, they adopt contract management which again utilizes large number of expatriates. This in turn induces leakage of foreign exchange earnings through salaries and importation of machinery and other equipment (Ankomah, 1991; Thompson et al, 1995; Brohman, 1996; and Sindiga, 1996;).

Critics of international tourism argue that tourism and hospitality MNCs use management contract strategy as a means to circumvent government policies in Third World Countries such as privatization and majority equity by local citizens (UN, 1982). A tourism development strategy that offers franchising of tourism and hospitality establishments in Third World countries would enhance the growth of such establishment in various regions of the state. Thus, expediting the economic growth of the country through creation of more employment and local ownership. In turn, the parent companies can establish a consortia with their local franchises for services that they which to offer from their base countries.

Alternative Tourism Prospects

As stated earlier, alternative tourism is usually a highly community participatory kind of tourism. They are mostly small-scaled local enterprises. They are typically known to be alternative to mass tourism (Butler, 1990), and with fewer negative effects on the local communities. The high degree of local resident's acceptance of this kind of tourism is due to its positive impacts on the cultural heritage of the local communities. Multinational tourism and hospitality corporations should adopt this prospect as a major form of increasing tourists and residents interaction. The MNCs could subcontract their international tourists operations to local alternative tourism enterprises who could arrange for traditional and cultural exhibitions such as festivals, traditional dancing, and historical war games.

The integrated rural tourism (a form of discovery project) in Casamance, Senegal (Saglio, 1979, 1985); indigenous and integrated tourism (a locally controled tourism development where accommodation is shifted to reisdents' villas and small paradores) in St. Vincent (Britton, 1977); and meet-the-people tourism in Jamaica are proven success. Alternative tourism is essentially a good strategic bailout for hospitality MNCs such as Hilton international and Sheraton that operate tourist enclaves. It offers drifters in the enclaves that they operate the opportunity to experience a more cordially reception from the indigenes. The alternative tourism prospect could make the giant MNCs and the local enterprises partners with the same mission. Definitely, it bridges the suspicion and mistrust that exists between foreigners and the local residents. Also it promotes entrepreneurial spirit among the locals who set their own levels of achievement. What counts in the long run, is full community participation and less dependence on foreign provisions.

Residents' Needs and Expectations

The expectations of local residents that tourism development in their communities would yield employment, provision of basic health and educational facilities and better standard of living could only be transposed by hospitality MNCs through training of required local staff. As leakage of tourism earnings in Third World countries through expatriates' salaries have been identified as a detrimental factor in international tourism in peripheral tourism regions (Cho, 1980; Ankomah, 1992; Ioannides, 1992; Lankford, 1994;

Brohman, 1996; Sindiga, 1996;), it is essential for tourism and hospitality MNCs to implement global training plans in their Third World development strategies. The training schemes will be tailored to meet skilled managerial functions and semi-skilled intermediate front and back of the house functions and the unskilled house keeping, janitorial and grounds keeping functions. This should alleviate the two prevailing management challenges that face MNCs in the tourism and hospitality industry, those that emerge from multi-national concepts and those that actually exist at the local levels (Olsen and Roper, 1998).

An implementation of such needed training system, would establish a buoyant local staff that participate fully in tourism operations in their communities and increase multiplier effects of tourism earnings in the community. This application would also curtail extensive tourism leakage in Third World Countries that have been attributed to expatriate staff.

Local procurement of tourism accessories- A mutual business relationship between the MNCs that promote international tourism and local tourism enterprises such as Beds and Breakfast establishments, guest houses, bungalow tourism, woodcrafts and woven souvenirs for gift shops, local car rentals, hotel uniforms and aprons manufacturing, festival promoters, etc. would transcend to mutual trusts and success of both foreign and local business endeavors. Also, by procuring the basic tourism accessories from the local business sector, the MNCs would enhance the spirit of proprietorship in the area. This policy would stimulate the growth of other economic sectors such as agriculture, forestry and local artifacts, clothing and textiles, breweries, local road and sea transportation, etc. Such strategies are currently practiced by the following MNCs: Gulf and Western Corporation, Jark Tar, Radisson, Sheraton, Concorde, and Club Med in the Dominican Republic (Freitag, 1994). This and the previous needs and expectations section lead to this study's first hypothesis.

$H_{1:}$ Tourism MNCs' integration of African host countries' needs and expectations varies with different types of tourism market development strategies.

Tourism and Hospitality MNCs' State Action Policies.

An integrated tourism MNCs' development strategy in Third World countries should consider the host country's national polices. The developing countries implement international tourism development programs as measures to become competitive in the international arena. It is an out-ward development program that gives them the comparative edge through natural resources such as beaches, warm climate, ecotourism, reservations, festivals, safaris, etc. The states expect to generate tourism revenues that can help them with their balance of payment. They believe in the creation of tourism related jobs and an improvement in other industrial sectors through the multiplier effects and infrastructure that are associated with international tourism.

Tourism MNCs should enact on-going strategic processes that anticipates state actions and programs as well as industry specific regulations that are relative to the needs and expectations of respective developing country's region or location in Third World countries. The diffusion of MNCs in Third World countries such as Marco Polo in Tunisia; Delta in Thailand; Sheraton in Fiji; LTI international in Egypt, Cuba, Kenya, Dominican Republic, Turkey, and in Tunisia requires corporate strategies that cultivate sociolcultural and socioeconomic responsibilities that could smoothen the political environment. Such corporate strategic value would not only maximize the MNCs' intangible assets of 'Goodwill', but will enable the developing countries to become self-sufficient and able to afford the necessary manpower skills required for tourism and hospitality operations (Ankomah, 1991; Opperman, 1993; and Thompson et al, 1995).

Tourism MNCs' anticipatory state actions strategic policies should include educational and training centers for national hospitality labor pool; consortia with national businesses; and applicable development strategy that would be successful in various host countries. Thus, this and earlier discussions lead to the second hypothesis of the study.

H_2: Tourism MNCs' market development strategic choice in African host countries varies among organizational environmental forces in those African host countries.

Tourism MNCs' Performances

By encompassing residents' participation in tourism development and operations, tourism and Tourism MNCs would outline effective measures such as training of skilled and unskilled staff from local labor pool, initiating purchases of tourism consignments from local suppliers and extending minor contracts to local tourism enterprises. If such measures were taken by Scandinavian MNCs namely; Kairaba Hotel, Palma Rina Hotels and Badala Park that operate tourists enclaves and parks in Gambia, there would be less sell outs of their establishments due to poor performances (Thompson et al, 1995). Also such measures would curb the Waswahili resistance to further tourism development in

Malandi, Kenya by European hospitality companies from Swiss, Germans, Italians, and the British. The Waswahilians participation in the employment and ownership of tourism enterprises in their locality are non materializing. Thus the integration of tourism market development strategies that encompass the needs and expectations of host countries would induce less residents' resistance and hostility, but rather, promote a conducive environment which would attract more tourists as well as generate more profit. This in addition to earlier statements leads to the third hypothesis of this study.

$H_{3:}$ There is a relationship between integrated tourism MNC's market development strategies in African host countries and MNCs' performance in those African host countries (in terms of growth in number of new operations and profitability).

CHAPTER THREE

RESEARCH METHODS

INTRODUCTION

The hospitality and tourism strategic literature is dominated with conceptual studies (Slattery and Olsen, 1984; Webster and Hudson, 1991; Costa, 1995; Evans et al., 1995; and Olsen and Roper, 1998). There have been few qualitative empirical studies on international hospitality and tourism strategies (Go, Pyo, Uysal and Mihalik, 1990; Price et al., 1995 and Turnbull, 1996), as well as few descriptive strategic research in the internalization of the tourism industry (Dunning and McQueen, 1981; Olsen et al., 1994; Dunning and Kundu, 1995).

However, little effort has been made in identifying interrelationships among factors in international tourism development strategies. Thus, this investigation will explore such interrelationships by identifying the underlying relationships between tourism MNCs' international market development strategies and the host country's needs and expectations.

Quantitative research is proned to identifying general causal relationships among specified variables by testing hypotheses derived from predictive theories and inferences drawn from samples to populations (Kerlinger, 1986; Orlikowsky and Baroudi, 1991). As Pernice (1996) stated, the quantitative research is traditionally based on logical positivism and radical behaviorism. It generally entails the precise measurement of variables and data collection through formal standardized conditions from a randomly selected sample. Thus, data could be collected through the means of a questionnaire, a descriptive written format or through observation. The great strength of quantitative research methodology lies on its falsifiability and generalizability.

According to Parkhe (1993), different phases of research demands the application of different research methods. His two projected research approaches are: (I) the subjective -idiographic-qualitative-insider, (II) the objective - nomothetic - quantitative - outsider. Both research approaches encompass the following four phases of theoretical development in internationalization:

- concept development and inductive theory generation through case study method - phase 1,
- literal and theoretical replication through multiple-case method - phase 2 and 3,
- raising the theoretical level through combination of approaches (qualitative and quantitative empirical methods) -phase 4.

While Parkhe's subjective-idiographic-qualitative-insider approach involves taking the perceptions of the organizational informants into consideration for the research, it also requires using qualitative methodology to identify various components of a complex and dynamic phenomenon that could contribute to understanding the facts and realities in the natural setting that is being studied. Thus, the qualitative research method enables the understanding of an individual's unique experiences from his/her own perspective of the social world by seeking to develop shared meanings (Pernice, 1996).

On the other hand, Parkhe (1993) objective-nomothethic-quantitative-outsider research method, involves the utilization of the quantitative approach to seek for precise facts and underlying fundamental structure about a social phenomenon in a controlled group centered environmental context. It follows the objective-outsider viewpoint in revealing reliable objective results that can be replicable as well as generalizable.

The framework of this study has met the required theoretical composition, standard, and rigor in both the international business management and international business development strategic phenomena as suggested in the logic of quantitative research and revealed in literature. Thus, its findings are reliable and replicable. This also, complies with the Liebscher (1998) research concept, that a quantitative researcher usually ensures that the standard of rigor in designing the study and in its method of data analysis have been met before the collection of data.

Studies in the tourism and hospitality internalization literature have been mostly conceptual with few descriptive researches. This research study employed different statistical techniques with established quantifiable variables. Contributions of this study to the tourism and hospitality internalization literature will enable practitioners to project and predict the outcomes of their international investments. Also, other researchers for other international or regional markets could replicate the approach.

OBJECTIVE OF STUDY

The following are the objectives of this study:

1. To assess the relationship between tourism MNCs' market development strategies in African host countries and the needs and expectations of African host countries. This was determined by analyzing the variability of the various strategies on factors of needs and expectations. It focused on the following factors: national economic

development; creation of jobs and employment; training of skilled labor and management development; creating opportunities for entrepreneurship; promoting political stability; and good international relationships between host country and home country.

2. To better understand if the choice of tourism MNC's market development strategies vary among the prevailing external environmental factors in the African host country.
3. To determine if any relationship exists between integrated tourism MNCs' market development strategies and performance of tourism MNCs' operations in the African host countries.

RESEARCH DESIGN

This research followed the positivist, quantitative scientific approach of investigation. It entails identifying the underlying relationships between MNCs' international development strategies and the host country's needs and expectations. It was able to determine the variability among strategic choices and external environmental factors; among strategic choices and needs and expectations; and relationships between integrated strategies and tourism MNCs' performance in African host countries.

This research design comprises of:

(1) Research study's objective, (2)Conceptual frame work, (3) Population frame, (4) The Survey collection Instrument, (5) Data analysis methods, (6) Data collection process, (7) Operationalization of variables, (8) Test for quality of research design.

CONCEPTUAL FRAME WORK

The research's conceptual model shown in Figure 3, illustrates the frame work that depicts MNCs' development strategies -Wholly Owned Subsidiaries (including acquisitions and market segmentations); Joint-Ventures (including strategic alliance); Management Contract (MC); and Franchising (F). Performance measures: Profits and Number of Operations in developing host countries. It also depicts the components of the host countries' needs and expectations- Acquisition of Job Skills; Economic Development; Distribution of Industrial Resources; Political Stability; Community Participation; Career Development Amenities; Entrepreneurship; and Job and National Security Measures.

The conceptual model was the basic framework on which the analysis of the relationships among development strategies and factors of needs and expectations were based. Also, through the framework, variable identification and operationalization of variables were conducted. This model implores that MNCs successful performance as measured by number of new operations and profits, is a function of how well MNCs integrate the needs and expectations of their host countries with their implemented strategies.

POPULATION FRAME

This study's unit of analysis was the 'tourism multinational corporation-MNC.' The research focused on market-investment development strategies that the tourism MNCs adopt in their operations in African host countries. It examined the relationship of tourism MNCs' strategic integration with the needs and expectations of the developing host countries and corporate operational performance. Also, it investigated the relationship between external environmental factors and tourism MNCs' strategic choice in African host countries.

Its population frame was Tourism MNCs' Top Management Executives such as C. E. Os., Presidents, Vice Presidents, Managing Directors, General Managers, Directors, etc. They are in position to be part of their corporations' international market development decision-makers, or have knowledge of such decisions and their progress. The population frame was from an exhaustive list of 106 tourism MNCs that were known to be operating in the African Market.

However, their strategic choices for market development in African host countries were almost evenly distributed, yielding an effective assignment for parametric data analysis. Distribution free statistical techniques were also utilized for data analysis to determine the fitness of the data with its expected results.

Characteristics of the population frame

As mentioned above, the population frame was ‘Top Management Executives’ representing 106 MNCs with operations in Africa. Its characteristics consisted of the following:

1. The top management of Tourism and Hospitality Multinational Corporations (MNCs) with in the position of assistant vice president, vice president, president, executive director, managing director, chief executive officer-C.E.O., Chairman, and their equivalent ranks.
2. The selected tourism MNCs for the study were from all spectrums of the tourism industry, such as Theme Parks, Lodging, Resorts, Restaurants, Airlines, Travel Agencies, Car Rental Agencies, Tour Operators and Tour organizers that operate in the African market.
3. The list of tourism MNCs’ top management executives’ names for participation in this study, was generated from the following sources:

(a) Wards Business Directory of U.S. Private and Public Companies, (2001).

(b) Wards International Business Directory of Private and Public Companies, (2001).

(c) Moody’s Investors Service and United Nations Centre on Transnational Corporations, (1990).

(d) Moody’s International Manual Transportation Manual, (2000).

(e) Dun and Bradstreet International Business. The World Marketing Directory, (2000).

(f) International Public and Private Companies. National Registry Publishing, (2000).

THE SURVEY INSTRUMENT

This research utilized a structured self-administered mail-in survey questionnaire in collecting data from an exhaustive list of tourism MNCs in the African market. This means of data collection was assumed to be more economical, considering the large population frame and its vast geographic dispersion. The data generated from the survey instrument was based on a two-part questionnaire (see Appendix A). Part 1, contains general information on tourism MNCs profiles and performances. Part 2, is a structured five point Likert scale ranging from strongly agree to strongly disagree on indicators related to attributes of the factors of 'Needs and Expectations.'

Dependent Variables

The following are the study's dependent variables:

(a) Tourism MNCs' Strategies: There were four categories of this dependent variable, namely: (1) Wholly Owned (including acquisitions and market segmentation); (2) Joint Ventures (including strategic alliance); (3) Franchising; and (4) Management Contract. They were measured at the nominal level and used as dependent variables in the analysis of variance (ANOVA) with the pre-determined factor groupings from the pre-test of needs and expectations (Acquisition of Job Skills, Economic Development, Employment Opportunities, Political Stability, Community Participation, Career Development Amenities, Local Entrepreneurship, and Job/National Security Measures) and indicators of organizational environment. Their measurement was on a 5 point likert type scale (see Appendices B and C).

(b) The second dependable variable was performance of tourism MNCs'. This variable was operationalized in terms of number of growth in new operations for the past 3 years, and average profits in the past 3 years. Interval and ratio measurement scales were applied in this case. They were then used as dependent variables in bivariate regression analysis on the number of strategic integrations. Also they were applied in ANOVA with the pre-determined eight factor groupings of needs and expectations as stated in section (a). (See Appendices B and C).

The past three-year operational span was chosen as a benchmark on long-term operations that could yield any feasible profit. Also, it stipulates a specific time period for all the participating tourism MNCs to deduce their average profit. Profitization of Multinational Corporations (MNCs) is a function of various operational determinants such as economy of scale, competition in various national or regional markets, effective distribution of corporate resources, effective management, cost of goods, operational costs, administrative costs, litigation, etc.

This study's operationalization of performance in the form of profit as a function (outcome) of integrated strategies (effective management) is a projection of one of the feasible components of MNCs' profitization. Thus, other profitization components should equally be favorable to MNCs' as integrated strategies for long-term MNCs' profits to be realized.

Independent variables

The attributes of the variables associated with host countries' needs and expectations are deemed interdependent. The initial eight factors of African countries' needs and expectations from literature comprised of forty attributes. They were factor analyzed in the pre-test of this study because:

1. Factor analysis is an interdependence multivariate technique that is used to identify representing variables from a much larger set of variables for use in subsequent multivariate analysis (Hair et al., 1995). As a data reduction statistical technique, its application yielded the factor groupings of needs and expectations variables in the pre-test which became the bench mark for the independent variables used in the actual study. Component factor analysis was used to simultaneously summarize excess information on the variables, yielding manageable minimum number of factors for predictory regression analysis.
2. To understand and confirm the underlying dimensions of the emerged factors. Twelve factor groupings were delineated from the analysis, four of the factor groupings were dropped from the study for not meeting the criteria for choosing factors for the pre-test. Eight usable factor groupings that were delineated from the pre-test of the measuring instrument were then refined through Cronbach reliability measure, and then applied to the actual study (see the section on applicable constructs from factor analysis, Table 4 and Appendix C).

The surviving eight factors from the pre-test met the criteria set for retention in the measurement instrument. Each construct also had a standardized reliability alpha (a) of 0.50 or greater. In order to purify data generated from survey respondents, a reliability test was conducted on the eight constructs based on actual study's responses. As depicted in Table 5, all constructs for the actual study had a Cronbach's coefficient alpha value not less than 0.50 to be retained in the data analysis (Cronbach, 1951). As an exploratory study, it was eminent for all constructs' items to have a minimum item-to-total correlation of 0.30, or the item was deleted to enhance the corresponding alpha value (Parasuraman, Zeithaml and Berry 1988).

Th final questionnaire comprised of thirty one indicators from the eight surviving constructs and two important pre-test questions that did not load on any of the constructs (See Table 4-unloaded questions; and appendix A, questions1 and 30), making a total of 33 indicators in the final survey instrument.

Data Analysis Methods

Applicable statistical methods for this study were Analysis of Variance (ANOVA) for determining variability among strategic type dependable variables and Bivariate analyses to determine relationships between integrated strategies as independent variables and performance (operationalized as growth in the number of new operations in the past three years and profit in the past three years) as dependable variables. The Statistical Package for the Social Sciences (SPSS), Version 10, was used for the statistical analysis. The statistical approaches for this study were:

1. Descriptive data analyses (frequency distributions) were used to determine the distribution of data and their other characteristics.
2. Reliability test for the measurement instrument on needs and expectations as well as the indicators of influence of organizational external environment, that were

delineated from factor analysis performed on the pretest. They subsequently became the independent variables for hypotheses testing.

3. The Analysis of Variance (ANOVA) was applied to determine the variability of each strategy on the pre-determined factor groupings of needs and expectations. Also on organizational environmental factors. The F statistic should have a P value $\leq$ .05 for the hypothesis not to be rejected. Turkey's multiple range post hoc test method was conducted to determine variability within groups that show significant differences between groups.
4. Bivariate regression analyses were applied to determine the relationship between number of (1) new operations, (2) average profits as separate dependent variables and the pre-determined factor groupings of needs and expectations as independent variables (see Appendix C).
5. The strength of the model was assessed by F-test and R. Standardized beta coefficients were used to see the relative importance and contribution of the independent variables in explaining the dependent variables, namely number of new operations and average profitability. The decision rule to reject or fail to reject the related hypothesis is set at .05. This was extended to .10 for Kruskal-Wallis one-way ANOVA only because it is distribution free and this is an exploratory study.
6. This study utilized the pre-determined factors of needs and expectations that were delineated from the pre-test of the survey instrument. This was appropriate for a study because factor analysis could not be applied to its small sample size. However, a sufficient number of responses for its pre-test generated enough data that were factor

analyzed. The eight delineated factors that survived the set of criteria were refined through Cronbach reliability tests and then applied to the actual study.

Applicable Constructs from Pre-Test Factor Analysis

The application of factor analysis on pre-test with the initial forty needs and expectations' attributes from literature yielded twelve factors. Four of the factors did not meet the reliability test, and their attributes were dropped from the questionnaire. Table 4 depicts the twelve factors that emerged from the factor analysis with the numbers of their associated questions in the questionnaire, as well as the dropped four factors. Thus the survey instrument was purified for reliable indicators and construct validity. The questions that were associated with the four dropped factors were deleted from the questionnaire (see Table 4).

Criteria for Chosen Factors for this Exploratory Study

1. All factors should have eigen values $\geq$ 1
2. All factors should have factor loadings $\geq$ 40% (absolute value)
3. Each factor should explain at least 5% of the variance (as exploratory study, variance explained may be reduced to 4%)
4. Each chosen construct should have a standardized reliability Alpha (a) $\geq$ 0.50
5. Total variance explained by all factors should be > 50%

The listed criteria were also applied for data purification for reliability tests of the indictors of the constructs that were applied in the study (see section on data purification).

Table 4. Emerged Factors from Pre-test Factor Analysis (Part 2 of questionnaire)

Factor	Loadings	Question#	Eigen Value	% of Variance explained
(1) Acquisition of Job Skills			**3.83**	**9.58**
• Technical training for skilled jobs	.665	Q5		
• On-going training programs	.777	Q11		
• Seminars for potential managers	.698	Q14		
• Training non-skilled employees	.752	Q17		
• Corporate sponsored skills program	.436	Q25		
Std a =.84				
(2) Economic Development			**3.30**	**8.23**
• The development of infrastructure	.758	Q3		
• Contribution to country's GNP	.770	Q4		
• Purchase of consignments	.411	Q6		
• Portrays good image of country	.575	Q10		
• Government revenue on taxes	.693	Q14		
Std a = .78				
(3) Distribution of Industrial Resources			**2.86**	**7.16**
• Careers in local colleges	.503	Q18		
• Increase in balance of payment	.434	Q22		
• Competitive salaries/wages	.611	Q28		
• Electrified streets/plumbed housing	.736	Q30		
Std a =.69				
(4) Political Stability			**2.71**	**6.77**
• Discourages tribal/civil wars	.762	Q19		
• Prohibits international conflicts	.757	Q20		
• Often promotion to managerial posts	.668	Q21		
Std a =.74				
(5) Community Participation			**2.59**	**6.47**
• Induces low inflation rate	.800	Q7		
• Equal access to facilities	.647	Q8		
• Locals decision involvement	.540	Q9		
• Encourages labor unions	.434	Q32		
• Discourages labor strikes	.463	Q33		
Std a =.70				

Table 4 (Continued)

(6) Career Development Amenities			**2.54**	**6.34**
• Encourages local proprietorship	.768	Q26		
• Construction of schools, roads, etc.	.613	Q27		
• International transportation	.716	Q31		
• Management development program	.425	Q29		
Std a =.65				
***(7) Free Market Economy**			**1.97**	**4.93**
• Encourages free market	.546	N/A		
• Sub-contracts to local businesses	.450	N/A		
• Purchase of consignments	.768	N/A		
Std a =.39				
***(8) Expatriate Staff**			**1.96**	**4.90**
• Expatriate top management	-.750	N/A		
Std a = N/A				
***(9) Self- Enrichment**			**1.95**	**4.88**
• Less government regulations	.804	N/A		
• Empowerment of local managers	.535	N/A		
Std a = .54				
(10) Local Entrepreneurship			**1.88**	**4.70**
• Encourages locals' gift shops	.543	Q15		
• Stimulates local promoters	.854	Q16		
Std a = .69				
(11) Job and National Security Measures			**1.71**	**4.27**
• Locals for managerial posts	-.450	Q2		
• Recruitment incentives	.722	Q13		
• Safety and security measures	.525	Q23		
Std a = .60				
***(12) Technological Amenities**			**1.55**	**3.88**
• Transfer of technological amenities	.722	N/A		
Std a = .26				
Total Variance Explained				**72.11**
Two unloaded questions				
• Creation of job opportunities				
• Approval of foreign exchange by host governments				

Note: Respondents' perceptions were based on a 5-point Likert type scale with 1= strongly agree; 2=agree; 3=uncertain; 4= disagree, 5= strongly disagree.

*** Dropped Factors (4 total)**

N/A= Not Applicable to study

Data Purification

A pretest of the survey measurement and the subsequent principal component factor analysis with oblique rotation yielded eight final factors of host countries' Needs and Expectations from the initial twelve factors that were delineated from the process (see Table 4). The surviving eight factors met the criteria set for retention in the measurement instrument. Each construct also had a standardized reliability alpha (a) of 0.50 or greater.

To further purify data generated from survey respondents, a reliability test was conducted on the eight pre-determined constructs from the pre-test. As depicted in Table 5, all constructs were to have a Cronbach's coefficient alpha value not less than 0.50 to be retained in the data analysis (Cronbach, 1951). Since this is an exploratory study, it was established that all constructs' items should have a minimum item-to-total correlation of 0.30, or the item was deleted to enhance the corresponding alpha value (Parasuraman, Zeithaml and Berry 1988).

A total of seven items out of the thirty one items within the eight constructs were deleted for not meeting the 0.30 item-to-total correlation criterion. The deleted items were in Distribution of Industrial Resources: (1) Careers in local colleges; (2) Electrified streets/plumbed housing. In the Political Stability construct: (1) Often/regular promotion of residents to managerial posts. With Community Participation: (1) Equal access to facilities; (2) Local decisions involvement. And in Career Development Amenities: (1) Encourages local proprietorship; and (2) Management Development Program.

It should be noted that the deleted items are not irrelevant indicators since statistical analysis could be deduced from them. However, their deletion ensures a higher reliability of the affected constructs' measurement to yield similar results on a similar replicated study.

Table 5. Descriptive Analysis of Respondents' Perceptions on Host Countries' Needs and Expectations' Attributes with Refined Indicators

1. Acquisition of Job Skills	**Reliability Alpha =.54**	
Indicators	Mean	Standard Dev.
Tourism MNCs that operate in African countries usually offer technical training for skilled jobs to their local employees.	2.971	1.295
Tourism MNCs that operate in African countries have on-going training programs for their African employees	1.829	0.891
Tourism MNCs in African countries sponsor tourism and hospitality seminars for employees who may advance to management positions	2.771	1.140
Tourism MNCs in African countries offer technical training for their non-skilled African employees	2.114	0.993
Tourism MNCs in African countries usually offer corporate sponsored programs to train their African workers for skilled/semi-skilled jobs.	2.890	1.301
2. Economic Development	**Reliability Alpha =.66**	
Indicators	Mean	Standard Dev.
The presence of tourism MNCs in African countries enhances the development of infrastructure in the host countries.	2.260	1.094
The presence of tourism MNCs in an African country contributes to the host country's GNP.	1.829	0.857
Tourism MNCs that operate in African countries purchase most of their consignments from local suppliers in the host country.	3.086	1.147
The presence of tourism MNCs in an African country portrays a good image of the African host country as a tourist destination.	1.914	0.887
The operation of tourism MNCs in an African country help generate revenue for federal, state, and local taxes for the host country.	2.086	1.173
3. Distribution of Industrial Resources	**Reliability Alpha =.55**	
Indicators	Mean	Standard Dev.
African countries are able to improve their balance of payment from governmental revenues derived from tourism MNCs' operations.	2.257	1.010
Tourism MNCs in African countries offer competitive salaries and wages relative to other service industries, to their African employees.	2.029	0.985

Table 5. Continued

4. Political Stability	Reliability Alpha =.69	
Indicators	Mean	Standard Dev.
The presence of tourism MNCs in an African country discourages tribal and civil wars in the host country.	2.971	1.272
The presence of tourism MNCs in an African country deters the country from international conflicts.	2.486	1.0680
5. Community Participation	**Reliability Alpha =.54**	
Indicators	Mean	Standard Dev.
The presence of tourism MNCs in an African country induces a low inflation rate in the African country.	3.086	1.442
The presence of tourism MNCs in an African country encourages the growth of labor unions.	2.971	1.272
The presence of tourism MNCs in an African country generally discourages African employees from going on labor strikes.	3.029	1.224
6. Career Development Amenities	**Reliability Alpha =.51**	
Indicators	Mean	Standard Dev.
The presence of tourism MNCs in an African country facilitates the construction of hospitals, schools, shopping centers, roads, and airports.	2.572	1.244
The presence of tourism MNCs in an African country facilitates the implementation of good international transportation by the host government.	1.743	0.852
7. Local Entrepreneurship	**Reliability Alpha =.50**	
Indicators	Mean	Standard Dev.
Tourism MNCs that operate in an African country encourage local residents to open up gift shops in their (MNCs) facilities.	3.143	1.700
The presence of tourism MNCs in an African country stimulates the emergence of local promoters for international local events.	2.829	1.339
8. Job and National Security Measures	**Reliability Alpha =.50**	
Indicators	Mean	Standard Dev.
Tourism MNCs that operate in African countries employ local residents for managerial positions.	2.829	1.295
Tourism MNCs that operate an African country offer recruitment incentives to their potential African employees.	2.714	1.296
The presence of tourism MNCs in developing African countries induces the host countries' governments to provide adequate safety and security measures for their residents.	2.571	1.399

Note: Respondents' perceptions were based on a 5-point Likert type scale with 1= strongly agree; 2=agree; 3=uncertain; 4= disagree, 5= strongly disagree.

DATA COLLECTION PROCESS

The projected dates for phases of questionnaire development and data collection are depicted in Table 6. A group of experts, industry practitioners, and the members of this dissertation committee reviewed questionnaire indicators on the 12th of December 2000. Between December 14th, 2000 and January 12th, 2001, a pilot study was conducted with seventy respondents, consisting of tourism MNC's executives, academics, and students. The delineated factors from factor analysis that met the set criteria were applied to the final study's measurement instrument. (See section on Independent Variables).

Questionnaires with personalized cover letters and return addresses were initially mailed out on May 28th, 2001, to 106 Tourism MNCs executives around the globe (see Appendix A). Responses were also sought from two other executives of each MNC for validation of the primary response (Carmines and Zellar, 1979; Schaffer, 1987). The initial mailing yielded 17 (16%) corporate responses. Due to the preoccupation and busy roles of the corporate executives in the sample frame, an ample amount of time was allotted for their responses before following up with a reminder note.

By July 2, 2001, a follow-up reminder note was mailed to non-respondents yielding 11(10%) more responses. Due to turnaround time of overseas mails for the study's overseas potential participants, five weeks elapsed after the mailing of the reminder notes before telephone follow-up calls were made to all non-respondents across the globe. This was in accordance to data collection process postulated by Dillman (1978). In most instances, messages were left with their secretaries. Questionnaires with cover letters were faxed over to those who were still leaning toward participating. This telephone/fax approach yielded another 9 (8%) responses. There were 37 total responses for the study, but 2 questionnaires were discarded due to numerous missing data. Thirty-five usable questionnaires yielding a 33% total response rate were analyzed for the study.

Table 6. Schedule of Questionnaire Development and Data Collection Process

QUESTIONNAIRE DEVELOPMENT/DATA COLLECTION PHASE	DATES TO BE CONDUCTED	% RESPONSE RT
1. Questionnaire:		
Review by committee Chair and members.	December 12, 2000	
Pilot study with 75 tourism and hospitality - MNC's executives, academicians, and students.	December 14, 2000 to January 12, 2001	
Initial tourism MNCs mailing (N=106);	May 28, 2001	N=17 (16% response rate)
Follow-up notes to non-respondents.	July 2, 2001	N=11 (10% response rate)
Telephone/Fax follow-up	August, 6 2001	N=9 (8% response rate)
3. Sample-validating telephone interview with systematic random sample of non-respondents.	September 6 to 17, 2001	

Non-Response Bias

Between September 6th and 17th, 2001, a sample-validating telephone interview was conducted with a systematic random sample of 6 non-respondents (see Table 6). This process determines if there was any significant difference between the group of respondents and the group of non-respondents. They were briefly asked seven questions that were among the dependent and independent variables of the study, and selected from both Part 1 and Part 2 of the questionnaire as shown in Table 7. The mean values of responses on the questions did not show any significant difference between the group of 'non-respondents' and group of 'respondents' (see Appendix D). Thus, non-bias response did not exist in the study.

Table 7. Non-Respondents' Sample Validating Questions

Question/Questionnaire Number	Question category	Dependent/Independent
PART 1		
1. Business Classification	General	
8.Type of market development strategy in African countries	General	Dependent
9(A). Influence of degree of political stability in the African country	General	Independent
1. Number of new operations in the African countries in the past 3 years	Corporate Performance	Dependent
12. Average profit in African host countries in the past 3 years	Corporate Performance	Dependent
PART 2		
4.The presence of tourism in an African country contributes to the host country's GNP	Needs and Expectations	Independent
17. Tourism MNCs in African countries offer technical training to their non-skilled African employees	Corporate Strategic Integration	Independent

OPERATIONALIZATION OF VARIABLES

The needs and expectations' variables as well as the external environmental variables that were the independent variables of this study were categorical/nominal variables. They were measured on a 5 point likert type scale (see Appendices B and C). The market development strategic types were nominal dependent variables. The second dependent variable-performance, was operationalized as number of new operations in three years and average profits in three years. The past three-year operational span was chosen as a benchmark on long-term operations that could yield any feasible profit. Also, it stipulates a specific time period for all the participating tourism MNCs to interpolate their average profit.

TEST FOR RESEARCH QUALITY

In ensuring the quality of this research design, multiple indicators of individual variables were used in the questionnaire. This increases the reliability of the measuring instrument by limiting the occurrence of errors due to respondent's misinterpretation or misunderstanding of a single indicator for a variable in a questionnaire (Neuman, 1997).

As with any measure with multiple indicators, construct validity is of eminent importance. It is the ability of a measurement instrument to correctly represent the study's objectives and concepts (Hair et al., 1995). This research measurement instrument adopted the following tests to ensure its construct validity.

- All selected variables for this study were extracted from applicable theories and concepts in pertinent literature;
- The committee members reviewed the sample questionnaire;

- A pilot study was conducted with seventy tourism and hospitality Executives, Academics, and Students to determine the validity of the sample indicators;
- Made references to systematic scientific sources to substantiate the applied research methods in this empirical study.

PLAN OF RESEARCH ANALYSIS

The study's plan of analysis is shown in Table 8. The data source, the analysis that was conducted and the technique that was applied are illustrated. Also, it depicts the criteria for hypotheses evaluation and their respective acceptable coefficient or probability range. The statistical approaches for this study were:

Descriptive data analyses (frequency distributions) were used to determine the distribution of data and their other characteristics. Reliability tests were conducted for the measurement instrument on needs and expectations. Also, the indicators of influence of organizational external environment met the set criteria. They were used as the independent variables for hypotheses testing.

The Analysis of Variance (ANOVA) was applied to determine the variability of each strategy on the pre-determined factor groupings of needs and expectations. The same process was also applied on organizational environmental factors. The F statistic should have a P value $\leq .05$ for the hypothesis not to be rejected. Turkey's multiple range post hoc test method was conducted to determine variability within groups that show significant differences between groups.

Bivariate regression analyses were applied to determine the relationship between number of (a) new operations, (b) average profits as separate dependent variables and the pre-determined factor groupings of needs and expectations as independent variables (see Appendix C).

The strength of the model was assessed by F-test and R. Standardized beta coefficients were used to see the relative importance and contribution of the independent variables in explaining the dependent variables, namely number of new operations and average profitability. The decision rule to reject or fail to reject the related hypothesis is set at .05. This was extended to .10 for Kruskal-Wallis one-way ANOVA only because it is distribution free technique applied to an exploratory study.

Table 8. PLAN OF RESEARCH ANALYSIS

Data Source	Analysis to be Conducted	Analytical Technique Employed	Variables Analyzed	Levels of Measurement
Hypothesis 1	Descriptive Analysis ANOVA Multiple Range Test	$P \leq .05$ F- test	Strategic Type (Dependent) Needs and Expectations Factors (Independent)	Nominal Interval
Hypothesis 2	Descriptive Analysis ANOVA Multiple Range Test	$P \leq .05$ F- test	Strategic Type (Dependent) Organizational External Environmental Factors (Independent)	Nominal Interval
Hypothesis 3	Descriptive Analysis Kruskal Wallis One-Way- ANOVA Correlation (Bivariate)	X^2 p£ .10 R	Number of New Operations (Dependent) Profits (Dependent) Integrated Strategies (Independent Variable).	Ratio Ratio

CHAPTER FOUR

RESULTS of DATA ANALYSIS and DISCUSSION

INTRODUCTION

This chapter illustrates the statistical analyses of data and their results, followed by a discussion of the findings.

Response Rate

A two part structured questionnaire with a stamped return addressed envelope was mailed to an executive member of the top management team of 106 tourism Multinational Corporations (MNCs) that operate in the African market. The instrument was for investigating MNCs tourism market development strategies in African host countries, the integration of those strategies with the African host countries' needs and expectations, and the influence of organizational external forces on their strategic choices. Out of a total of thirty-seven questionnaires that were returned, two were discarded due to their numerous missing data. Thus, thirty-five usable questionnaires, yielding a 33% response rate were utilized for data analysis.

While the response rate seems quite high as compared to similar surveys on Hospitality and Tourism corporate executives, such as Schaffer, 1987 with a response rate of 26.2%; Yucelt and Marcella, 1996 with 38%; and Brown, 1996 with 28.6%, this study's survey population which was an exhaustive list of tourism multinational corporations in the African market was considerably smaller. Some factors that might have affected the sample size and response rate are: (1) MNC's are still exploring emerging developing markets and not too many of them are making the leap into unstable market environments that envisage the African market. (2) The investigative nature of the questionnaire as well as the probing concern of host countries' needs and expectations may not be of particular interest to respondents. And (3), the sample frame consists of top executives who do not have much ample time to completing questionnaires. They are even more reluctant to participate in surveys if they had already done so in the past one or two business quarters or six months, which was the situation that some of them indicated as their reason for declining to participate in this survey (Erdos, 1970; Brown, 1996).

Experts in quantitative research and statistical analysis project the concept that in an exhaustive survey frame, which is more of a census of the survey population as in the case of this research, "any difference or relationship, however small, is 'true' and does exist" (Hair et al., 1995). Thus, random sampling is unveiling in such studies with exhaustive data set since they exhibit absolute practical significance rather than statistical inferences (Howell, 1997).

In order to assess the content validity of the strategic integration instrument as well as the consistency of the response of a respective top executive, responses were also requested from two other members of each top management team (Carmines and Zellar, 1979; Schaffer, 1987).

DATA ANALYSIS

Basic Frequencies

A performance of exploratory analysis assessed the characteristics and nature of the data, thus, determining the basic frequencies and descriptive statistics as well as appropriate measures of central tendency (Hartwig and Dearing, 1979). Table 9 depicts the demographic characteristics of the responding MNCs. On the classification of the responding MNCs, 17.1% of them were in the Resort sector, 20% in the Hotel sector, 22.9% in the Airline sector, while 8.6% and 17.1% are in the Tour Operators and Travel Agencies sectors respectively. Also, 5 multinational corporations in five different tourism sectors, namely Cruises; Tourism Consulting Groups; Amusement Parks; Restaurants; and Car Rentals (all grouped together as "other" in this study), represent 14.3% of the responding MNCs.

Sixty percent of the responding MNCs operate in ten or more countries worldwide, 37.1% operate in between three and nine countries worldwide and only 2.9% operate in two countries worldwide. In the African market, 8.6% of the responding tourism MNCs have operations in only one country, 57.1% operate in between two and five countries while 34.3% have operations in more than five countries. Sixty percent of the MNCs have more than 10,000 employees worldwide, and 25.7% of them have between 5,001 and 10,000 employees worldwide. Only 2.9% of the responding MNCs have between 1,000 and 5,000 employees worldwide, while 11.4% have less than 1,000 employees worldwide.

In their African market operations, 22.9% of the responding MNCs have between 100 employees and 500 employees, and an equal percentage has between 501 and 1,000 employees, while 48.6% of them have more than 1,000 employees and 5.7% have less than 100 employees.

Majority of the responding MNCs' executives were the vice presidents of the corporations (31.4%) followed by presidents (20%) and directors (20%). General managers (GM) accounted for 17.1% of the responses and Chief executive officers (C. E. O.) for 5.7%. Managing directors and comptrollers each accounted for 2.9% of the responses. Eighty three percent of the responding MNCs' executives were males and 17% were females. Most of the responding executives (62.9%) have held their current positions for more than five years. Thirty four percent of the executives have held their current positions as long as three to five years while only 2.9% of them have held their positions between one and two years.

Approximately forty nine percent of the responding MNCs executives were U. S. citizens, 34.3% were Europeans, 8.6% were Asians and another 8.6% were citizens of various other countries. About 54% of the responding executives have never been on a corporate foreign operations assignment. Twenty percent of the executives have been on a foreign assignment for more than five years, and another 20% have been on foreign assignment from three to five years, while 5.7% of them have only been on foreign assignment between one and two years.

Table 9. Demographic Characteristics of Responding MNCs

Demographic Characteristics	Percent Distribution	Demographic Characteristics	Percent Distribution
Classification of MNC		Respondent's Corporate Position	
Resort	17.1%	C. E. O.	5.7%
Hotel	20.0	Managing Director	2.9
Airline	22.9	President	20.0
Tour Operator	8.6	Vice President	31.4
Travel Agency	17.1	Director	20.0
Other	14.3	GM	17.1
		Comptroller	2.9
Number of Countries of Operations Worldwide		Respondent's Gender	
1- 2	2.9%	Male	82.9%
3- 9	37.1	Female	17.1
10 or More	60.0		
Number of African Host Countries		Number of Years in Current Position	
Only 1	8.6%	1-2	2.9%
2-5	57.1	3-5	34.2
More than 5	34.3	More than 5	62.9
Number of Employees Worldwide		Respondent's Nationality	
Less than 1,000	11.4%	US	48.6%
1,000 – 5000	2.9	European	34.3
5,001 – 10,000	25.7	Asian	8.6
More than 10, 000	60.0	Other	8.6
Number of Employees in Africa		Years of Respondent's Foreign Assignment Experience	
Less than 100	5.7%	None	54.3%
100 – 500	22.9	1-2	5.7
501 – 1,000	22.9	3-5	20.0
More than 1,000	48.6	More than 5	20.0

The distribution of the 35 responding tourism MNCs' primary African market development strategic choice is depicted in Table 10. Approximately twenty nine percent (n=10) of the respondents chose wholly owned development strategy (including business acquisitions and market segmentations). Approximately twenty three percent (n=8) of them chose joint ventures (including strategic alliance), 17% of them (n=6) chose franchising, and 31% of them (n=11) chose management contract.

Table 10. Number of Respondents' Primary African Market Strategic Choice

MNCs' African Market Strategic Choice	Number	Percent Response
Wholly Owned Subsidiaries (Acquisitions/Market Segmentation)	10	28.6%
Joint Ventures (Strategic Alliance)	8	22.9
Franchise	6	17.1
Management Contract	11	31.4
Total	35	100

Table 11 illustrates that, 75% of respondents in the airlines sector and 100% of those in the travel agency sector dominate the wholly owned subsidiaries strategy (including corporate acquisitions and market segmentations). Only 29% of respondents from the hotel sector chose wholly owned strategy, while none of the tour operating agencies and other sectors (see Table 9) in the study chose it as their African market development strategy.

Table 11. Responding MNCs' African Market Development Strategies

Tourism MNC Classification	Wholly Owned Subsidiaries (Acquisitions/Mkt Segmentation)	Joint Ventures (Strategic Alliance)	Franchising	Management Contract
Resorts	67%	6%	6%	**100%**
Hotels	29	14	14	**100**
Airlines	**75**	63	13	25
Tour Operators	0	**100**	61	0
Travel Agencies	**100**	50	67	0
Other	0	61	**80**	60

On the other hand, 100% of the responding tour operating agencies chose joint ventures (including strategic alliance) as their main market development strategy in Africa. Only 6% of the resorts chose joint ventures and 14% of the responding hotels chose it as an African market development strategy. Also, only 6% of the resorts chose franchising strategy, and again, 4% of the responding hotels chose the franchising strategy. Eighty percent of all the other sectors (see Table 11) in the study chose franchising as a market development strategy. Management contract market development strategy was the main strategy of choice for the hotel (100%) and resort (100%) sectors. All the respondents in the two tourism sectors chose it as their African market development strategy. However, neither the tour operating agencies nor the travel agencies chose it for their African market development. Only 25% of the airline tourism sector chose management contract as their African market development strategy.

MNCs Strategic Integration

The criterion in analyzing the integration of the responding tourism MNCs' integration of market development strategies in the African market with the host countries needs and expectations' factors is based on an MNC integrating at least 50% of the attributes or indicators measuring each factor or construct. A fifty percent integration of construct's attributes or indicators is deemed as integrating most of the components of the construct. Table 12 illustrates the distribution of the responding MNCs' integration of host countries' needs and expectations by their prevailing type of international market development strategy. The strategic percentages in Table 12 are across-row percentages with the specific number of integrators or non-integrators of a particular construct.

Sixty percent of the respondents integrated the first needs and expectations factor, "Acquisition of Job Skills" while 40% of them did not integrate it. Thirty six percent of its integrators were from the wholly owned strategic segment, 24% from joint ventures segment, 14% from franchising segment, and 26% from management contract segment. On the other hand, 18% of non-integrators were from wholly owned, 21% from joint ventures, another 21% from franchising, and 40% from management contract.

Seventy three percent of the respondents integrated the second needs and expectations factor, "Economic Development" and 27% did not. Within those that integrated it, 29% were wholly owned oriented, 25%, joint venture, 20% franchising, and 28% management contract oriented. Most of the non-integrators of the economic development factor were management contract oriented (42% of non-integrators). The third factor, "Distribution of Industrial Resources" was integrated by 54% of the respondents, and most of them are management contract oriented (32% of integrators). Forty six percent of the respondents did not integrate the distribution of industrial resources factor and again, most of the non-integrators were from the management contract segment (42% of non-integrators).

The fourth needs and expectations factor, “Political Stability” was integrated by 34% of the respondents, and was not integrated by 66% of them. In this case, most of the integrators were joint venture oriented (38% of integrators), while the non-integrators were mostly from the wholly owned subsidiary segment (30% of non-integrators) as well as the management contract segment (33% of non-integrators). Only 16% of the respondents integrate the fifth needs and expectations factor, “Community Participation,” with 66% of them not integrating it. Most of its integrators were from the joint venture segment (45% of respondents), while the non-integrators are again mainly from both wholly owned (31% of non-respondents) and management contract (35% of non-respondents).

Sixty nine percent of the respondents integrated the sixth needs and expectations factor, “Career Development Amenities,” but 31% of them did not integrate it. The management-oriented respondents integrated it (37% of integrators) more than the other strategic oriented respondents. Respondents from all the strategic segments equally (25% respectively) did not integrate it. Only 26% of the respondents integrated the seventh needs and expectation factor, “Local Entrepreneurship,” while 74% of them did not integrate it. Most of the integrators were management contract oriented (45% of integrators). In the case of its non-integrators, respondents from the strategic segments of wholly owned subsidiary, joint ventures, and management contract respectively accounted for 27% of non-integrators. And those that are franchising oriented, accounted for 19% of non-regulators.

The eight and final factor of host countries’ needs and expectations, “Job and National Security Measures were integrated by 56% of the respondents, with 44% not integrating it. Most of the integrators were respondents that were wholly owned subsidiary oriented (31% of integrators), and joint ventures oriented (33% of integrators). And most of the non-integrators were respondents from the management contract segment (42% of non-integrators).

Table 12. MNCs' Integration of Needs and Expectations by Strategy Type (Row %).

	Wholly Owned Subsidiaries (Acquisitions/Mkt. Segmentation)	Joint Venture (Strategic Alliance)	Franchising	Management Contract
1. Acquisition of Job Skills				
Integrators 60%	36%	24%	14%	26%
Non-Integrators 40%	18%	21%	21%	40%
2. Economic Development				
Integrators 73%	29%	25%	20%	28%
Non-Integrators 27%	26%	16%	16%	42%
3. Distribution of Industrial Resources				
Integrators 54%	24%	28%	16%	32%
Non-Integrators 46%	29%	13%	16%	42%
4. Political Stability				
Integrators 34%	25%	38%	8%	29%
Non-Integrators 66%	30%	15%	22%	33%
5. Community Participation				
Integrators 16%	18%	45%	18%	19%
Non-Integrators 84%	31%	19%	17%	35%
6. Career Development Amenities				
Integrators 69%	32%	21%	10%	37%
Non-Integrators 31%	25%	25%	25%	25%

Table 12. Continued

7. Local Entrepreneurship				
	Wholly Owned Subsidiaries (Acquisitions/Mkt. Segmentation)	Joint Venture (Strategic Alliance)	Franchising	Management Contract
Integrators 26%	33%	11%	11%	45%
Non-Integrators 74%	27%	27%	19%	27%
8. Job and National Security Measures				
	Wholly Owned Subsidiaries (Acquisitions/Mkt. Segmentation)	Joint Venture (Strategic Alliance)	Franchising	Management Contract
Integrators 56%	31%	33%	13%	23%
Non-Integrators 44%	25%	10%	23%	42%

The distribution of the responding tourism MNCs' integrated strategic factors is stipulated on Table 13. Only 3% (n=1) of the responding MNCs had two integrated strategic factors. Twenty six percent (n=9) of them had four integrated factors, another 26% (n=9) had five integrated strategic factors, 28% (n=10) with 6 integrated strategic factors, 14% (n=5) with 7 integrated strategic factors, and only another 3% (n=1) integrated all the 8 strategic factors.

Table 13. Distribution of MNCs' Integrated Strategic Factors

Number of Integrated Factors	Number of MNCs	% of MNCs
2	1	3
4	9	26
5	9	26
6	10	28
7	5	14
8	1	3

Table 14 tabulates the growth of the responding MNCs' operations for the past three years in the African market. It was based on the integration or non-integration of their market development strategies with African host countries' needs and expectations in the form of (1) number of new operations; (2) Average Revenue in millions of U.S. dollars; and (3) Average profits in millions of U.S. dollars. The percentages in Table 14, are across-row percentages with the specific number of integrators or non-integrators of a particular construct.

Out of the 60% that integrated "Acquisitions of Job Skills," 19% had 3 new operations in the past 3 years, 5% had 4 new operations, while 17% had no new operations. On the other hand, out of the 40% of non-integrators of acquisitions of job skills, 12% had 3 new operations in the past 3 years, 0% on 4 new operations, and 39% had no new operations. In the case of average revenue in the past 3 years, out of the same 60% that integrated acquisition of job skills, 83% generated an average revenue of more than $25 million U.S. dollars, 7% generated between $15 million and $25 million U.S. dollars. However, out of the 40% non-integrators of acquisition of job skills, 54% generated an average revenue of $54 million U. S. dollars, while 39% generated between $15 million and $25 million U. S. dollars. On the basis of average profit in the past 3 years, 64% of the 60% integrators of acquisition of job skills made more than $25 million U.S. dollars in average profit, while 40% of the 40% non-integrators made more than $25 million U.S. dollars in average profits.

Among the 73% of respondents who were integrators of "Economic Development," 4 % had 4 new operations within the past three years, 75% generated more than $25 million U.S. dollars in average revenue and 54% made more than $25 million U.S. dollars in average profits. With the 27% of respondents who were non-integrators of economic development, none had up to 4 new operations in the past 3 years, 63% generated more than $25 million US dollars in average revenue, and 53% made more than $25 million U.S. dollars in average profit.

Fifty four percent of the respondents were integrators of “Distribution of Industrial Resources.” Three percent of these integrators extended to four new operations in the past 3 years, 74% realized more than $25 million U.S. dollars in average revenue, and 58% of them realized more than $25 million U.S. dollars in average profit. On the aspect of the integration of “Political Stability,” 4% of the 54% who were its integrators grew to the extent of 4 new operations, 75% of them grossed more than $25 million U.S. dollars in average revenue, while 58% of them netted more than $25 million U.S. dollars in average profits. For the 66% who were non-integrators of political stability, only 2% grew to 4 new operations in the past 3 years. Seventy percent of the non-integrators of political stability generated more than $25 million U.S. dollars, and 52% of them made more than $25 million U.S. dollars in profit.

It is quite astonishing to notice that only 16% of the respondents integrated “Community Participation.” Out of this 16% of integrators, 10% had up to 4 new operations in the past 3 years, 73% had average revenue of more than $25 million U.S. dollars, and 46% had more than $25 million U.S. dollars in profits. On the other hand, 84% of the respondents were non-integrators of community participation. Two percent of these non-integrators extended to 4 new operations within the past 3 years, 71% had average revenue of more than $25 million US dollars, and 56% had average profit of more than $25 million US dollars. On the issue of integration of “Career Development,” 69% of the respondents integrated it with their market strategies in the African market. Three percent of the integrators developed 4 new operations in the past 3 years, 76% made more than $25 million dollars in average revenue, and 63% made more than $25 million U.S. dollars in average profits.

On the basis of promoting "Local Entrepreneurship," 26% of the respondents integrated it with their prevailing market development strategies while 74% did not. However, none of the integrators grew up to 4 operations in the past three years. Rather, 22% of them extended to 3 new operations in the past 3 years, 72% grossed more than $25 million U.S. dollars in average revenue, and 55% netted more than $25 million U.S. dollars in average profits. Four percent of the non-integrators had 4 new operations in the past 3 years, 71% realized more than $25 million U. S. dollars in average revenue, while 55% realized more than$25 million U. S. dollars in profits.

Fifty six percent of the respondents integrated "Job and National Security Measures" with their market development strategies in Africa. Only 3% of the integrators grew to 4 new operations in the past 3 years, 82% generated more than $25 million U.S. dollars in average revenue, and 62% made more than $25 million U.S. dollars in profits. Out of 44% of non-integrators, 3% had 4 new operations in the past 3 years, 58% realized an average revenue of more than $25 million U.S. dollars, and 45% made more than $25 million U.S. dollars in average profits. As stated in the 'Survey Instrument Section,' the past three-year operational span was chosen as a benchmark on long-term operations that could yield any feasible profit. Also, it stipulates a specific time period for all the participating tourism MNCs to interpolate their average profit.

Table 14. Operational Growth of Tourism MNCs - Integrators/Non-integrators of African Host Countries' Needs and Expectations with Market Development Strategies within the past 3 years.

	# New Operations					Ave. Revenue (US$ million)					Ave. Profit (US$ million)				
(1) Acquisition of Job Skills															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 60%	17%	37	23	19	5	0%	3	7	7	83	7%	0	10	19	64
Non-Integrators 40%	39%	33	14	12	0	0%	0	7	39	54	18%	0	21	21	40
(2) Economic Development															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 73%	22%	40	22	12	4	0%	0	8	18	75	0%	8	14	25	54
Non-Integrators 27%	37%	26	16	21	0	0%	0	11	26	63	0%	21	16	11	53
(3) Distribution of Industrial Resources															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 54%	26%	31	24	16	3	0%	0	8	18	74	0%	8	13	21	58
Non-Integrators 46%	25%	43	16	13	3	3%	3	6	22	63	3%	16	15	19	50
(4) Political Stability															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 34%	16%	38	29	13	4	0%	0	13	12	75	0%	4	21	29	58
Non-Integrators 66%	30%	37	16	15	2	0%	0	7	23	70	0%	15	11	22	52
(5) Community Participation															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 16%	27%	36	18	9	10	3%	6	9	9	73	6%	12	6	30	46
Non-Integrators 84%	25%	36	21	16	2	0%	0	7	22	71	0%	13	14	17	56
(6) Career Development															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 69%	23%	37	21	16	3	0%	0	11	13	76	0%	8	16	13	63
Non-Integrators 31%	28%	38	19	12	3	0%	0	6	28	66	0%	16	13	28	43

Table 14. Continued

	# New Operations					Ave. Revenue (US$ million)					Ave. Profit (US$ million)				
(7) Local entrepreneurship															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 26%	28%	22	28	22	0	0%	0	17	11	72	0%	6	17	22	55
Non-Integrators 74%	25%	42	17	12	4	0%	0	6	23	71	0%	13	12	19	54
(8) Job and National Security Measures															
	0	1	2	3	4	<$.5	.5-5	>5-15	>15-25	>25	<$.5	.5-5	>5-15	>15-25	>25
Integrators 56%	17%	36	31	13	3	0%	0	8	10	82	0%	7	8	23	62
Non-Integrators 44%	35%	39	7	16	3	0%	6	10	26	58	0%	16	23	16	45

Note: (I) Percentages were rounded up to zero.
(2) Missing values where given the mean value of the group response.

An overview of the perception of respondents on the influences of the external environmental factors on their choice of development strategy in the African market is depicted in Table 15. Ninety six percent of them agreed that the degree of political stability in the country is extremely influential to their choice of market development strategy in African host countries. Approximately 74% of them had strong perceptions on the influence of degree of government regulations in the host country on their strategic choice. There was disparity among respondents' perceptions on the influence of the degree of free trade economy in the host country. Only 40% of the respondents perceived as on the high/highly extreme of their strategic choice, while the 60% did not quite perceive it as an essential influential external environmental factor.

Also, about 83% of the respondents did not envision the degree of availability of skilled manpower in the host country as a vital concern for their strategic choice. However, about 73% of them perceived the abundance or shortage of the industries' labor pool in the host country as fairly influential to their strategic choice in the African market.

Table 15. Frequencies of Respondents' Identifications of Influences of Corporate External Environmental Factors on Choice of Development Strategy in the African Market.

Item	Scale % (Degree of Influences) 1 (No Inf)	2	3	4	5 (Highly Inf)	Mean Score	Std dev.	Mean Rank
Degree of political stability in the country.	2.9	2.9	8.6	40.0	45.7	4.230	0.942	1
Degree of government regulations in the country.	8.6	2.9	14.3	45.7	28.6	3.829	1.150	3
Degree of free trade economy in the country.	5.7	22.9	31.4	34.3	5.7	3.114	1.002	7
Degree of availability of communication channels in the country.	0.0	8.6	34.3	37. 1	20.0	3.686	0.900	5
Degree of availability of transportation facilities in the country.	0.0	0.0	25.7	31.4	42.9	4.171	0.822	2
Degree of availability of skilled manpower in the country.	5.7	42.9	34.3	17.1	0.0	2.629	0.843	8
The number of potential local consumers of your services in the country.	2.9	14.3	28.6	20.0	34.3	3.686	1.183	4
The abundance or shortage of industries' labor pool in the country.	5.7	11.4	42..9	31.4	8.6	3.257	0.981	6

Note: Respondents' perceptions were based on a 5-point Likert type scale with 1=No influence and 5=highly influential.

An overview of Table 15 shows that MNCs that operate in the African market rank political stability as the most influencing organizational external environmental factor in the African market. Its mean of 4.230 ranks number 1 among the other mean factors. It is vital that the MNCs executives understand the political issues that prevail in the turbulent market. Understanding and integrating such issues would evidently result in mutual relationship between the tourism MNCs in the region and the host countries' governments. Other prevailing external environmental concerns are transportation facilities with mean of 4.171, ranking second, and government regulations with mean of

3.829 ranking third. All this prevailing external environmental issues should be analyzed and interwoven in the strategization or strategy formulation of MNCs operations in developing African markets (see Appendix E).

HYPOTHESES TESTING

This section analyzes the results of the various statistical techniques that were utilized in testing the three hypotheses and identifying the relationships that were stated in chapter 2.

Tourism MNCs' Market Development Strategic Choice

A one-way ANOVA ($p < .05$) statistical procedure was employed to determine the relationship between tourism MNCs' market development strategies and the factors of needs and expectations of African host countries. The results (see Table 16) show that significant differences exist among various MNCs' development strategies with reference to "Local Entrepreneurship" (p=.000), "Job and National Security" (p=.004) and "Community Participation" (p=.004) factors. These three hypothetical dimensions fully support this study's first hypothesis as stated in and in chapter 2. Also, the analysis show marginal differences exist among the development strategies based on, "Economic Development" (p=.119) factors. Again, this hypothetical dimension partially supports the first hypothesis as stated:

H_1: Tourism MNCs' integration of African host countries' needs and expectations varies with different types of tourism market development strategies.

The findings determined that the MNCs that implement Economic Joint Venture are more interested in requesting the participation of the residents of their African host countries. They believe in the association of the host countries' residents in implementing the goals and objectives of their operations in those host countries. On the same token, the same Joint Ventures strategy implementers, are more proned to offering opportunities to host countries' residents to institute their own businesses. They may establish business relationships such as purchasing, subcontracting, training, sharing of amenities, etc, with the local entrepreneurs. The MNCs' that adopt Management Contract are the most sensitive to the implementation of Security Measures in their African host countries. They are likely to promote job satisfactory programs as well as other measures that could enhance national security such as airport screenings, diversity of employees' ethnicity, etc.

A multiple range comparison using Tukey HSD (honestly significant difference) Post-Hoc comparison test was applied to the four dimensions that were fully or partially significant (see Appendix F). This would enable one to clearly understand were the differences within each of the identified significant factors. On the aspect of Community Development Factor, most of the MNCs that choose the Joint Venture strategy have very favorable perception of its concept. The Joint Venture strategy with a mean of 2.0833 was followed by Management Contract with a mean of 3.0333. However, there was a partial significant difference (p=.098) between implementers of Joint Ventures and those of Management Contract who were also inclined to favoring the concept.

In the case of Local Entrepreneurship, MNCs that choose the Management strategy had the least opinion of its concept with a mean of 4.5909 (see Appendix G). Again, MNCs that choose Joint Venture perceived it as a very highly concern with a mean of 1.8125 (where 1=strongly agree; 2=agree; 3=uncertain; 4=disagree; and 5=strongly disagree). Implementers of Wholly Owned and Franchise strategies were modest in their perceptions of the concept with means of 2.4500 and 2.5000 respectively. There was also a partial difference (p=.067) between the Joint Ventures Strategy group and the groups of Wholly Owned and Franchising strategies.

On the Job and National Security factor, MNCs that choose Wholly Owned were least perceptual with a mean of 3.5000, while those that implement all the other three strategies showed more regard for its concept. There was no significance difference (p=.390) among these three groups in their perception of the factor (see Appendix H).

But those tourism MNCs that adopt Management Contract were most inclined to accepting it. . The implementers of all the four strategic types show favorable perceptions to the concept of Economic Development factor. However, there was partial significant difference (p=.097) among them (see Appendix I). Those that were in the group of Management Contract with a mean of 2.0727 showed the most favorable perception, while those in the Franchise group with a mean of 2.8333 showed the least favorable perception of the Economic Development concept.

While some of the hypothetical dimensions did not show important differences, there were noticeable disparities among them that show how important they are to implementers of different strategic types. The MNCs that implement the Wholly Owned strategy perceived Acquisition of Job Skills (mean=2.1500) more favorably and those of Franchising (mean=2.8750) least favorable than others. As much as there was no significant differences between the various strategy groups, there is recognizable disparity among their perceptions of the concept (see Table 16). Thus, the MNCs that implement Wholly Owned Strategy realized the importance of assimilating the needs of residents of host countries by offering them the necessary skills that are essential for them to attain positions that are intrinsically satisfying to them.

There was disparity among implementers of the various strategies in the Political Stability dimension. The adopters of Wholly Owned strategy (mean=2.3500) were more sensitive to the political climate in the host countries more than the other MNCs' African market oriented strategies. Those that adopt Franchising strategy (mean=3.0833) were the least sensitive to the political climate in those host countries. Thus, those that implement the Wholly Owned strategy are geared towards assuring approaches that promote good international relationships between their host countries and other countries. Also, they may engage in shaping the political environment in the host countries through lobbying, campaign donations, etc. Such efforts would ensure the protection of their direct investment, which is most vulnerable to investment risks.

The significant dimensions and the disparities that exist within the non-significant dimensions of the needs and expectations factors among strategic types give relevance to this study's first hypothesis.

Table 16. **ANOVA of Tourism Market Development Strategies**

Needs and Expectations' Factors	Mkt. Development Strategies				ANOVA	
Acquisition of Job Skills	Wholly Owned Subsidiaries (Acquisitions/ Mkt Segmt).	Joint Venture (Strategic Alliance)	Franchising	Management Contract	*F Value*	*P Value*
Mean	2.1500	2.3125	2.8750	2.4773	*1.409*	*.259*

Std.	0.3375	0.6781	0.7202	0.9250		
Economic Developmt.						
Mean	2.1400	2.1250	2.8333	2.0727	*2.110*	*.119*
Std.	0.5168	0.9254	0.7312	0.4221		
Industrial Resource Distribution						
Mean	2.5000	2.5625	2.6250	2.4091	*0.179*	*.910*
Std.	0.5652	0.6911	0.7202	0.5945		
Political Stability						
Mean	2.3500	2.8125	3.0833	2.8182	*0.723*	*.546*
Std.	0.7472	1.0329	1.2813	1.1241		
Community Participation						
Mean	3.0333	[a] 2.0833	[b] 3.6111	[b] 3.3939	*5.477*	*.004*
Std.	1.1161	.2955	.4907	.8409		
Career Development Amenities						
Mean	2.4500	2.8750	2.4167	2.6364	*0.453*	*.717*
Std.	0.6433	0.8345	0.8612	1.0754		
Local Entrepreneu						
Mean	[a] 2.4500	[a] 1.8125	2.5000	[b] 4.5909	*49.539*	*.000*
Std.	0.5986	0.5939	0.7746	0.2028		

Table 16 continued

Job/National Security Measures						
Mean	[a] 3.5000	[b] 2.4162	2.7783	[b] 2.1518	*5.485*	*.004*
Std.	0.9329	0.6608	0.6888	0.7940		

Note: a; b; mean scores of those with different superscripts are statistically different.

Influences of External Environmental Factors

In the bid to determine the relationship between organizational external environmental factors and tourism MNCs' market development strategic choice, a One-way ANOVA (Analysis of Variance) was applied. The results show that the influence of the degree of free trade economic climate (p=.005) in an African host country, has various impacts on tourism MNCs' market development strategic choice (see Table 17).

Tourism MNCs that implement management contract (mean=3.9091), were more sensitive to the conditions of Free Trade Economy than the others (measurement ranged from 1= less influential factor to 5= highest influential factor). Those tourism MNCs that adopt wholly owned strategy were the least sensitive to the Free Trade Economic climate in the African host country. This finding fully supports the second hypothesis as stated in chapter 2. A multiple comparison test (Turkey HSD) revealed that tourism MNCs that choose wholly owned strategy have quite different regard for the Free Trade Concept from those of management contract (p=005), as well as those that choose joint ventures (p=.037). (See Appendix J).

While the regard for political stability as an influential external environmental factor was not significantly different among tourism MNCs' market development strategies, it was more important to the wholly owned strategic implementers. The same is true in the case of Government Regulations. Wholly owned strategic implementers paid more attention to such governmental issues and how they affected their business operations in the African host countries. Also, the wholly owned strategists perceived the external environmental factor, "Availability of Skilled Manpower" as an important issue (mean=2.9000) more than the other tourism MNCs' strategists in the African market who have minimal concern for such issue (such as joint venture strategists with mean=2.3750). On the other hand, the management contract implementers were the most concerned with availability of industry's labor pool (mean=3.5455), while wholly owned implementers were the least (mean=3.000) concerned, but interested in the external environmental factor.

These results and the finding of the existence of a significant difference among tourism MNCs' market development strategies on "Free Trade Economy" as well as the subsequent post-hoc analysis results, give partial and full support to the second hypothesis as stated:

H_2: Tourism MNCs' market development strategic choice in African host countries varies among organizational environmental forces in those African host countries.

Table 17. ANOVA on Influences of External Environment on Strategic Choice

Needs and Expectations' Factors	Mkt. Development Strategies				ANOVA	
Degree of political Stability	Wholly Owned Subsidiaries (Acquisitons/ Mkt Segmt).	Joint Venture (Strategic Alliance)	Franchising	Management Contract	*F Value*	*P Value*
Mean	4.6000	3.7500	4.3333	4.1818	*1.270*	*.302*
Std.	0.5164	1.3887	0.8165	0.8739		
Degree of Government Regulations						
Mean	4.3000	3.5000	3.8333	3.6364	*.870*	*.467*
Std.	0.9487	1.6903	0.7528	1.0269		
Degree of Free Trade Economy	a	a		b		
Mean	2.5000	2.7500	3.1667	3.9091	*5.136*	*.005*
Std.	0.7071	0.8864	1.1690	0.8312		
Degree of availability of Comcation channels						
Mean	3.5000	3.6250	3.6667	3.9091	*0.359*	*.783*
Std.	1.1785	0.5175	1.2111	0.7006		
Degree of Transport Facilities						
Mean	4.2000	4.0000	4.0000	4.3636	*0.385*	*.764*
Std.	0.9189	0.7559	0.8944	0.8090		
Degree of Avail of Skill manpower						
Mean	2.9000	2.3750	2.6667	2.5455		
Std.	0.8756	0.9161	1.0328	0.6876	*0.604*	*.617*
Degree of avail of Customers						
Mean	3.9000	3.8750	3.5000	3.4545	*0.346*	*.792*
Std.	1.1972	1.1260	1.6432	1.0357		
Degree of Industries' labor Pool						
Mean	3.0000	3.2500	3.1667	3.5455	*0.541*	*.658*
Std.	0.4714	1.2817	1.4720	0.8202		

Note: a; b; mean scores of those with different superscripts are statistically different.

Integrated Tourism MNCs' Strategies and Corporate Performance.

Due to the small sample size for this data analysis, a Chi-square statistical test for independent samples was not applied. Rather, Kruskal-Wallis One-Way ANOVA was utilized to determine the relationship between integrated strategies and tourism MNCs' performance in African host countries. Performance was measured in terms of growth in number of new operations in the past three years and the amount of average profitability in the past three years. The test had seven groups of strategic integrations (see Tables 18 and 19).

As an exploratory study on a minimal sample size, the statistical power was increased by keeping the test significant alpha at .10 level (Hair et. al, 1995; Howell, 1997. The test on growth in number of operations was significant with p=.022 (see Table 18). Thus, it determined the relationship between number of strategic integration of Needs and Expectations of host countries and growth in number of new operations. This finding gives credence to the third hypothesis, which states as follows:

H_3: There is a relationship between integrated tourism MNC's market development strategies in African host countries and MNCs' successful performance in those African host countries (in terms of growth in number of new operations and profitability).

Table 18. Kruskal-Wallis One-Way ANOVA on New Operations

New Operations in the Past 3 years	
Groups of Strategic Integration	Mean rank
Two integration	5.00
Three integration	19.50
Four integration	10.44
Five integration	16.86
Six integration	23.21
Seven integration	23.58
Eight integration	32.50
Mean=1.9143 STD= .6585 X^2 =14. 798 Asymp. Sig = .022	

Table 19 depicts a similar application of Kruskal-Wallis test on average profit which also was significant with p= .100 at the .10 level. Again this substantiated the existence of relationship between integrated strategies and tourism MNCs performance as stated in the third hypothesis above.

Table 19. Kruskal-Wallis One-Way ANOVA on Average Profit

Average Profit in the Past 3 years	
Groups of Strategic Integration	Mean rank
Two integration	2.50
Three integration	2.50
Four integration	14.31
Five integration	17.41
Six integration	22.29
Seven integration	22.83
Eight integration	26.00
Mean=4.1714 STD= 1.0706 X^2 =10.646 Asymp. Sig = .100	

To further determine the relationships between variables in the hypothetical research's conceptual model in chapter 3, Pearson's Product Moment correlation coefficients were employed to reveal the bivariate relationships. Correlation coefficient (r) of 0.50 or more is considered significantly strong (Howell, 1997). The mean of number of strategic integrations was the independent variable, while number of operations and average profits were used as the dependent variables.

As shown in Table 20, the integration of tourism MNC's market development strategies with the African host countries needs and expectations translates to successful operational performance. The results show that strategic integration had a strong positive relationship with number of new operations (r=.611; p=.000) and average profits (r=.553; p=.001). The findings reaffirm the third hypothesis as stated earlier.

Table 20. Correlations of Integrated Strategies by Number of Operations and Average Profits

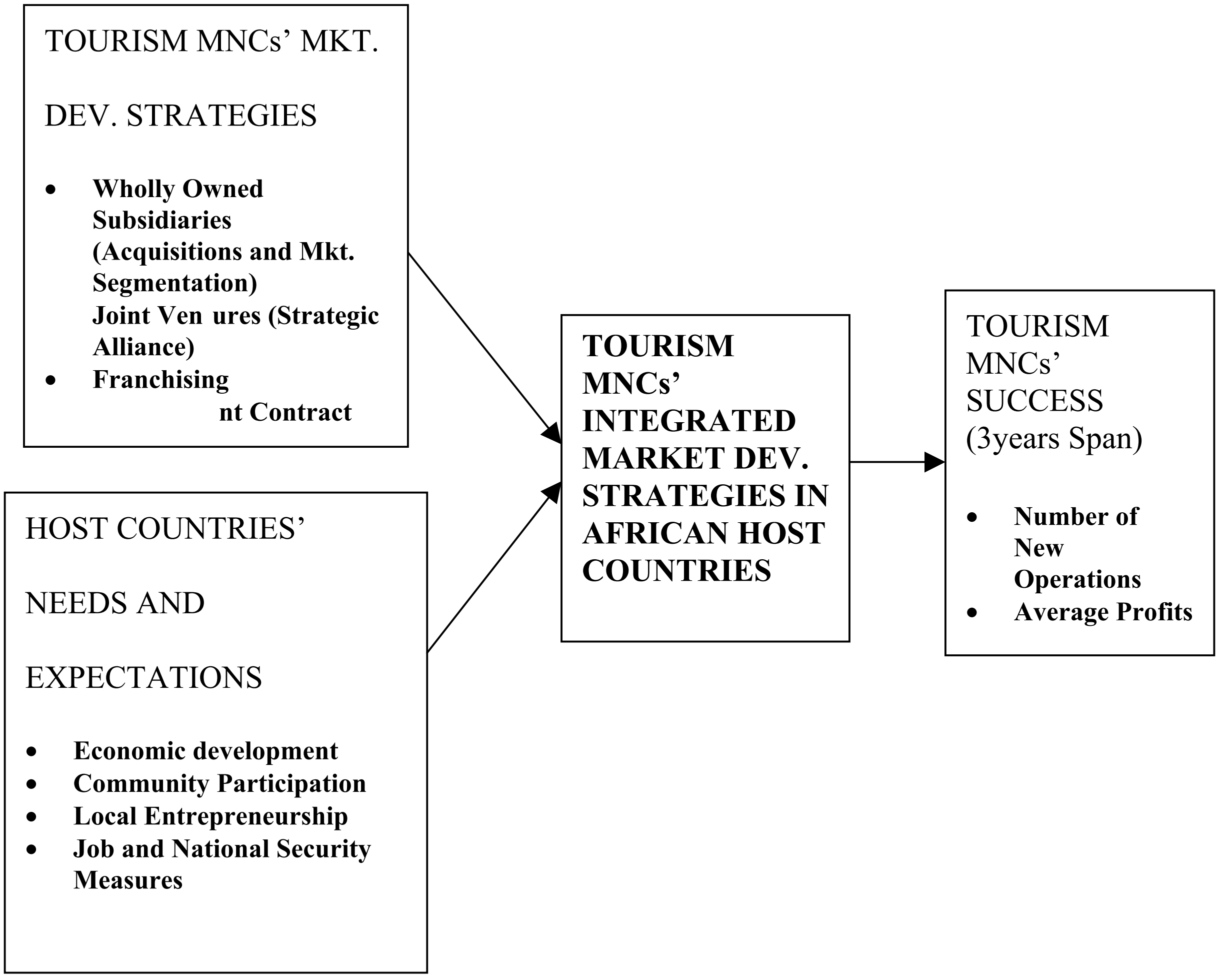
	Number of Operations	Average Profit
Number of Integrated Strategies	r = .611 p= .000	r = .553 p= .001

Summary of Data Analysis and Final Research Model

The results of the various statistical techniques that were applied in the data analysis revealed that relationships exist between tourism MNCs' development strategies and the 'Needs and Expectations' and of African host countries. Also, they determined that integration of tourism MNCs' market development strategies with the needs and expectations of African host countries lead to successful operational performance in those countries.

Figure 4 expresses the final research's conceptual model. Thus, the strategic integration of the needs and expectations of African host countries that are determined to be fully or partially significant in this research study, contribute to tourism MNCs' operational expansion (in the form of number of new operations within a three-year span) and profitability (in the form of average profit in a three-year span).

Figure 4. **<u>Final Research's Conceptual Model</u>**



CHAPTER 5

CONCLUSION AND IMPLICATIONS

INTRODUCTION

This chapter overviews the findings of this research study and their resultant implications for tourism MNCs' operations in African host countries. It also projects the study's contribution to the body of knowledge, and identified other areas of interest that be explored in future research investigations.

Conclusions

This research study has revealed some of the latent and prevailing underlying issues that are embedded in the attitudes of community residents toward tourism development. As most of the tourism MNCs are not prone to external environmental scanning (Webster and Hudson, 1991), they attempt to adopt their domestic market development strategies for their international markets (Tse and West, 1992). This results to disenchantment among African host countries' residents, leading to resistance and sabotage of tourism development in their communities. Such negative impacts of tourism usually translate to poor operational performance of tourism MNCs in developing countries (Ankomah, 1991; and Brohman, 1996).

The various statistical applications on the data analysis have shed light on the vital concerns of the "Needs and Expectations" of host countries in developing countries. They revealed that strong relationships exist between the following tourism MNCs' market development strategies: Community Participation; Local Entrepreneurship; and

Job and National Security Measures. Also, it showed that partial relationship exists between the market development strategic types and host countries' expectation of Economic Development. Furthermore, they identified the vital need of external environmental scanning by tourism MNCs. This was overly presented in the protrusion of remote environmental factors by the significance of the 'degree of free trade economy in an African country,' with p=.005.

The importance of the valid factors of host countries' "Needs and Expectations" should become an intricate concern for tourism MNCs with operations in African countries. So far, MNCs' that implement Joint Venture as the major market development strategy in African countries are giving adequate importance to concept of assisting and promoting relationships with local entrepreneurs in the African host countries. However, those tourism MNCs that implement Management Contract are approaching the concept of promoting relationship with local entrepreneurs with lukewarm concerns.

As the study results revealed, integration of African host countries needs and expectations gives rise to successful performance in those host countries. By tourism MNCs recognizing the need of aspiring local entrepreneurs to be contributors to their own countries' buoyant economy as well as attaining their goals as independent proprietors, they should afford to establish some extent of relationship with the local aspirators. Lankford (1994) has also stressed out this notion in general terms. Relationships between Tourism MNCs and local entrepreneurs could manifest in several ways. Some major forms could be through horizontal integration; supply and procurement; training; and sub-contracting.

On the same accord, tourism MNCs that implement the Management Contract strategy in their African host countries are quite receptive to the concept of job and national security measures. This is also true for Joint Venture implementers. An understanding of the political intricacies that affect business operations in the host countries is very vital to the business performance in the long run (Cohen, 1984). Also, implementing job security measures that translate to local employees' job satisfaction and retention is paramount to progressive business operations.

Generally, the implementers of Joint Venture market development strategy recognize the concept of community participation and its significant impact on successful business operations in their African host countries. The mutual relationships and acceptance between the community residents and the tourism MNCs, result to good business performance as well as rewarding tourists vacation or trip experience. This perception is best extended to the economic development concept by implementers of Management Contract. Rather than embracing community development, they seek to encourage repeat business and potential patrons by infusing mechanisms that are visually appealing to their foreign customers. Such efforts contribute directly to the economic development of host countries instead of contributing resources indirectly through the communities.

Tourism Market Development Implications

The final research's conceptual model depicts the significant factors of Needs and Expectations among others of concern of African host countries. An understanding of the intricacies of those factors within the context of business external environment would rectify the negativities and misconceptions that exist between host countries and tourism MNCs.

Evaluation of the fully and partially significant factors in the model, namely: Economic Development; Community Participation; Local Entrepreneurship; and Job and National Security Measures and integrating them accordingly with the market development strategies of tourism MNCs in the African market would lead to better business performance in the African host countries. As the study has revealed, integration of host countries' needs and expectations has a strong relationship with growth in operations (in the aspect of number of new operations within a three-year span with a strong correlationship, r=.611; and p=.000), and profitability (with correlationship, r=.553; and p=.001, based on average profit in three years).

The findings gave an insight into the variability of market development strategic choice across various needs and expectations in a specific African host country. On this accord, tourism MNCs should investigate the needs and expectations that are in the final model, and identify the means of integrating them with their relevant market development strategies, and finally implementing them. Strategy is an aspect of understand the business environmental factors, planning on which strategy to choose and implementing a rewarding strategy (Johnson and Scholes, 1988).

The implication of this study's findings lies on tourism MNCs should afford to adopt strategies that incorporate economic development, community participation, promotion of local entrepreneurship, and job and security measures. As the study also determined, a host county's practice of Free Trade Economic market is essential to tourism MNCs. Thus, an effective external environmental scanning should identify such African markets as favorable locations (Dunning, 1988) for market development, and the identified needs and expectations' factors should be integrated into the implemented strategies (Kobrin, 1988).

The marketing notion of maximizing profit at the back of the less privileged could easily result in less operational growth and residents' resistant (Kobrin, 1988; and Zhao, 1994). Rather, incorporating their interests in market development strategies would in the long run build a mutual relationship that should contribute to the MNC's operational success. This study has built a bridge on the gap of misconceptions between host countries' residents and tourism MNCs by identifying the essential factors for strategic integrations in African markets. The new wave of unsaturated and emerging markets in developing countries is making some crucial leaps into the global economy in which only the strategy integrated tourism MNCs could survive.

Contributions of Study

This research study has made the following contributions to the hospitality and tourism literature:

1. It is the first empirical study to investigate tourism MNCs' strategic integrations of the needs and expectations of African host countries.
2. It revealed the variability in various forces such as "Free Trade Economy" in the external environment that influence tourism MNCs' choice of market development strategies in the African market.
3. It projected a testable theoretical model that shows the relationship between integrated strategies and (1) growth in the number of new operations in African host countries; and (2) Average profitability on Tourism MNCs' operations in African host countries.
4. Most of the hospitality and tourism literature discuss tourism impacts on community residents, but none investigated the underlying premise of the needs and expectations of host countries from the corporate managerial perspective. This study was able to fill that vacuum by exploring relationships between market development strategies and corporate performance.
5. It was able to identify relationships between development needs of Third World Countries in Africa and tourism market strategies. Such relationships revise the dependency concept of tourism in developing African countries. It established that the implementation of a pertinent integrated tourism market development strategy, would yield a mutually satisfying outcome for both the African host countries and tourism MNCs.

6. The study identified the need of tourism MNCs' executives to implement an on-going external environment scanning technique that could enable them to explore and understand the needs and expectations of the host countries. This would lead to sustainable tourism market development in African host countries.

Projections for Future Research

This study was based on an interlocking theoretical underlying framework. As such, more inquiries from aspects of the various theories are essential to enriching the understanding of developing African markets in particular and other emerging markets in general. The following inquiries are projected for future research investigations:

1. A replication of the study in other developing regions such as the Caribbean, South-East Asia, South America, and the emerging markets of Eastern Europe. This would reveal if the same significant factors emerged in such developing regions, or if there are other salient issues peculiar to such regions.
2. Replicate the study by also measuring perceptions of residents of African host countries. This will determine the validity of the findings of this study that is basically from managerial perspectives.
3. Conduct a similar research on basis of local employees' perceptions on tourism MNCs' job satisfaction programs in developing host countries. This would generate a sizable research sample that is knowledgeable to tourism MNCs' operations in the host countries.
4. Conduct similar researches specifically on individual African regions with a more sizable sample such as local employees or community residents. Such regional segmentation could shed more light on the contribution of tourism MNCs to regionalized developments.

CONCLUDING COMMENTS

The findings of this research study reflect theoretical gaps and bereaved inquiries in the developing African market. Its results were across the embedded theories of market development concepts, environmental concepts, internationalization of strategies and host countries' needs and expectations concepts. MNCs should scan and understand the external environment in which they operate (Webster and Hudson, 1991). This study was able to identify "Free Trade Economy" as a significant influencing external environmental factor, which is quite compelling in the identification of tourism market locations.

However, it is vital that tourism and hospitality MNCs understand the development needs of their developing host countries and their local residents. The study's findings as illustrated in the final conceptual model also identified "Economic Development," "Community Participation," "Local Entrepreneurship," and "Job and National Security" as the significant needs and expectation factors that could be integrated.

Such sociocultural and economical needs among others, should be evaluated and aligned with tourism MNCs' social values responsibilities. The results are paramount to their operational success in the new competitive global market. As the social exchange theory postulates, the satisficing of benefits induces positive reciprocity (Ap, 1992). This would make tourism MNCs that accommodate and service international tourists in Third World countries to cope with the turbulent environmental factors that are usually associated with Third World markets. Results of this study show that integration of the needs and expectations of African host countries with special reference to the significant factors (economic development, community development, local entrepreneurship, and job and national security measures) contribute to growth in business operations and profitability.

The prevailing modus operandus of tourism MNCs in African host countries is the status quo of reactive strategic implementation or follow the leader (Britton, 1982; and Ankomah, 1991; and Brohman, 1996). They should come up with fundamental global strategies that would make their ventures in Third World countries mutually rewarding to them and sustainable to the host countries simultaneously. As Ghoshal (1987:433) stated, from a strategic perspective, the multi-domestic concept of transferring a strategy that works in the home country to a host country is a static and economic view of national difference. "It is not an adequate basis for a firm to frame "its unique requirements in each national market... what may be more useful is to take a dynamic view of comparative advantage and to broaden the concept to include both societal and economic factors."

This research study has identified the significant concerns of host countries from tourism MNCs' executives' perceptions, it is the adoption and implementation of its findings by these very executives that is of primary concern. An understanding of the element of Free Trade Economy in identifying business locations is an essential commodity in tourism MNCs operations in African countries. Also, the integration of Economic Development concerns, Community Participation, promotion of Local Entrepreneurship, and Job and National Security Measures is viable to successful operations in African host countries.

The findings were based on analysis across the whole spectrum of the tourism industry, and could be assimilated and implemented by any of the tourism sectors with more or less equal outcomes. The contribution of tourism MNCs or MNCs of any other industry to the development of Third World countries elevate the negative notion of dependency. Rather, it would insinuate the “justice principle” of the social exchange theory, which hinges on the norm of fairness as a rule that should govern exchange behavior (Ap, 1992).

To maintain sustainable and successful business operations in developing markets, tourism MNCs should consider the deduced final model of this study. They should be overly sensitive to the economic development, career development, local enterpreneurship, and job and national security needs and expectations of the developing host countries. Definitely, tourism MNCs should explore market developments in developing countries that are locations that practice free trade economy.

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Appendix A. Cover Letter For Questionnaire

Dear Corporate Executive:

Reference: Survey on Multinational Corporations Tourism Market Development Strategies in developing Countries.

In the bid to explore emerging and underdeveloped global tourism markets, we have undertaken the difficult task of conducting the above mentioned research study. It will explore the pertinent relationships between developing host countries and multinational hospitality/tourism corporations. An understanding of such mutual relationship would enhance good benefits, rewards, and orderly investments to both the developing nations and multinational tourism corporations.

Please, your help in completing the enclosed survey is very essential to the success of this study. The results of this survey would reveal some marketing, managerial, socio-cultural factors, etc., that could be of extreme importance to the profitability of your business in developing countries. All responses will remain anonymous and you do not have to write your name on the questionnaire.

This research study is for a dissertation and the questionnaire requires only twenty minutes of your time for completion. Should you have any questions in reference to the survey, please call us at any of the listed hone number, or e-mail to any of the addresses below.

The success of this study, depends on your timely response. Please afford to complete and return it in the enclosed self-addressed postage paid envelope within the next two weeks. You can request for an executive copy of the completed research results by calling or e-mailing us between September and December 2001.

Again, we emphasize that ALL RESPONSES ARE CONFIDENTIAL. There will not be any mention of an individual corporate response. The results will be based on aggregate responses.

Thanking you for your valuable time and cooperation.

Sincerely,

Henry G. Iroegbu
Research Associate
E-mail: hiroegbu@vt.edu

Dr. Muzzo Uysal
Professor
(540)-231-8426
E-mail: samil@vt.edu

Appendix A Continued.

SURVEY OF MULTINATIONAL CORPORATIONS' TOURISM MARKET DEVELOPMENT STRATEGIES IN DEVELOPING COUNTRIES

INTRODUCTION

This questionnaire is about how developing countries' **"Needs and Expectations"** from "**Tourism Multinational Corporations" (Tourism MNCs**) such as hotels, resorts, airlines, cruise ships, car rental agencies, travel agencies, theme parks, etc., are integrated into market development strategies of tourism MNCs that operate in the developing countries. Your response is very necessary to ensure a representative sample of tourism MNCs. It is solely for a Ph. D. dissertation and **all responses will remain anonymous and confidentia**l. Please feel free to offer your perceptions by responding to the statements listed below.

PART 1

SECTION I GENERAL INFORMATION

This section concerns general information about your corporation. Kindly answer the following questions to the best of your knowledge.

1. What is the classification of your tourism Multinational Corporation (tourism MNC)? (Please circle any applicable business operation. ***Can be more than one***).

A. Resort
B. Hotel
C. Airline Agency
D. Tour Operator/Organizer
E. Travel Agency
F. Cruise Ship Agency
G. Theme Park/Amusement Park
H. Hospitality Capital Investing/Consulting Corp.
I. Rental Car Agency
J. Other (If none listed, please explain)_______ _______________________________________

2. In how many countries world wide does your corporation have operations? ____________________

3. Please list all African countries where your corporation operates. __________________________ ____

4. How many years has your corporation been operating in foreign countries? ____________________

5. What is the approximate total number of employees in your corporation worldwide? ____

6. What is the approximate total number of employees in your corporation in African countries?____

Appendix A. Continued

7. What is your position in this corporation? (*You can circle more than one where appropriate*).

A. Chairman of the board	B. Chief Executive Officer (C. E. O.)
C. Managing Director	D. Executive Director
E. President	F. Vice President
G. Director	H. General Manager
I. Comptroller	J. Other (Please identify your corporate position if not listed above) _______________________

8. Which international tourism development strategy/strategies does your corporation adopt in its operations in African Countries? (*You can circle more than one where appropriate).*

A. Wholly/Fully Owned Subsidiaries	B. Acquisitions
C. Joint Venture	D. Franchising
E. Strategic Alliance	F. Management Contract
G. Market Segmentation	

1. Please indicate the extent to which the following conditions listed below influences your corporation's choice of any particular development strategy in an African country?

	No Influence --------------HighlyInfluential.				
A. The degree of political stability in the country	1	2	3	4	5
B. The degree of government regulations in the country	1	2	3	4	5
C. The degree of free trade economy in the country	1	2	3	4	5
D. The degree of availability of communication channels	1	2	3	4	5
E. The degree of availability of transportation facilities	1	2	3	4	5
F. The degree of availability of skilled manpower	1	2	3	4	5
G. The number of potential local consumers of your services	1	2	3	4	5
H. The abundance or shortage of industries' labor pool.	1	2	3	4	5
I. Other (please explain) ------------------------------------	1	2	3	4	5

Appendix A. Continued

SECTION II CORPORATE PERFORMANCE

This section is on your corporation's growth and performance in its operations in developing countries in Africa.

10. In terms of corporate growth, how many new subsidiaries/facilities or new operations has your corporation established in the past three years (1998, 1999, and 2000 operating business circles), in all African countries? ____

Please kindly circle the appropriate letter that best corresponds to your perception in questions11and 12.

11. What is your corporation's average gross revenue for the past three years *(1998, 1999, and 2000 operating business circles)*, in US dollars, from its operations in African countries?

A. Less than $500 thousand

B. From $500 thousand to $5million

C. More than $5 million to $15 million

D. More than $15 million to $25 million

E. More than $25 million

F. Do not know

12. What is your corporation's average profit for the past three years *(1998, 1999, and 2000 operating business circles)*, in US dollars from its operations in African countries?

A. Less than $500 thousand

B. From $500 thousand to $5million

C. More than $5 million to $15 million

D. More than $15 million to $25 million

E. More than $25 million

F. Do not know

Appendix A. Continued

SECTION III PERSONAL CHARACTERISTICS

Please tell us a little bit about yourself in this section.

13. What is your gender? Male__________ Female__________

14. What is your nationality? ____

15. How long have you been in your current position with your corporation? ___________________

16 (a). Have you taken up an assignment for your corporation in any foreign country? Yes ____ No____

(b). If Yes, for how long ?__________________

PART 2

INTEGRATION OF HOST COUNTRIES' NEEDS AND EXPECTATIONS INTO CORPORATE'S MARKET DEVELOPMENT STRATEGY

This part requests your perceptions on *needs and expectations* of governments/residents of developing countries.
Kindly circle (1) the appropriate number which best corresponds to your perception on Needs and Expectations. (2) Also circle either Yes or No, or N/A as to your corporation integration of a particular need/expectation to its market development strategies in African countries.

Host Countries' Needs/Expectations	**Strongly Agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**	**Corp Strategy Integrates**
1. Tourism MNCs business operations in developing countries help create jobs in the host countries.	1	2	3	4	5	Yes No N/A
2. Tourism MNCs that operate in African countries employ local residents for management positions.	1	2	3	4	5	Yes No N/A
3. The presence of tourism MNCs in African countries enhances the Development of infrastructure in the host countries.	1	2	3	4	5	Yes No N/A
4. The presence of tourism MNCs in an African country contributes to the host country's GNP.	1	2	3	4	5	Yes No N/A
Appendix A. Continued **Host Countries' Needs/Expectations**	**Strongly Agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**	**Corp Strategy Integrates**

5. Tourism MNCs that operate in African countries usually offer technical training for skilled jobs to their local employees.	1	2	3	4	5	Yes No N/A
6. Tourism MNCs that operate in Africa countries purchase most of their consignments from local suppliers in the host country.	1	2	3	4	5	Yes No N/A
7. The presence of tourism MNCs in an African country induces a low inflation rate in the African country.	1	2	3	4	5	Yes No N/A
8. Affordable Residents of African host countries have equal access as foreigners to the facilities owned or operated by tourism MNCs.	1	2	3	4	5	Yes No N/A
9. Local community residents of African host countries are involved in decisions that concern the erecting of tourism facilities in their local communities.	1	2	3	4	5	Yes No N/A
10 The presence of tourism MNCs in an African country portrays a good image of the African host country as a tourist destination.	1	2	3	4	5	Yes No N/A
11. Tourism MNCs that operate in African countries have on-going Training programs for their African employees.	1	2	3	4	5	Yes No N/A
12. The operations of tourism MNCs in an African country help generate revenue for federal, state, and local taxes for the host country.	1	2	3	4	5	Yes No N/A
Appendix A. Continued **Host Countries' Needs/Expectations**	**Strongly Agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**	**Corp Strategy Integrates**
13. Tourism MNCs that operate in an						Yes

African country offer recruitment Incentives to their potential African employees.	1	2	3	4	5	No N/A
14. Tourism MNCs in African countries sponsor tourism and hospitality seminars for employees who may advance to management positions.	1	2	3	4	5	Yes No N/A
15. Tourism MNCs that operate in an African country encourage local Residents to open up gift shops in their (MNCs') facilities.	1	2	3	4	5	Yes No N/A
16. The presence of tourism MNCs in an African country stimulates the Emergence of local promoters for International and local events.	1	2	3	4	5	Yes No N/A
17. Tourism MNCs in African countries offer technical training for their non-skilled African employees.	1	2	3	4	5	Yes No N/A
18. Tourism MNCs in African countries promote tourism and hospitality careers by sponsoring programs in local colleges that train prospective employees.	1	2	3	4	5	Yes No N/A
19. The presence of tourism MNCs in an African country discourages tribal and civil wars in the host country.	1	2	3	4	5	Yes No N/A
20. The presence of tourism MNCs in an African country deters the country from International conflicts.	1	2	3	4	5	Yes No N/A
21. Residents of host African countries who work in tourism MNCs' facilities like hotels, resorts, and airline agencies are often promoted to managerial positions.	1	2	3	4	5	Yes No N/A

Appendix A. Continued

Host Countries' Needs/Expectations	**Strongly Agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**	**Corp Strategy Integrates**
22. African countries are able to						Yes

improve their balance of payment from governmental revenues derived from tourism MNCs' operations.	1	2	3	4	5	No N/A
23. The presence of tourism MNCs in developing African countries induces the host countries' Governments to provide adequate safety and Security measures for their residents.	1	2	3	4	5	Yes No N/A
24. Tourism MNCs operations in African countries ease government constraints on foreign exchange approvals for residents of host countries.	1	2	3	4	5	Yes No N/A
25. Tourism MNCs in African countries usually offer corporate sponsored programs to train their African workers for skilled/semi-skilled jobs.	1	2	3	4	5	Yes No N/A
26. The presence of tourism MNCs in an African country encourages local Proprietors to open up culinary Schools and tour guides' services.	1	2	3	4	5	Yes No N/A
27. The presence of tourism MNCs in an African country facilitate the construction of hospitals, schools, shopping centers, roads, and airports.	1	2	3	4	5	Yes No N/A
28. Tourism MNCs in African countries offer competitive salaries and wages relative to other service industries, to their African employees.	1	2	3	4	5	Yes No N/A
Appendix A Continued. **Host Countries' Needs/Expectations**	**Strongly Agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**	**Corp Strategy Integrates**
28. Tourism MNCs in African countries have managerial development and training programs for their African						Yes No

employees.	1	2	3	4	5	N/A
30. The presence of tourism MNCs in an African country facilitates the erecting of street electric lights and plumbed housing for local residents.	1	2	3	4	5	Yes No N/A
31. The presence of tourism MNCs in an African country facilitates the Implementation of good international Transportation by the host government.	1	2	3	4	5	Yes No N/A
32. The presence of tourism MNCs in an African country encourages the growth of labor unions.	1	2	3	4	5	Yes No N/A
33. The presence of tourism MNCs in an African country generally discourages African employees from going on Labor strikes.	1	2	3	4	5	Yes No N/A

Your suggestions for this and other future research on Tourism/Hospitality Multinational Corporations. ____

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____

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THANK YOU VERY MUCH FOR COMPLETING THIS QUESTIONNAIRE. PLEASE CALL ANY OF THE PHONE NUMBERS ON THE COVER LETTER OR E-MAIL TO ANY OF THE ADDRESSES BETWEEN SEPTEMBER AND DECEMBER 2001, FOR AN EXECUTIVE COPY OF THE FINAL RESULTS OF THIS STUDY.

Appendix A Continued.

SURVEY OF MULTINATIONAL CORPORATIONS' TOURISM MARKET
DEVELOPMENT STRATEGIES IN DEVELOPING COUNTRIES

YOUR RESPONSE IS VERY ESSENTIAL TO THE SUCCESS OF THIS RESEARCH

THE FUTURE OF HOSPITALITY AND TOURISM INDUSTRY
DEPENDS ON EMERGING DEVELOPING MARKETS

Department of Hospitality and Tourism Management
Virginia Polytechnic Institute and State University
Blacksburg, Virginia 24061
USA

Appendix B

Research's Dependent Variables

Dependent Variable	**Question Number**
<u>(1) Integrated Strategies Measured by</u>:	
• Types of tourism development strategy: A. Wholly/Fully Owned Subsidiaries B. Joint Venture D. Franchising E. Management Contract	Part 1- Q7
<u>(2) Success of Performance Measured by</u>:	
• Increase in number of tourism MNCs' new operations in the past 3 years • Amount of tourism MNCs' average profit in the past 3 years	Part 1 - Q8 Part 1- Q12 Part 1 - Q13

Appendix C

Research's Independent Variables

Independent Variable	Question Number
(1) Acquisition of Job Skills Measured by:	
• Tourism MNCs usually offer technical training for skilled jobs to their African employees	Part 2 - Q5
• Tourism MNCs have on-going training programs for their African employees	Part 2 - Q11
• Tourism MNCs sponsor tourism and hospitality seminars for potential managers	Part 2 - Q14
• Tourism MNCs offer of technical training for non-skilled employees	Part 2 - Q17
• Tourism MNCs offer corporate sponsored programs for skilled/semi-skilled jobs to their African employees	Part 2 - Q25
(2) Economic Development Measured by:	
• Tourism MNCs' presence enhances the development of infrastructure in host country	Part 2 - Q3
• Tourism MNCs' presence contributes to the African host country's GNP	Part 2 - Q4
• Tourism MNCs purchase most of their consignments from local suppliers in the host country	Part 2 - Q6
• Tourism MNCs' presence in a developing African country portrays to a good image of the host country	Part 2 - Q10
• Generation of government revenues via taxes on tourism MNCs	Part 2 - Q12

Appendix C (continued)

(3) Distribution of Industrial Resources Measured by:	
• Promotion of tourism and hospitality careers in local colleges at host countries • Tourism MNCs' operations contribute to the increase in host countries balance of payment • Tourism MNCs offer competitive salaries/wages to their African employees in their (MNCs) host countries • The presence of tourism MNCs induces the erecting of electrified streets and plumbed housing for host country's residents	Part 2 - Q18 Part 2 - Q22 Part 2 -Q28 Part 2 - Q30
(4) Political Stability Measured by:	
• The presence of MNCs in a developing African country discourages tribal and civil wars in the host county • The presence of MNCs in a developing African country prohibits the country from international conflicts • Tourism MNCs often promote their employees who are residents of the host countries to managerial positions	Part 2 - Q19 Part 2 - Q20 Part 2 - Q21
(5) Community Participation Measured by:	
• The presence of tourism MNCs induces low inflation rate in developing African countries • Residents of host countries have equal access to tourism MNCs' facilities in African host country • Residents of African host countries are involved in decisions that concern the erecting of tourism facilities in their local communities • The presence of tourism MNCs in developing African countries encourages labor unions • The presence of tourism MNCs in developing African countries discourages labor strikes	Part 2 - Q7 Part 2 - Q8 Part 2 - Q9 Part 2 - Q32 Part 2 - Q33
(6) Career Development Amenities Measured by:	
• The presence of tourism MNCs developing African countries induces the construction of hospitals, schools, shopping centers, roads, and airports • Tourism MNCs' development and training programs for employee advancement to managerial positions • The presence of tourism MNCs developing African countries induces the implementation of good international transportation by the host government	Part 2 - Q27 Part 2 - Q29 Part 2 - Q31

Appendix C (Continued)

(7) Local Entreprenuership Measured by:	
• Tourism MNCs' encouragement of local residents ownership of gift shops in their (MNCs') facilities • The presence of tourism MNCs developing African countries stimulates the emergence of local promoters for international and local events	Part 2 - Q15 Part 2 - Q16
(8) Job and National Security Measures Measured by:	
• Tourism MNCs employ residents of African host countries for managerial positions • Tourism MNCs offer recruitment incentives to their African potential employees in their (MNCs') host countries • The presence of tourism MNCs in developing African countries induces the host countries' governments to provide adequate safety and security measures to their residents	Part 2 - Q2 Part 2 - Q13 Part 2 - Q23

Other Independent Variables

External Environmental Factors Measured by:	
• The degree of political stability in the country • The degree of governmental regulations in the country • The degree of free trade economy in the country • The degree of availability of communication channels • The degree of availability of transportation facilities • The degree of availability of skilled manpower • The degree of potential local consumers of your services • The degree of shortage of industry's labor pool	Part 1 – Q9A Part 1 – Q9B Part 1 – Q9C Part 1 – Q9D Part 1 –Q9E Part 1 –Q9F Part 1 – Q9G Part 1 – Q9H

Appendix D. Non-Respondents' Sample Validating Questions

Question/Questionnaire Number	Mean Scores		Dependent/Independent
	Respondents n=35	Non-Respondents n=6	Analytical Test Values (a £ .05)
PART 1			
1. Business Classification			X^2 =2.105
Hotel	20%	20%	Asymp..sig = .551
Airline	22.9	20	
Tour Operator	8.0	40	
Travel Agency	7.1	20	
8.Type of market development strategy in African countries			X^2 = 2.611 Asymp.sig = .271
Wholly Owned	28.6	20	
Joint Venture	22.9	40	
Management Contract	31.4	40	
9(A). Influence of degree of political stability in the African country	4.228	4.200	P=.648
2. Number of new operations in the African countries in the past 3 years	1.105	1.200	P=1.000
12. Average profit in African host countries in the past 3 years	1.314	1.200	P=1.000
PART 2			
4.The presence of tourism in an African country contributes to the host country's GNP	1.829	1.800	P=.189
17. Tourism MNCs in African countries offer technical training to their non-skilled African employees	2.114	2.600	P=.587

Appendix E.

Prevailing Influences of Corporate External Environmental Factors on Choice of Development Strategy in the African Market.

Item	Mean Score	Mean Rank
Degree of political stability in the country.	4.230	1
Degree of government regulations in the country.	3.829	3
Degree of free trade economy in the country.	3.114	7
Degree of availability of communication channels in the country.	3.686	5
Degree of availability of transportation facilities in the country.	4.171	2
Degree of availability of skilled manpower in the country.	2.629	8
The number of potential local consumers of your services in the country.	3.686	4
The abundance or shortages of industries' labor pool in the country.	3.257	6

Note: Respondents' perceptions were based on a 5-point Likert type scale with 1=No influence and 5=highly influential.

Appendix F. Tukey HSD Post Hoc Analysis on Community Participation

Strategy Type	**Group 1 Mean**	**Group 2 Mean**	**Significant Groups**	**Significant Groups**
Joint Venture	2.083		2.083	2.083
Wholly Owned	3.0333	3.0333		
Management Contract		3.3939		3.3939
Franchise		3.6111	3.6111	
a=.05	P=.098	P=.473	P=.007	P=.007

Appendix G. Tukey HSD Post Hoc Analysis on Local Entrepreneurship

Strategy Type	Group 1 Mean	Group 2 Mean	Significant Groups	Significant Groups
Joint Venture	1.8125			1.8125
Wholly Owned	2.4500		2.4500	
Franchise	2.5000			
Management Contract		4.5909	4.5909	4.5909
a=.05	P=.067	P=1.000	P=.000	P=.000

Appendix H. Tukey HSD Post Hoc Analysis on Security Measures

Strategy Type	Group 1 Mean	Group 2 Mean	Significant Groups	Significant Groups
Management Contract	2.1518			2.1518
Joint Venture	2.4162		2.4162	
Franchise	2.7783	2.7783		
Wholly Owned		3.5000	3.5000	3.5000
a=.05	P=.390	P=.270	P=.035	P=003

Appendix I. Tukey HSD Post Hoc Analysis on Economic Development

Strategy Type	**Group Mean**
Management Contract	2.0727
Joint Venture	2.1250
Wholly Owned	2.1400
Franchise	2.8333
a=.05	P=.097

Appendix J. Tukey HSD Post Hoc Analysis on Free Trade Economy

Strategy Type	Group 1 Mean	Group 2 Mean	Significant Groups	Significant Groups
Wholly Owned	2.5000		2.5000	
Joint Venture	2.7500	2.7500		2.7500
Franchise	3.1667	3.1667		
Management Contract		3.9091	3.9091	3.9091
a=.05	P=.421	P.052	P=.005	P=.037